

# THE WALL STREET JOURNAL.

DOW JONES | News Corp \*\*\*\*\*

FRIDAY, OCTOBER 4, 2024 ~ VOL. CCLXXXIV NO. 81

WSJ.com

★★★★ \$5.00

DJIA 42011.59 ▼ 184.93 0.44%

NASDAQ 17918.48 ▼ 0.04%

STOXX 600 516.29 ▼ 0.9%

10-YR. TREAS. ▼ 17/32, yield 3.849%

OIL \$73.71 ▲ \$3.61

GOLD \$2,657.10 ▲ \$10.00

EURO \$1.1033

YEN 146.95

## What's News

### Business & Finance

◆ A rise in oil prices intensified after Biden suggested that U.S. officials are considering whether to support an Israeli strike on Iranian oil facilities. Benchmark U.S. crude jumped 5.1%, to \$73.71. **A1, B8**

◆ Major U.S. stock indexes faltered, with the S&P 500 and Dow slipping 0.2% and 0.4%, respectively, while the Nasdaq fell less than 0.01%. **B8**

◆ U.S. dockworkers agreed to return to work after port operators sweetened their contract offer, ending a three-day strike that threatened to disrupt the U.S. economy. **A1**

◆ The FDA said Lilly had resolved a shortage of tirzepatide, likely leading to curbs on pharmacies that make knockoff versions of the diabetes and weight-loss drug. **B1**

◆ Spirit Airlines discussed with bondholders the terms of a potential bankruptcy filing in the wake of its failed merger with JetBlue, people familiar with the matter said. **B1**

◆ Constellation Brands booked a \$2.25 billion goodwill impairment tied to its wine and spirits business, handing it a loss for the summer quarter. **B3**

◆ KLM said it plans to cut costs, defer some investments and consider asset sales as part of the airline's plan to counter rising expenses and lift profitability. **B3**

◆ The FAA completed its review of United without finding any significant safety issues, leaving the carrier free to add aircraft and services. **B3**

◆ U.K. supermarket chain Tesco raised its profit guidance for fiscal 2025 after price cuts boosted sales volumes in the first half. **B3**

### World-Wide

◆ As Israel prepares a retaliatory strike against Iran, the Biden administration increasingly resembles a spectator, with limited insight into what its closest Middle East ally is planning—and diminished influence over its decisions. **A1, A6**

◆ The Israeli military urged civilians in more than 20 towns and villages across southern Lebanon to leave their homes, expanding evacuation warnings as it intensifies its campaign to push Hezbollah back from its border. **A6**

◆ Former first lady Melania Trump signaled her support for abortion access, a topic that has vexed her husband's presidential campaign, in a video promoting her coming memoir. **A5**

◆ The U.S.'s largest maker of intravenous fluids will slash shipments to hospitals after Hurricane Helene took down one of its manufacturing plants in North Carolina. **A3**

◆ Three former Memphis police officers were convicted of obstruction of justice in the 2023 beating death of Tyre Nichols, but acquitted of the most serious civil-rights charge in a federal trial. **A3**

◆ London struck a deal with Mauritius to hand over a cluster of 58 tiny islands in the Indian Ocean known as the Chagos archipelago, ending a protracted battle over the U.K.'s last remaining African overseas territory. **A8**

◆ At least 78 people died when a boat overcrowded with 278 passengers capsized on Lake Kivu in eastern Congo, the provincial government said. **A8**

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## Jews Celebrate Start of a New Year



FUTURE HOPES: A woman throws a small piece of bread into the sea in Tel Aviv on Thursday, the first day of Rosh Hashana, as part of the Tashlich ritual, where sins are cast away.

## Dockworkers Agree to Go Back to Work After Offer

BY PAUL BERGER  
AND ANNIE LINSKEY

U.S. dockworkers agreed to return to work after port operators sweetened their contract offer, ending a three-day strike that threatened to disrupt the American economy.

The breakthrough Thursday came after port employers offered a 62% increase in wages over six years, according to people familiar with the matter.

The agreement ends a strike that had closed container ports from Maine to Texas and threatened to dis-

rupt everything from the supply of bananas in supermarkets to the flow of cars through America's factories.

The new offer, up from an earlier proposed raise of 50%, came after the White House privately and publicly pressed the large shipping lines and cargo terminal operators who employ the longshore workers to make a new offer to the union.

President Biden applauded the agreement, saying in a statement: "Collective bargaining works, and it is critical to building a stronger economy from the middle out

and the bottom up."

The International Longshoremen's Association and port operators, in a joint statement, said they had reached a tentative agreement on wages and union members would return to work. They said the agreement would extend the prior contract, which expired at the start of this week, through Jan. 15, 2025, while the two sides negotiate on other issues, including automation on the docks.

Please turn to page A9

◆ Pay on docks can be high, but not for all..... A9

## Gambler's Suit Sheds Light on FanDuel's VIP Perks

BY KATHERINE SAYRE

They texted as many as 100 times a day, morning to night.

Amit Patel, then a Jacksonville Jaguars financial administrator, had been identified as a high-value customer by FanDuel, an online fantasy-sports and sports-betting company.

Brett Krause, the VIP host assigned as Patel's ambassador to the freebies and incentives that online-gaming companies use to keep heavy spenders sweet, became his booster and texting pal.

Krause stayed in touch almost daily, and, over nearly two years, he and FanDuel doled out more than \$1 million in credits, according to a new lawsuit filed this week by Patel.

Among the perks Patel received: free trips to the Formula One Grand Prix event in Miami, a college football national championship game and Masters golf tournaments.

Federal prosecutors would later prove that the millions of dollars Patel spent with FanDuel during that time—largely on fantasy sports—had been stolen from his employer. Patel pleaded guilty to embezzling more than \$22 million and is serving a 6½-year prison sentence.

Patel's suit sheds new light

Please turn to page A5

## TOMORROW



WSJ.  
MAGAZINE

INA GARTEN

## Why Landlords, Tenants Pick Up After Other People's Poopies

\* \* \* \*  
Apartment complexes turn to DNA testing to find residents who abandon pet messes

BY SARAH E. NEEDLEMAN

About once a month, Sinie Beck drops a small plastic bag with a foul odor outside the manager's office of her Minot, N.D., apartment building. Then she goes about her day.

Beck, a 38-year-old stand-up comic and dog walker, isn't playing a prank. She's trying to help her landlord identify owners of hounds who leave



Clean record

a mess on the property by gathering evidence for DNA testing.

"I am the poop patrol," she says.

The pandemic puppy boom created a bonanza for dog-food suppliers, groomers and other businesses catering to canines. It also exacerbated the age-old problem of deserted dog droppings.

Unable to cut the crap with security

Please turn to page A2

## U.S. Sway Slips As Israel Looks To Strike Iran

White House says it has been blindsided in recent weeks by Netanyahu's actions

BY LARA SELIGMAN  
AND VERA BERGENGRUEN

WASHINGTON—The Biden administration increasingly has limited insight into what Israel is planning and lessened influence over its decisions, even as its closest Middle East ally prepares a retaliatory strike against Iran.

White House officials say they have been coordinating closely with their Israeli counterparts and are hopeful Prime Minister Benjamin Netanyahu will limit a likely retaliatory attack against Iran in response to a barrage of missiles Tehran fired at Israel on Tuesday.

Israel's air defenses were able to parry the Iranian attack, which caused only minor damage to one of its air bases.

Israeli officials have conveyed that they don't feel the need to retaliate immediately or in a massive way, White House officials said.

U.S. and Israeli officials have been discussing potential targets, including Iran's oil facilities. President Biden said on Wednesday that he opposed any strikes on Tehran's nuclear facilities, but on Thursday left open the possibility that he would support an Israeli attack on the oil infrastructure, remarks that sent oil markets surging.

But the White House has been blindsided repeatedly by Israel's decisions in recent weeks.

From a New York hotel room last week, Netanyahu ordered the airstrike that killed Hezbollah leader Hassan Nasrallah.

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◆ Israel warns some Lebanese residents to evacuate..... A6

◆ Invasion gamble risks a quagmire..... A6

## Oil Prices Surge 5.1% On Supply Concerns

BY DAVID UBERTI

A rise in oil prices intensified Thursday after President Biden suggested that U.S. officials are considering whether to support an Israeli strike on Iranian oil facilities.

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# U.S. NEWS

## Machinery Mishaps Kill Workers

*Continued from Page One*  
out, or they get pressure from supervisors or foremen to keep productivity moving," he said.

Companies often minimize downtime with alternatives that allow machines to remain powered during minor servicing. OSHA allows the alternatives if they offer protection equal to lockouts, but some lawyers that represent companies in workplace-safety hearings advise against such work-arounds.

"Is it better just to shut the whole machine down and lose 15 minutes of production to make sure everyone will be safe?" said Minneapolis attorney Jerry Alcazar. "To me, the lawyer, I always say yes. To the manufacturer, it's a different calculus."

Meanwhile, the families of those killed can face their own difficult accounting—pinning down who is to blame, and how they can seek recompense.

### Control the power

A primary idea behind lock-outs is that the person maintaining equipment should control the power. Mechanics will put a lock on a machine's electrical switch, for example, and only they are allowed to remove it once their work is done.

The procedure is meant to stop a machine from being turned on while a worker is in a vulnerable position. That is what police say happened last year to Dakota Locklear, an employee at an Edwards Wood Products plant in Lumburbing, N.C.

He had gone beneath a machine known as an unscrambler to figure out why boards were crooked as they went onto a conveyor belt. A co-worker who didn't know Locklear was there started the machine, and the 22-year-old was caught in its drive chains and killed.

A detective who responded to the incident said he saw no lockout or tagout kits on the conveyor belt's control panels. The North Carolina Depart-



Above, Tina Rothering holds family photos of her and her husband Wayne Rothering, who was killed in an accident in December 2020. Right, part of the Wisconsin factory where Wayne died.



FROM LEFT: YASMIN VASSIN FOR WSJ; ARCADIA POLICE DEPARTMENT

ment of Labor fined Edwards \$15,625 for a lockout violation. The company, which is contesting the citation, didn't respond to requests for comment.

Sometimes machinery is still operating when workers enter dangerous areas. In December 2022, authorities say, a temporary sanitation worker named Leily Lopez-Hernandez was blowing dust off a pizza company's cooling machine. The mother of two went beneath the machine and was decapitated.

OSHA said the company, Miracapo Pizza, didn't give temps the training or authority to stop equipment. Lopez-Hernandez's death came a few weeks after another lockout-related incident at the Gurnee, Ill., plant, in which an employee lost a finger while performing maintenance on a sauce machine, the agency said.

OSHA fined Miracapo \$2.8 million for 29 violations after Lopez-Hernandez's death, 17 of which were deemed "willful"—meaning an employer purposefully disregarded regulations or acted with indifference to safety.

Miracapo is contesting the citations. A company attorney said no one asked Lopez-Hernandez to go beneath the machine and it is unclear why she did. Lopez-Hernandez received mandatory safety training days before the incident, the attorney said.

The Labor Department referred the case to the Justice Department for potential criminal charges. The Justice De-

partment declined to comment.

because there are competing motivations," Allen said. "If the employer emphasizes production above all, so will the employee."

The question of responsibility arose as authorities looked into Wayne Rothering's 2020 death.

He worked at the Arcadia, Wis., factory of Ashley Furniture, one of the world's largest furniture makers. The production line Rothering operated glued laminating paper to fiberboard, and the company created lockout alternative for fixing a torn roll. Instead of powering off the machine, workers stopped the conveyor and entered the line to make the repair.

Part of the protocol called for dislodging the conveyor so boards couldn't touch the adhesive rollers that moved them along. An Ashley spokesman said Rothering, who had reviewed and acknowledged the machine's safety procedures a few months earlier, didn't follow that step.

The rollers continued to turn throughout the repair process—stopping them would cause the glue to harden—so no boards were supposed to be on the conveyor. An employee, however, told police that workers left boards there "a large majority of the time" to shorten the duration of a shutdown.

After Rothering's death, the company changed the system so workers couldn't skip the dislodging step before entering the line. It also re-engi-

nneered the machine so the rollers open when the conveyor stops.

An Ashley supervisor said Rothering had a clean disciplinary record, according to the police report. But during a 2021 meeting with OSHA, Ashley's lawyer questioned how the company could be cited if Rothering hadn't followed procedures. An OSHA official said those procedures hadn't offered adequate protection.

The settlement between the company and OSHA said that "energy control steps were not applied." Ashley paid a \$19,115 fine but didn't admit fault. The company continues to use a lockout alternative on its laminator line.

The spokesman said safety is the company's top priority, and that it has stringent protocols that are regularly reviewed.

Rothering had been a dairy farmer before the cost of updating his barn prompted him to seek work at Ashley, the area's largest employer. He and his wife, Tina, spent years raising a few dozen goats and Black Angus cattle and planned to raise crops on the rest of the land upon his retirement.

After her husband's death, Tina sold the livestock and planted wheat and soybeans, but she is thinking about moving away. Running the farm is

too difficult to do alone, she said. "We had another life to attend to, and it got taken," she said.

### Legal shields

Workers' compensation laws typically shield employers from lawsuits in exchange for state-mandated payments after an injury or death, so victims' families often go after the companies that made the machines.

Two years ago, Percy Bolaños Cuellar, a 46-year-old employee at Illinois-based Top Die Casting, was killed after his co-worker pushed a button and a BühlerPrince die-cast machine closed as he was inside making adjustments. The company's owner told police that the machine should have been turned off and locked out, but OSHA concluded the workers' training had been deficient.

Top Die, which paid a \$35,000 fine, declined to comment.

Bolaños Cuellar's widow is suing Michigan-based Bühler-Prince and its Swiss parent company, Bühler Holding. Her lawyer, Kevin Apter, said the machine could have included an internal shut-off mat that would have prevented it from closing as long as someone was standing on it. Bühler declined to comment.

## Tracking Down Dog Owners

*Continued from Page One*  
cameras or signs warning of penalties, landlords are turning to DNA technology. PooPrints, a service that matches a canine's biological makeup with its feces, has tripled its user base of mostly apartment complexes to more than 9,000 since 2019. BioPet Laboratories, the closely held company behind it, says this year the service is on track to process about 180,000 DNA and waste samples combined. The company says its canine DNA database, set up in 2011, contains more than one million genetic profiles.

The way it works is when a specimen is found, just a sliver needs to be shipped to BioPet's 21,000-square-foot lab in Knoxville, Tenn., to be analyzed by staff scientists. Within one to two weeks, results can reveal which resident's pooch it came from with up to 99% accuracy, the company says. Landlords typically charge residents a fine for a positive match of a few hundred dollars, sometimes more for a second or third violation. Beyond that, a dog may face eviction, though such an outcome is rare.

Devin O'Barr, manager of a luxury Chicago-area property that uses PooPrints, says catching a poop perpetrator is exciting.



Above, a worker at BioPet's 21,000-square-foot lab in Knoxville, Tenn. Top right, Sinie Beck and her cat, Buttercup; middle, Jeffery Trujillo and his Siberian Husky, Lobo; bottom, Kimberlee Ward at a Hickory Creek, Texas, rental property she manages.



contained a dollar bill; another had chewing tobacco. Customers have accidentally submitted goose and iguana feces.

Upon signing up with PooPrints, communities often host what they call poop parties, with treats for dogs, snacks for humans and giveaways such as pet-store gift cards. PooPrints doles out foam toys with its logo in the shape of poop emojis.

Kehris Snead, manager of a 408-unit property in Harrisonburg, Va., with two pools, a billiards room and a movie theater, did just that two years ago after residents and vendors who came to make repairs described its 22-acre grounds as a minefield.

"It was nothing for my groundskeeper to get six five-gallon buckets of poop in one week," she says.

These days, the property Snead manages is cleaner, though she says employees and residents still turn in specimens for testing about once a week. In June, a man submitted a bag with waste that ended up belonging to his own pup. She fined him anyway.

"He came in jovial at first and then he was shaking his head," says Snead. "It is unfortunate, but we have costs we need to recuperate."

Beck, the dog walker in North Dakota, only makes submissions she finds on the rental property where she lives. She doesn't have a dog of her own.

"I have a cat," says Beck. "She just poops in a nice little box."

come back to them," says Kimberlee Ward, manager of a 190-unit property in Hickory Creek, Texas, with about 100 dogs. The building covers the cost of the swabbing. Other properties tack it onto the rent.

Ward says residents have pleaded innocence even after she shares test results and photos, with rebuttals such as: "That is not what my dog's poop looks like." The property

charges \$500 per offense. "They'll go far, because it's a big fine," she says, adding that when offenders ultimately cave, they often blame their children or a dog walker for not picking up after the pet.

BioPet's busiest time of year is the winter. "When it's cold and dark, you don't want to be out there," says Chief Executive J Retinger. "Nobody's watching, so you don't pick up."

Yet even if snow ends up concealing a deposit for two weeks, he says it's still possible to get reliable DNA results. A submission can be unusable, though, if it sits out too long in extreme heat. The company's findings are sometimes surprising. Once a sample

## CORRECTIONS & AMPLIFICATIONS

**Shinzo Abe** was Japan's former prime minister when he was assassinated in 2022. In some editions Thursday, a World News article about patriotic rhetoric in China incorrectly omitted the word "former."

**Humana's stock** closed on

**Roman Pedan**, chief executive of Kasa, said: "In a lot of ways, the Sonder story is like a slow-motion rerun of the WeWork movie." In some editions Thursday, a Business & Finance article about the health insurer incorrectly said the stock closed down 11% to \$31.57, a loss of \$3.8 billion in market cap.

stead of "rerun" in Pedan's quotation.

**The last name** of Loren Rhoads, author of "222 Cemeteries to See Before You Die," was misspelled as Rhodes in an Off Duty article on Saturday about visiting cemeteries.

## U.S. NEWS

## Services Activity Shows Strength

BY JOSHUA KIRBY

U.S. services activity picked up at a greater pace than expected last month, pointing to increasing demand in the sector, a survey of managers showed Thursday.

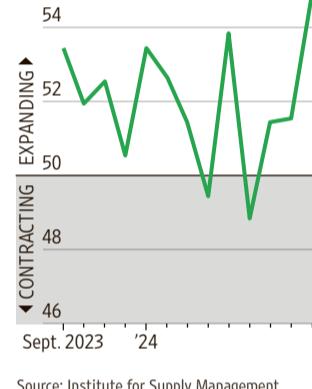
The Institute for Supply Management's services-activity index increased to 54.9 in September from 51.5 in August, well beyond the small increase expected by economists polled by The Wall Street Journal. It marks a third-straight month that the index has grown beyond the 50 mark that represents the hinge between contraction and expansion.

The gauge of new orders leapt by more than six points, a sign of healthy demand for services. By contrast, the employment index edged down, suggesting some weakness in the sector's jobs market.

Twelve industries reported growth over the month, led by real estate, corporate services, and accommodation & food services. Only five reported contraction, including agriculture, fishing and wholesale trade.

"Pricing of supplies remains an issue with supply chains continuing to stabilize," said Steve Miller, chair of the ISM's services business survey committee.

## ISM services-activity index



## Factory Orders Edged Down In August

BY MATT GROSSMAN

Orders at U.S. factories edged barely lower in August, according to data from the Department of Commerce, close to what economists had forecast.

August orders for new manufactured goods fell 0.2% to \$590.4 billion, from a revised \$591.6 billion in July. Economists polled by The Wall Street Journal had expected orders to stay flat in August, after July brought the largest one-month increase on a percentage basis since the summer of 2020.

Factory orders for durable goods, products meant to last at least three years, were virtually flat at \$289.6 billion. Orders for nondurable goods from factories slipped by 0.5% to \$300.8 billion.

The data update investors' understanding of how the manufacturing industry has reacted to the Federal Reserve's effort to tame inflation, as the central bank now turns to cutting interest rates. Despite tighter monetary policy over the past two years, the Atlanta Fed's tracker is estimating that the economy grew at a 2.5% annualized rate in the third quarter. But some analysts worry that a rising unemployment rate signals growth is slowing.

## U.S. factory orders, change from the previous month



Note: Seasonally adjusted  
Source: U.S. Census Bureau via St. Louis Fed

## Verdict Is Mixed in Nichols Death

Three ex-police officers convicted of obstructing justice, cleared of top charge

BY GINGER ADAMS OTIS

Three former Memphis, Tenn., police officers were convicted of obstructing justice in the 2023 death of Tyre Nichols, but acquitted of the most serious civil-rights charge in a federal trial that lasted about a month.

A Tennessee jury deliberated for about six hours Thursday afternoon before returning a mixed verdict against former officers Tadarrius Bean, Justin Smith and Demetrius Haley.

Bean and Smith were ac-

quitted of all civil-rights charges but found guilty of obstruction of justice related to the coverup of Nichols's fatal beating. Haley was acquitted of violating Nichols's civil rights causing death but convicted of the lesser charge of violating his civil rights causing bodily injury, in addition to obstruction of justice and conspiracy to obstruct justice. Their attorneys didn't respond to requests for comment Thursday.

Sentencing dates have been set for 2025.

Nichols's relatives, speaking outside the courtroom after the verdict was announced, said they were satisfied to know the three men will serve time.

"We are elated," said Nichols's stepfather, Rodney Wells.

Nichols, a 29-year-old

FedEx worker, died in a hospital three days after police pulled him over on Jan. 7. Body-camera footage released by the city showed Nichols was repeatedly struck by officers while he appeared subdued and defenseless. The officers were part of a crime-fighting unit in the Memphis police force known as the Scorpion unit that has since been disbanded.

Two other former Memphis police officers implicated in Nichols's death, Emmitt Martin III and Desmond Mills, had pleaded guilty to civil-rights and conspiracy charges before the September start of the federal trial.

All five officers face state charges of second-degree murder, aggravated assault and aggravated kidnapping. Mills

and Martin, who cooperated with federal prosecutors and testified at their former colleagues' trial, have worked out deals on the state charges. Bean, Smith and Haley have pleaded not guilty.

As part of his plea deal with federal prosecutors, Mills admitted he used pepper spray on Nichols and hit his arm repeatedly with a baton. Officers handcuffed Nichols and another officer hit him in the head, Mills said. As part of his statement, Mills said he took off his body camera and put it in his car so it wouldn't capture officers' conversations.

The Shelby County district attorney's office said it is ready to move forward with the state's case. "The public deserves to know that those who enforce the law are not

above the law," said District Attorney Steve Mulroy.

The Justice Department launched a federal civil-rights investigation of the Memphis Police Department in July 2023 to determine whether it engages in discriminatory policing. The probe has focused on the department's use of force and its stops, searches and arrests, among other things, the department said.

Nichols's family, represented by civil-rights lawyer Ben Crump, has filed a suit seeking at least \$500 million against the city of Memphis, its police chief and other defendants. The suit alleges Memphis Police leadership exercised poor training and oversight of officers and fostered an attitude among officers that they were above the law.

## Rescue and Relief Efforts Push On a Week After Helene's Fury



LIFELINE: A volunteer gathered food for families at the volunteer fire station in Pensacola, N.C., on Thursday. Rescue crews continued to search the state's remote mountains for those stranded or missing after the hurricane. The death toll from the storm's rampage through the Southeast rose to over 200.

MIKE STEWART/ASSOCIATED PRESS

## Hospitals to Face IV Fluid Shortage

BY JOSEPH WALKER AND PETER LOFTUS

bags when patients are moved to a different part of the hospital, Biddinger said.

The organization uses hundreds of thousands of liters of IV fluids each month, and a majority of patients admitted to a hospital receive fluids at some point, Biddinger said.

"Right now we're continuing all of our clinical care as we normally do," Biddinger said. "Our intent is to preserve clinical care in the face of this shortage as long as we possibly can."

There are other fluid manufacturers in the U.S., but they tend to give priority to meeting the demand from their existing customers, Biddinger said.

Can the U.S. count on tapping European manufacturers because of previously ex-

isting global shortages, said Soumi Saha, senior vice president of government affairs at Premier, a group purchasing organization for hospital supplies that serves thousands of medical institutions in the U.S.

Baxter said a levee breach contributed to the flooding, and bridges leading to the plant were also damaged.

The company said it is working with health, emergency and other govern-

ment agencies

to assess the damage to the plant and come up with a plan to restart production as quickly as possible.

Ahead of the storm, the company evacuated workers and moved products to higher ground or secure storage where possible. The company

has been allocating products to customers to try to conserve supply and ensure equitable distribution.

Baxter experienced a similar disruption to supplies of its saline solutions in 2017, when a hurricane hit its plant in Puerto Rico.

Baxter, based in Deerfield, Ill., is the market leader in the U.S. for IV solutions, with more than 50% share, Wells Fargo analyst Larry Biegelsen said in a research note.

IV fluids, typically infused with substances such as salts, sugars and electrolytes, are integral to hospital care. Their uses include keeping patients hydrated before and during surgery and cleaning waste from blood during kidney dialysis.

"These are not high-dollar, lucrative products, but they are the warhorse products in a hospital," said Premier's Saha.

"You go in for anything, and the first thing that they're doing is hanging an IV bag."

Biddinger said this is one of bigger supply-chain shortages he has experienced over the past decade, and that the hospital system is still trying to estimate how long its current supplies will last.

"There are just too many unknowns right now," Biddinger said.

The Food and Drug Administration said it is working with Baxter and could expedite its review of manufacturing lines at the plant when they are cleaned and restored. The agency also said it would work with other Baxter locations, and other suppliers, to increase supplies of the solutions.

The duration of the shortages could depend on how extensively damaged the plant was, said Premier's Saha.

If the flooding affects the plant's ability to meet FDA standards for sterility and stability, it typically takes 90 days to receive FDA recertification.

## Country Star Brooks Is Sued for Sexual Assault

BY VICTORIA ALBERT

ing financial hardship.

The suit said Brooks violently raped her when the pair traveled to Los Angeles in May 2019 for an event. It also accused him of exposing himself to her several times, repeatedly groping her, and making a litany of unwanted sexual comments before she stopped working with him in 2020. The woman was referred to as "Jane Roe" in the lawsuit.

Representatives for Brooks didn't respond to a request for comment.

The lawsuit also alleged

Brooks has tried to prevent the woman from speaking out

about his conduct, citing a lawsuit filed in the U.S. District Court for the Southern District of Mississippi last month.

In the Mississippi lawsuit, which was filed anonymously, the plaintiff—described as a "celebrity and public figure who resides in Tennessee"—said he had been the victim of "false and outrageous allegations of sexual misconduct" from a woman trying to extort money. The lawsuit sought damages and to prevent the defendant from further publicizing her allegations.

The California suit said

Brooks filed that suit to keep his actions from coming to light.

"Brooks is desperate to prevent his millions of fans from learning about the horrific things he has said and done to a junior female employee who did nothing to deserve such treatment," the California suit said.

Brooks is one of the biggest names in country music. The two-time Grammy winner, known for songs such as "Friends in Low Places" and "If Tomorrow Never Comes," has sold more than 162 million albums, more than any other U.S. solo artist.



Garth Brooks is a two-time Grammy winner.

KEVIN DIETSCH/GETTY IMAGES

## U.S. NEWS

# How Candidates' Stances Have Changed Over Time

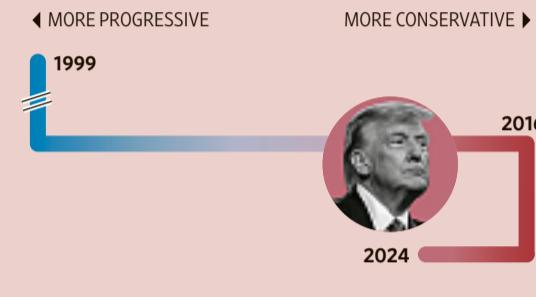
Former President Donald Trump has staked out new policy positions in recent weeks that suggest he would be a different president than he was when first elected in 2016.

Trump's campaign has played down the moves, and a spokeswoman said "everyone knows who he is and knows he can be trusted." Here are some issues Trump has changed his views on:



## Abortion

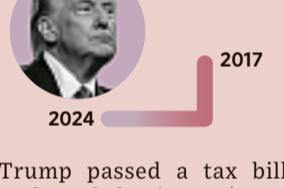
Where his stance falls along the political spectrum



Before he ran for president the first time, Trump described himself as "very pro-choice." Then, in his first campaign, he said he backed overturning Roe v. Wade, the Supreme Court decision that guaranteed a right to abortion nationwide. Trump said in September that Florida's ban on the procedure after six weeks of pregnancy was too short, and suggested he would vote for a ballot initiative allowing the procedure until fetal viability, or about halfway through most pregnancies. He later said he wouldn't support the ballot measure. In October, he said he would veto a national abortion ban.

## SALT Cap

◀ MORE CENTRIST MORE CONSERVATIVE ▶



While president, Trump passed a tax bill that capped the state and local tax deduction at \$10,000 per return. That cap, along with other major pieces of the law, is scheduled to expire at the end of 2025. This part of the legislation has been unpopular in high-tax blue states. In September, Trump posted on Truth Social that he would "get SALT back," ahead of a rally in New York.

## TikTok

As president, Trump said he wanted to ban Chinese-controlled TikTok from the U.S., siding with members of Congress from both parties concerned about the data the social-media app could gather. In March 2024, Trump reversed his position and said Congress shouldn't ban the app. He worried that it could strengthen Meta Platforms' social-media apps. Trump has sparred with Meta chief Mark Zuckerberg over money he donated in 2020 for Covid-19-related polling site accommodations.

this year. Federal data show the national average price of regular gasoline last week was cheaper than it was in the same period in three of the four years during the Trump administration, when adjusted for inflation.

"Falling prices improve [consumer] sentiment like rising prices reduce sentiment," said Carola Binder, an economics professor at the University of Texas at Austin who has studied gas prices' impact on Americans' outlook. "We see them all the time, and it's really easy to compare them from one day to the next in a way it wouldn't be with other things we buy."

Asked Thursday if he would support Israel attacking Iran's oil facilities, Biden replied, "We're discussing that," before adding "I think that would be a little..."

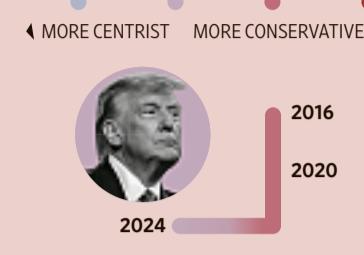
The uncertainty adds an unpredictable variable to the presidential campaign in which former President Donald Trump has hammered Biden's stewardship of the economy and promised to slash Americans' gasoline costs if elected.

Until now, markets were a step ahead of him—to Vice President Kamala Harris's potential benefit—with prices retreating due to lackluster demand growth from the Chinese and American economies



A gallon of regular last week cost motorists \$3.18.

## Marijuana



In his 2016 presidential campaign, Trump backed medical marijuana but blamed recreational use for "big problems" in Colorado. He said legalization should be left to the states, though his 2021 fiscal budget proposal released during his re-election campaign included removing protections for state medical-marijuana laws. As he runs for president in 2024, Trump says he plans to vote for a ballot initiative in Florida that would legalize personal cannabis use for adults who are 21 and over.

## Repealing Obamacare



Trump in 2016 campaigned on repealing the Affordable Care Act, or Obamacare, which originally required individuals to have health insurance or pay a penalty and sought to protect those with pre-existing conditions from losing health insurance. Republicans failed to overturn the bill in 2017, and the issue faded. The Republican platform adopted at this year's convention makes no mention of repealing Obamacare. At the presidential debate with Harris, when asked if he would either replace or improve upon the Affordable Care Act, Trump said: "I have concepts of a plan."

—Natalie Andrews and Rosie Ettenheim

## Vice President

Kamala Harris has backed away from some of her more liberal positions between her time as a California senator to her second presidential campaign. She says her values haven't changed. Here are some issues she has changed her views on:



## Zero Emissions Vehicle Act



As a senator, Harris was a co-sponsor of legislation that called for increasing zero-emissions vehicles and ultimately phasing out all others by 2040. Harris's presidential campaign said recently she no longer supports the measure.

## Medicare for all

Where her stance falls along the political spectrum



After she joined the Senate in 2017, Harris supported Medicare for All, which would shift the healthcare system from private and employer-based insurance to a government-run program. She first softened that position when she campaigned for the presidency in the 2020 election, and released a proposal to expand access to Medicare while keeping private insurance intact. She further backed away from it after joining President Biden's ticket in 2020 and instead backed his plan, which called for building on the Affordable Care Act.

## Green New Deal



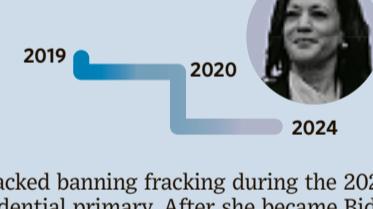
Harris backed the progressive wish list of climate goals—including ending the reliance of the U.S. economy on fossil fuels within 10 years—as a co-sponsor of the Green New Deal legislation in the Senate. As vice president, Harris cast the tiebreaking vote on Biden's climate investment package, which contained about \$1 trillion in tax credits, grants and loans for clean energy. Harris's 2024 presidential campaign has said it no longer backs the Green New Deal.

## Decriminalizing Border Crossings



Harris, like most Democratic presidential contenders, raised her hand during a primary debate in 2019 when asked who backed decriminalizing border crossings. She later clarified she believed it to be a civil enforcement issue, not a criminal enforcement issue. Harris is now running on a border deal that failed in the Senate earlier this year that is considered one of the toughest, bipartisan immigration measures in recent years.

## Fracking



Harris backed banning fracking during the 2020 Democratic presidential primary. After she became Biden's running mate, she then supported his position, which called for banning new permits for drilling on federal land and offshore, but the Biden administration didn't fully follow through on its pledge. Since ascending to the top of the Democratic ticket, Harris has backed away from banning fracking, saying she now believes the clean-energy economy can grow without having to ban fracking.

—Tarini Parti and Rosie Ettenheim

# Oil Surges On Supply Concerns

*Continued from Page One*

Americans paid an average of \$3.18 for a gallon of regular gasoline last week, according to the federal data, down about 13% since April. The diesel used by truckers to haul goods cross-country and farmers to power machinery hasn't been this cheap since Russia's invasion of Ukraine scrambled global energy markets.

Now, depending on Israel's next move, analysts say the risk of a wider war in the Middle East holds the potential to bring energy costs back to the fore while the candidates seek to win over inflation-weary voters.

The uncertainty adds an unpredictable variable to the presidential campaign in which former President Donald Trump has hammered Biden's stewardship of the economy and promised to slash Americans' gasoline costs if elected.

Until now, markets were a step ahead of him—to Vice President Kamala Harris's potential benefit—with prices retreating due to lackluster demand growth from the Chinese and American economies

trailing off.

Biden added that the U.S. advises the Israeli government on military operations but doesn't dictate them. "And there's nothing going to happen today," Biden said. "We'll talk about that later."

The new volatility has upended what has been a strikingly placid oil market. Despite spiraling violence in the Middle East, including an exchange of strikes between Israel and Iran this spring, there have been few meaningful disruptions to the physical supply of oil.

Analysts warn that could change depending on Israel's next move.

"It's hard to overstate just how complacent the oil market has become," said Robert McNally, president of the Washington-based consulting

firm Rapidan Energy Group.

Some traders sought to take advantage of that perception, appearing to bet on oil prices running up to \$100 a barrel from a recent \$73. Trading in call options tied to the \$1.4 billion U.S. Oil Fund surged to the highest level in more than two years this week, according to Cboe Global Markets data.

Such trades confer the right to buy shares at a specific price, known as a strike, by a stated date. Some of the most popular trades in recent sessions have been tied to the fund jumping to \$80 or \$85.

McNally compared the broad oil market's muted response until today to "The Boy Who Cried Wolf," a fable in which a shepherd lulls nearby villagers through repeated false alarms. "That

story did not end well for the boy and for the village," McNally said.

Iran pumped about 3.3 million barrels of oil a day in the second quarter, according to the U.S. Energy Information Administration. Ship-tracking firms and traders say that the country often exports half or more of that output despite existing U.S. sanctions.

Any disruptions to those supplies now would mark an escalation in the conflict and could contribute to diplomatic tensions between Israel and the U.S. after Washington's yearslong inflation fight. But analysts say that there are a range of potential targets among Iran's energy infrastructure that could limit spillover impacts on the global economy.

"A lot of what Iran is pro-

ducing is being consumed internally," said Gregory Brew, a senior analyst at Eurasia Group who focuses on oil and Iran.

That domestic infrastructure "is old, it's in various states of disrepair. So Israeli strikes against those facilities could have a significant effect on Iran's economy, even if it doesn't affect the amount of crude Iran can export."

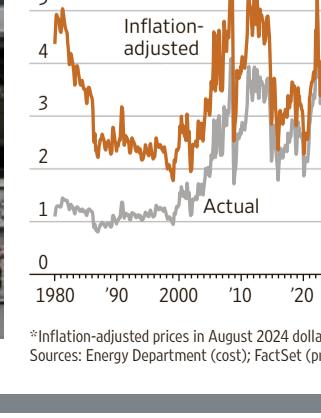
A huge portion of the Islamic Republic's shipments abroad run through a massive terminal on Kharg Island in the Persian Gulf, where skyscraper-size tankers ferry supplies to refineries in Asia and elsewhere.

ClearView Energy Partners recently estimated that an Israeli attack on that facility could add more than \$12 a barrel to oil prices—equivalent to about 30 cents a gallon of gasoline—depending on the damage.

An even bigger fear is whether an Iranian response to such strikes could include an attempted closure of the Strait of Hormuz, a key chokepoint for oil and refined petroleum exports from other Gulf nations. A seven-day interruption in shipments could mean a jump in per-barrel oil prices by as much as \$28, Clearview estimated, or about 67 cents a gallon.

"That is the worst-case scenario," added Brew of Eurasia Group.

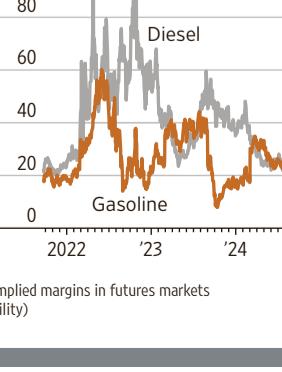
—Gunjan Banerji contributed to this article.



\*Inflation-adjusted prices in August 2024 dollars

Sources: Energy Department (cost); FactSet (profitability)

## Refiner profitability\*



†Implied margins in futures markets

## U.S. NEWS

# Melania Trump Backs Access to Abortion

'Individual freedom is a fundamental principle that I safeguard,' she says

By JOSEPH DE AVILA

Former first lady Melania Trump signaled her support for abortion access, a topic that has vexed her husband's presidential campaign, in a video promoting her upcoming memoir.

"Individual freedom is a fundamental principle that I safeguard," she said in the video posted on social media Thursday. "Without a doubt, there is no room for compromise when it comes to this essential right that all women possess from birth. Individual freedom. What does 'my body, my choice' really mean?"

Abortion rights has become

a complicated issue for her husband, former President Donald Trump. Trump has bragged about his role in ending federal protections for the procedure, though he has repeatedly shifted his stance on how exactly he would regulate it. Access to abortion has shown to be a powerful motivator for voters and could play a major role in the suburban areas that may decide this year's presidential election.

Melania Trump's support for reproductive rights is more explicit in her memoir, according to an excerpt published by British news organization the Guardian.

"Restricting a woman's right to choose whether to terminate an unwanted pregnancy is the same as denying her control over her own body," Trump wrote in her memoir, according to the Guardian, which obtained a

copy of the book. Skyhorse Publishing, publisher of the memoir, didn't respond to a request for comment.

The Trump campaign deferred comment to the former first lady's office. Her office didn't respond to a request for comment.

JD Vance, Trump's running mate, acknowledged during Tuesday's vice presidential debate that the GOP has often been out of step with voters on reproductive rights. Republicans "have to do a better job of winning back people's trust" by improving access to child care and fertility treatments, he said.

Former President Trump has bragged about helping to end Roe v. Wade by appointing three of the Supreme Court justices who overturned it in 2022. He said on social media during the vice presi-

dential debate that he would veto a national abortion ban, after declining to commit to such a veto during last month's presidential debate.

Vice President Kamala Harris has made protecting abortion rights a central pillar of her campaign.

The Harris campaign didn't respond to a request for comment.

A Wall Street Journal poll taken in late August found

Harris ahead of Trump in a head-to-head matchup among women voters by 13 percentage points. Asked whether there was an issue they felt so strongly about that they wouldn't vote for a candidate they disagreed with on it, 33% of women in the poll identified abortion—the highest figure for any issue.

Last month, Trump said, "You will no longer be thinking about abortion" because the issue has now been returned to the states to decide.

Trump, a Florida resident, said in September that the state's current ban on the procedure after six weeks of pregnancy was too restrictive and suggested he would support a ballot initiative allowing abortion until fetal viability, or about halfway through a typical pregnancy. One day later, he said he would vote no.



MATT ROURKE/ASSOCIATED PRESS

## U.S. WATCH



**BACK ON THE LOOSE:** A moose that had been trapped in a backyard swimming pool on Thursday in Bedford, N.H., was freed unharmed with the assistance of police and firefighters.

## Suit Shows VIP Perks At FanDuel

*Continued from Page One* on behind-the-scenes tactics used by betting companies to keep their VIP customers happy—and shows how badly things can go wrong when a self-destructive gambler gets hooked. Armed with data that monitors customers' spending patterns, sports-betting and fantasy sports companies shower customers with gifts to make them feel important, The Wall Street Journal has previously reported.

Critics say the VIP programs, while legal, end up fueling gambling addictions. The programs drew federal scrutiny earlier this year.

Patel said in the lawsuit filed this week that the company and Krause preyed on him and fueled his gambling addiction. He alleged he was manipulated by FanDuel and his VIP host for months and regularly received credits in his account to keep him active in daily fantasy sports. He said he has since received inpatient treatment for alcohol abuse and gambling disorder.

There is a Traskoma, an attorney for Krause, said that Patel is a convicted fraudster who lied about his life to Krause and that his complaint is "full of misrepresentations." Krause now works at Fanatics, a FanDuel competitor in sports betting. "Mr. Patel defrauded Mr. Krause, just as he did the Jaguars," she said.

This account is based on court documents from cases connected to Patel's actions.

Patel grew up in Iowa and Jacksonville, Fla., and said in court filings that he had an early propensity for gambling. He used his mother's credit card to wager online

and took her card to local betting establishments. He got a job at Deloitte, where he used a corporate card to fund some of his gambling.

Patel landed a job with the National Football League's Jaguars in 2018, working in the financial planning and analysis department, overseeing budgets and administering the team's credit-card programs.

By late 2019, Patel had begun playing fantasy sports on FanDuel. Two years later, he had earned VIP status. FanDuel gave him \$12,700 in credits in February 2021, followed by \$25,000 the next month. Patel received credits multiple times a week for nearly two years. Such perks added up to \$1 million in credits, according to Patel's lawsuit.

FanDuel offered fully reimbursed or paid-for trips to

Court filings and public statements from federal prosecutors, the Jaguars and an attorney for Krause paint Patel not as a gambling addict but as a scammer who stole money to "live in the fast lane for more than three years."

Patel hid the thefts through "sophisticated, tedious and time-consuming methods," according to a civil lawsuit the Jaguars filed against him. He masked transactions by duplicating typical expenses like team catering, airfare and hotel rooms, inflated the price of legitimate expenses and entered fake but plausible transactions. He secured credit increases to the Jaguars' account without permission.

Most of his embezzlement occurred during an eight-month period between June 2022 and January 2023, according to the Jaguars' lawsuit against Patel.

Federal prosecutors have said that Patel used stolen funds on private-jet charters, high-end hotel stays, spa services and a luxury Patek Philippe watch. He spent \$200,000 on golf memorabilia, including a putter that once belonged to Tiger Woods, and more than \$70,000 at the Ponte Vedra Beach Inn & Club.

He also ventured beyond his normal fantasy-sports activities to sports betting, a move that would lead to his criminal conviction. Staff for NFL teams are prohibited from any sports betting. Patel was caught in 2023 after wagering on sports while traveling with the Jaguars in Tennessee and Kansas, according to the Jaguars' suit and a person familiar with the matter. The team fired him in February 2023.

As the perks and contests continued, Patel deposited more funds he had embezzled from the Jaguars. Patel said he ultimately deposited more than \$20 million of stolen money to his FanDuel account through about 1,077 deposits.

—Joe Flint contributed to this article.

## WASHINGTON Biden Wins a Round On Student Loans

President Biden's latest attempt at student-loan cancellation is free to move ahead—at least temporarily—after a judge in Georgia decided that a legal challenge should be handled by a court in Missouri.

Biden's plan has been on hold since September after seven Republican-led states challenged it in federal court in Georgia. On Wednesday, a federal judge decided not to extend the pause and instead dismissed Georgia from the lawsuit, finding that it lacked the legal right, or standing, to sue.

U.S. District Judge J. Randolph Hall opted to send the suit to Missouri, one of the remaining states in the case. On Thursday, those states filed a request asking the Missouri court to block the plan.

—Associated Press

## LOS ANGELES D.A. to Review Menendez Evidence

Prosecutors in Los Angeles are reviewing new evidence in the case of Erik and Lyle Menendez to determine whether they should be serving life sentences for killing their parents more than 35 years ago, the city's district attorney said.

Los Angeles County District Attorney George Gascon said attorneys for Erik and Lyle Menendez have asked a court to vacate their conviction.

Gascon said there is no question the brothers committed the murders, but that his office will be reviewing new evidence and make a decision.

The new evidence presented in a petition includes a letter written by Erik Menendez that his attorneys say corroborates the allegations that he was sexually abused by his father.

—Associated Press

## COLORADO County Clerk Gets Nine-Year Term

A judge sentenced a Colorado county clerk to nine years behind bars for a data-breach scheme spawned from the rampant false claims about voting-machine fraud in the 2020 presidential race.

Jurors found Tina Peters guilty in August for allowing a man to misuse a security card to access the Mesa County election system.

The man was affiliated with MyPillow chief executive Mike Lindell, a promoter of false claims that voting machines were manipulated to steal the election from former President Donald Trump.

The breach heightened concerns that rogue election workers could use their access and knowledge to attack voting processes from within.

—Associated Press

## THIS LAMP IS A SIGHT FOR SORE EYES

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—Jack D. Woodland Park, N.J.

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# WORLD NEWS



An apartment building was hit by an Israeli airstrike in central Beirut. Israel recently launched 3,000 airstrikes in Lebanon.

## Israel Expands Warnings

Military is urging Lebanese residents to move north as it intensifies strikes

BY JARED MALSIN

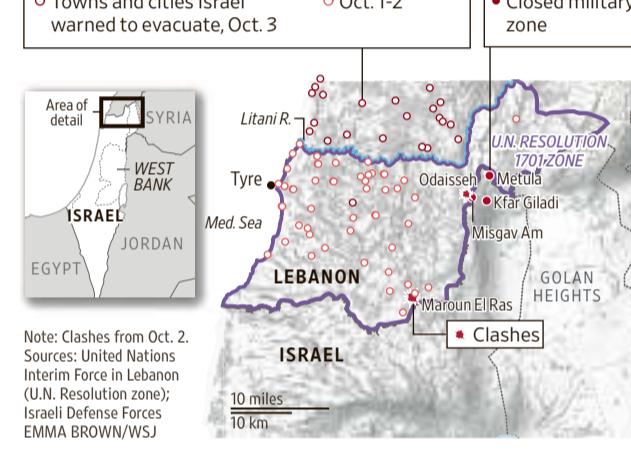
**BEIRUT**—The Israeli military urged civilians in more than 20 towns and villages across southern Lebanon to leave their homes, expanding its evacuation warnings as it intensifies its campaign to push militant group Hezbollah back from its border.

The military called on residents to move north of the Awali River, roughly halfway between the Israeli border and Beirut, for their own safety. It comes after Israel this week launched what it called a limited ground operation targeting Hezbollah inside Lebanon.

The evacuation announcement in southern Lebanon, along with a strike Thursday in central Beirut near Parliament, raised concerns that Israel could widen its campaign, a move that likely would further destabilize Lebanon. The country is struggling to cope with hundreds of thousands of displaced people after Israel recently launched 3,000 airstrikes.

An expansion of the ground war also could pose risks for Israel, which has struggled against Hezbollah in two previous invasions of Lebanon. The military on Thursday said another Israeli soldier died in combat in Lebanon, bringing

U.N. Resolution 1701, passed during Israel and Hezbollah's last war in 2006, established that Hezbollah would have no armed presence in southern Lebanon.



the death toll of Israeli soldiers in the ground offensive to nine.

Hezbollah launched about 230 projectiles toward Israel on Thursday, Israel said, with some intercepted and others crashing. The military said it shot down an aerial drone near Tel Aviv after a pair of drones were detected over the Mediterranean Sea near Israel's largest city. A second drone crashed, it said.

The strike early Thursday near Parliament, in Beirut's Bachoura neighborhood, killed at least six people, the Lebanese Health Ministry said. The Israeli military said its air force took aim at 15 Hezbollah targets in Beirut, including what it said were intelligence operatives and weapons sites.

The Bachoura strike is the second time that Israel has

struck within the city limits of the Lebanese capital since it launched an escalation of its campaign against Hezbollah and other militant groups in Lebanon. Most of its other airstrikes have been concentrated in the southern suburbs of Beirut.

A massive Israeli airstrike in the southern part of Beirut killed Hezbollah's secretary-general, Hassan Nasrallah, on Friday night. Hezbollah's main backer, Iran, launched a ballistic missile attack on Israel on Tuesday that it said was retaliation in part for the killing of Nasrallah.

Israel says its air and ground offensive on Lebanon is intended to roll back Hezbollah's presence along the country's shared border to return tens of thousands of northern Israeli

residents to their homes after a year in which they have been uprooted by the militant group's attacks. The military said soldiers backed by Israel's air force, conducted ground raids in southern Lebanon in the past day that killed local Hezbollah commanders and militants and destroyed weapon caches.

"Returning the residents means destroying the terrorist infrastructure that Hezbollah has built near the border," Israeli military chief Herzi Halevi said Thursday. "The damage to Hezbollah in all sectors—Beirut, the Bekaa Valley, and southern Lebanon—will continue."

Both Israel and Hezbollah have said they have engaged in close fighting in southern Lebanon since Israeli forces breached the border this week. Israel's announcement of a ninth death in its ground offensive points to the dangers of engaging Hezbollah on terrain where the militia group has twice fought the Israeli military to a standstill in recent decades.

The war has displaced more than 340,000 people in Lebanon since last year, show data from the United Nations migration organization. Thirty-seven people were killed in attacks across Lebanon on Thursday, according to the Lebanese Health Ministry. More than 1,000 people were killed in less than two weeks after Israel intensified its campaign against Hezbollah in September, it said.

—Saleh al-Batati contributed to this article.

## Invasion Gamble Risks a Quagmire

BY MARCUS WALKER

Israel has landed a string of blows in its escalating war with Hezbollah, leaving its shellshocked and putting its backer Iran in a bind.

It is less clear whether Israel has a workable strategy to achieve its declared war aim: To make northern Israel safe to live again.

Although Israel has killed most of Hezbollah's top leaders and destroyed a significant portion of its missile stockpile, the Lebanese Shia militia still has a large arsenal and tens of thousands of trained fighters. It continues to fire rockets at northern Israel and refuses to contemplate a cease-fire until Israel ends its war in Gaza with Palestinian militants Hamas.

Iran's large-scale missile attack on Israel on Tuesday, to which Israel has vowed to respond forcefully, showed the conflicts around Israel's borders are shading into a bigger regional fight as Tehran tries to signal it won't stand by while its allies and proxies are pummeled.

But the Iranian leadership's appetite for an all-out conflagration remains limited, and Israel is showing no sign that Iran's missile threat is deterring it from exploiting the current opportunity to inflict damage on Hezbollah.

Israel is still far from regaining the security it lost a year ago when the Middle East's latest round of war began.

This week's invasion of parts of Lebanon's southern border zone by Israeli ground forces puts Israel on the cusp of a dilemma. Airstrikes and limited ground raids on border villages are unlikely to be enough to end the threat from Hezbollah and restore the Israeli population's sense of security.

But by occupying a buffer zone inside Lebanon, Israel could give Hezbollah the opportunity to fight a protracted insurgency against the Israeli army, while rallying support in Lebanon and rebuilding its own ranks.

Fierce fighting in southern Lebanon has led to the death of eight Israeli soldiers, the country's military said Wednesday, including several members of the elite Egoz Unit, which was founded for counter-guerrilla warfare against Hezbollah.

"The air war the Israelis have fought has been highly successful. If they stay on the ground, it will give Hezbollah

the war it wants," said Hussein Ibish, senior resident fellow at the Arab Gulf States Institute, a think tank in Washington.

The Lebanese militant group began its barrages on northern Israel on Oct. 8, a day after the deadly Hamas-led attack on southern Israel that started the war. Tens of thousands of civilians were evacuated from both sides of the Israel-Lebanon border as Israel returned fire on Hezbollah, and limited fighting continued for 11 months.

In September, however, Israel went for the jugular against Hezbollah, wounding swaths of the group's leading members by detonating its pagers and walkie-talkies, killing its leader Hassan Nasrallah and other top officials in an airstrike last Friday and bombing many of the militia's missiles and launchers.

Hezbollah hasn't responded by attacking Israeli cities with large numbers of long-range missiles. But Israel's military believes the militants still could regroup and launch a heavy strike.

The goal of Israel's ground incursion so far is to destroy tunnels and weaponry that Hezbollah had prepared near the Israel-Lebanon border for a possible attack, according to several Israeli officials informed about the operation. They said Israel's military doesn't intend the incursion to turn into a large-scale land war in Lebanon.

But, as one Israeli official admitted, events in war can develop their own dynamic. "It is not on our mind," the official said of an expanding invasion, "but of course we can be dragged into such a scenario."

Some Israeli officials say the endgame is to reach a cease-fire agreement that would include Hezbollah's withdrawal from southern Lebanon and its disarmament, while Lebanese government troops and United Nations peacekeepers take control of the country's border zone with Israel.

That would spare Israel from a protracted occupation or endless raids. But there are considerable obstacles to such a deal.

With Iran also stepping up its involvement, how Israel's fourth war in Lebanon develops depends on many parties' actions and reactions, said Ofer Fridman, a war-studies scholar at King's College London.

"War is a tango," he said. "Therefore whatever the Israelis' plan is, it's not necessarily what's going to happen."

## U.S. Sway Slips Before Iran Strike

Continued from Page One  
rallah, even as Biden administration officials at the United Nations a few blocks away scrambled to avert a wider Middle East war.

The decision to approve the Sept. 27 strike from U.S. soil without alerting the White House beforehand—and later to make public a photo of himself issuing the order—underscored the growing divergence between Netanyahu's government and the White House.

In the short term, Israel's unilateral decision-making about striking Iran risks embroiling the Biden administration in another unpopular regional conflict. In the longer term, it could be another flashpoint for critics who say the U.S. gives Israel too much leeway.

Earlier in September, White House envoy Amos Hochstein met with Israeli officials in the Israeli military's underground Tel Aviv bunker to urge them not to launch a large-scale operation against Hezbollah in Lebanon. He implored them to give efforts to broker an agreement that would push Hezbollah back from Israel's northern border a chance.

Hours after Hochstein's meeting with Netanyahu, hundreds of pagers used by Hez-

bollah militants exploded across Lebanon in an unprecedented attack that killed dozens of people, including children, and wounded thousands more. The following day, bombs in walkie-talkies set off a second wave of explosions.

A barrage of Israeli airstrikes followed, killing more than 500 people in the deadliest day in Lebanon in nearly two decades.

U.S. officials said they didn't have advance knowledge of the pager operation, and tried to distance themselves from the attack. It escalated the limited border strikes that Israel and Hezbollah have been waging for almost a year to a more perilous level.

With the presidential election just over a month away, President Biden and his team

frequently find themselves unwilling or unable to rein in an ally they continue to back politically and provide with critical military support.

Since the start of the Gaza war nearly a year ago, Biden has repeatedly called the U.S.-Israel bond unbreakable. But his nearly 50-year relationship with Netanyahu has steadily deteriorated, cleaved by their clashing political agendas and conflicting war aims. Biden hasn't spoken to Netanyahu since Aug. 21.

"Biden and Netanyahu have taken each other's measure, and Netanyahu seems to consistently judge that he has more space than Biden thinks he does," said Jon Alterman, director of Middle East programs at the Center for Strategic and International Studies. The U.S. "seems to be

treated by the Israeli leadership as either a nag or a back-seat driver who doesn't understand the requirements at the moment."

Driving the shift in the U.S.-Israel relationship is the transformation in Israel, traumatized by the Hamas terrorist attack and led by a prime minister bent on shoring up his support among Israelis who favor aggressive military moves to deliver lasting defeats to adversaries.

"October 7 changed everything," says David Schenker, who served as assistant secretary of state for Near Eastern affairs during the Trump administration. "We are dealing with a new Israel that is going to relentlessly pursue its security objectives with less regard for U.S. sensitivities."



Israeli Prime Minister Benjamin Netanyahu and President Biden haven't spoken since August.

ANDREW HARNIK/GETTY IMAGES

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## WORLD NEWS

# Taiwan Entertainment Dabbles in Taboos

TV, books and board game present the scenario of a Chinese takeover of the island

By JOYU WANG

TAIPEI—For years, residents of Taiwan who were curious what a Chinese invasion might look like had to rely largely on their own imaginations.

Now they are starting to get help.

In November, filming is set to wrap up on "Zero Day," a 10-part series that portrays a fictionalized attack by China—a first for Taiwanese television. An early preview, packed with A-list talent, generated more than a million views on YouTube and media debate.

Recent flirtations with the theme across the island's cultural spectrum include a dystopian novel set in a future Taiwan ruled by Beijing, a multivolume graphic novel that imagines Donald Trump sending U.S. forces to help repel an invasion, and a board game that invites players to simulate a Chinese attack.

Taiwan has long struck visitors as surprisingly sanguine amid the threat posed by its large authoritarian neighbor, which claims the self-ruled island as its own and hasn't eliminated the use of force to assert control. The local entertainment industry steered conspicuously clear of the topic for decades.

Questions over the willingness of people in Taiwan to confront the dangers posed by China linger in Washington, where some lawmakers worry the U.S. could be drawn into a conflict that the island's own residents don't take seriously.

The new wave of invasion-



KJ Chang, founder of Mizo Games, produced '2045,' a board game set 20 years in the future in which players confront a 10-day Chinese 'special military operation' against Taiwan.

related content captures a shift in the public psyche in Taiwan, according to Cheng Hsin-mei, producer and lead scriptwriter on "Zero Day."

"On the surface, Taiwanese people may not seem to feel the threat, but in reality, that fear exists," she said.

The change is being fueled by rising geopolitical tensions, intensified pressure on the island by China's military, and souring sentiment toward Beijing as China has grown more authoritarian under leader Xi Jinping, according to Taiwanese creators such as Cheng and other cultural observers.

Some say they hope the trend, which comes as Taiwanese people increasingly embrace an identity separate from China, will help the island better prepare to defend itself—or at least better understand what unification under Bei-

jing's authority might mean.

"I'm thrilled to see that finally people are creating works about the Taiwan Strait conflict," said Wang Yung-an, a 32-year-old artist living in Taipei.

Wang, who grew up in a family that often discussed cross-strait issues, sees these works reinforcing the perspective of those who identify themselves as purely Taiwanese.

Cheng said she envisioned the project that would become "Zero Day" years ago, but felt the social climate wasn't right. The outbreak of the Ukraine war in 2022 gave her a new sense of urgency, she said.

The show unfolds during a presidential transition in Taiwan, when the suspicious downing of a Chinese aircraft prompts Beijing's People's Liberation Army to blockade Taiwan. The stock market crashes and foreign governments begin

evacuating their citizens. Chinese agents infiltrate Taiwan and conspire to release prisoners, who form a fifth column that sows chaos as Chinese troops prepare to land.

Such a series would have been impossible to do well in the past, Cheng said, because top figures in Taiwan's entertainment industry were too worried about being blackballed in China, where the market is much larger. But those economic ties have frayed, with China becoming more aggressive toward Taiwan as Taipei moves closer to Washington.

"The Chinese dream that everyone had in the past is not as strong now," Cheng said.

Taipei allowed Cheng's crew to film inside the Presidential Office Building and supported the show with roughly \$3 million in funding from the Ministry of Culture,

covering 40% of its budget.

An 18-minute trailer for the series, released online in July at the same time as Taiwan's annual air-raid drills, unleashed emotional commentary. Citing the government backing, some critics lamented the enterprise as propaganda designed to drum up support for the ruling Democratic Progressive Party, which has favored a more skeptical approach to Beijing.

"This move is really low-class. And who knows how many people they'll end up falsely accusing next, labeling them as 'fifth column,'" said Jaw Shau-kong, a recent vice-presidential candidate for the opposition Nationalist Party, or Kuomintang, in response to reporters' questions about the series in early August.

Taiwan's Culture Minister Li Yuan dismissed the criti-

cials, criminal gangs, volunteer fighters, defense contractors and pro-unification undercover agents.

The objective: Determine whether Taiwan can withstand the Chinese offensive long enough for allies to arrive.

The board includes invasion landing sites that Chang says were taken from social-media posts by the PLA.

"We can't predict the future, but if a conflict is unavoidable, I hope this game gives people a chance to experience war on the tabletop before it reaches us," Chang said.

cism, saying a propaganda campaign wouldn't paint such a grim picture. "We're finally facing up to the hidden fear that China might actually invade us," Li said. "Only a society that can confront its biggest fears is a healthy one."

Li, a veteran filmmaker, said he was pleased to see Taiwan's cultural industry tackling controversial themes after he spent his early career fighting censorship when the island was under martial law.

Creators say it is Chinese aggression that has been driving interest.

"Every time the geopolitical situation heats up, I see my readership grow," said Liang Shao-hsien, a soldier-turned-comic book artist whose manga-style graphic novel, "Western Pacific War: The Invasion of Taiwan," depicts a Trump-led U.S. facing off against Xi's China.

## WORLD WATCH



Relatives of passengers reacted to the deadly sinking of an overcrowded boat carrying 278 people on Lake Kivu in Congo.

## CONGO Lake-Boat Capsize Kills at Least 78

At least 78 people died when a boat overcrowded with 278 passengers capsized on Lake Kivu in eastern Congo on Thursday, the provincial government said, adding that the number of fatalities could rise.

The boat sank just yards away from the port of Kituku in Goma during an attempt to dock, according to witnesses. Local officials later reported that as many as 50 were rescued. The search and rescue efforts were continuing.

Overcrowding is often blamed in boat accidents in the central African country. In June, an overloaded boat sank near the capital of Kinshasa and 80 passengers lost their lives. In January, 22 people died on Lake Mai-Ndombe and in April 2023, six were killed and 64 went missing on Lake Kivu. Maritime regulations also are often not followed. Officials have repeatedly vowed to punish those violating safety measures.

Many traders have resorted to maritime transport on Lake Kivu as an alternative to road traffic, threatened by insecurity since fighting began between the armed forces and the M23 rebels.

—Associated Press

## HUNGARY EU Sues Over Law On Foreign Funding

In the latest salvo in a long-running battle between Brussels and Budapest, the European Union's executive branch, the European Commission, said Thursday that it was referring Hungary's government to the Court of Justice over the "sovereignty protection act." The law, which took effect in December, created a government authority with the power to gather information on any groups or individuals that benefit from foreign funding and influence public debate.

Hungary's secret services can assist in the investigations.

Hungary's government maintains that the act is designed to prevent political parties from receiving funding from abroad for election campaigns. But opponents have compared it to Russia's "foreign agent" law, which considers anyone receiving financial support from abroad, including journalists and advocacy groups, to be an agent of another country.

They believe the broad language of the Hungarian law can be used to arbitrarily target government critics including nongovernmental organizations and journalists.

—Associated Press

## PAKISTAN Malaysia Talks End With Trade Pledge

The prime ministers of Malaysia and Pakistan agreed Thursday to increase bilateral trade and boost economic ties between their nations.

The announcement by Anwar Ibrahim and his Pakistani counterpart, Shehbaz Sharif, followed talks in Islamabad on how to further strengthen cooperation in fields including energy, agriculture, connectivity and tourism. Trade between the two in fiscal 2023-24 was at \$1.5 billion.

According to the Malaysian government, "the two sides agreed to strengthen bilateral economic cooperation, enhance trade, remove barriers in key sectors, provide a level playing field, and address the trade imbalance."

Cash-strapped Pakistan, which recently got a \$7 billion new loan from the International Monetary Fund, has also been trying to increase trade with Middle Eastern and Western nations.

The predominantly Muslim nation of 240 million people is also facing deepening political turmoil as supporters of former Prime Minister Imran Khan, who has been held in prison since last year, rally for his release.

—Associated Press

## UNITED KINGDOM Cheaper Mortgages Drive Home Sales

U.K. home sales in September were up sharply from a year earlier as average mortgage rates fell to their lowest point in 15 months, a report from real-estate agency Zoopla said. Lower rates have supported double-digit growth in measures of sales activity, although house-price inflation remains below 1%, it said.

The number of agreed-upon sales in the four weeks to Sept. 22 was 25% greater than a year earlier, as households that had held off moving decisions over the past two years returned to the market, data from the agency's housing-price index showed.

The number of homes available for sale rose 12% in the period.

Speculation about possible tax changes in the U.K. budget at the end of the month is likely to support the growth in supply, Zoopla said.

The average U.K. house price in August was up 0.7% from a year earlier, to the equivalent of \$354,335, it said—lower in the southwest, southeast and east of England, with all other areas experiencing growth. Price growth set to increase in the coming months, it said.

—Anthony Gorlaioff

## U.K. to Cede Control Of Islands to Mauritius

BY MAX COLCHESTER

LONDON—The British government struck a deal with Mauritius, an island country off East Africa, to hand over a cluster of 58 tiny islands in the Indian Ocean known as the Chagos archipelago, ending a protracted battle over the U.K.'s last remaining African overseas territory.

Thursday's deal, struck after years of legal wrangling, allows the U.K. to retain use of the largest atoll, Diego Garcia, for 99 years in return for an undisclosed sum of money. That atoll is home to a key U.S. military base and is seen as increasingly strategic because the U.S. is trying to assert its influence in the Indo-Pacific to counter China. The exact details of the split and how much the U.K. will pay Mauritius will be formalized in the treaty between the two countries.

The Biden administration said it applauded the deal, and that it would secure the military base's effective operation on Diego Garcia. The base—which is leased by Britain to the U.S. until 2036—was also used by U.S. long-range bombers during campaigns in Afghanistan and Iraq.

But the news wasn't without controversy. Britain's former Prime Minister Boris Johnson is among many Conservative British politicians who have argued in recent years against giving back the atolls while China is extending its influence.

The tussle over a remote corner of the Indian Ocean, first acquired by Britain in the wake of the Napoleonic Wars, is one of the stranger legacies of Britain's empire. At its peak following World War I, the empire once controlled about a third of Africa's population.

Located 1,000 miles from the



Source: Google Earth

nearest landmass, the Chagos were administered by Mauritius, then a British colony, until the Cold War, when the U.S. and U.K. decided they needed an uninhabited base in the Indian Ocean. Diego Garcia was selected, and in 1965 the Chagos archipelago was peeled off from Mauritius, which sits some 1,360 miles away, to form the British Indian Ocean Territory.

For decades, Britain was locked in legal battles over the atolls with the Chagossians, their descendants and the now-independent Mauritian government. The Mauritian government argued it was strong-armed by the British into handing over the Chagos in return for its own independence in 1968.

Mauritius can now resettle Chagossians on the archipelago but not on Diego Garcia. The U.K. also has pledged to put money into a trust fund "for the benefit of the Chagossians."

Chagossian Voices, an organization that represents people from Chagos, said it had been excluded from the negotiations. "The views of Chagossians, the indigenous inhabitants of the islands, have been consistently and deliberately ignored and we demand full inclusion in the drafting of the treaty," it said.



PICTURES FROM HISTORY/UNIVERSAL IMAGES GROUP/GTY IMAGES

The U.S. operates a military base on Diego Garcia island.

## FROM PAGE ONE

# Pay on Docks Can Be High, but Not for All

BY PAUL BERGER

The demand by striking U.S. dockworkers for a 77% wage increase was breathtaking in its scale even to veterans of the bare-knuckle negotiations of past port labor contracts.

Dockworkers say that behind the outsize pay demand and the ranks of high-earning union members, especially in the New York region, are thousands who earn far less loading and unloading cargo at ports in places like Virginia, Florida and Texas, where pay scales are lower and ports aren't as busy.

Tens of thousands of dockworkers from Maine to Texas went on strike Tuesday in the first coastwide walkout by the International Longshoremen's Association in nearly 50 years. Then late Thursday, dockworkers agreed to come back to work after port employers offered a 62% wage boost over six years, according to people familiar with the matter.

Many of the dockworkers earn six-figure salaries. Others are struggling, thanks in part to arcane labor practices.

Modern containerships are as big as skyscrapers are tall. When they pull into port, dockworkers can spend 20 hours or more unloading and loading thousands of containers filled with imports of food, clothing and electronics as well as exports of paper products and grains. When a ship leaves, it takes the work with it.

International Longshoremen's Association President Harold Daggett says dockworkers deserve a pay hike for working through the Covid pandemic and helping the world's largest ocean shipping companies earn record profits. The carriers collectively earned more than \$110 billion in 2021, according to marine consulting firm Sea-Intelligence, about triple their combined operating profit over the prior 10 years.

The port employers include



say it isn't uncommon for ILA dockworkers to clear six figures. In the fiscal 2019-20 year, when ILA base pay reached \$36, more than half of 3,726 dockworkers at the New York-New Jersey port earned over \$150,000, according to a report by the port's regulator. Some 665 dockworkers that year earned more than \$250,000.

For longshore workers on the West Coast, who work under a different union and a single pay system, the base hourly rate last year was \$52.85. The Pacific Maritime Association says the average, full-time dockworker that year earned almost \$233,000.

A 46-year-old longshoreman from Suffolk, Va., said he struggles to make \$70,000 a year, even though he must make himself available seven days a week and works double-time and overtime to boost his pay packet.

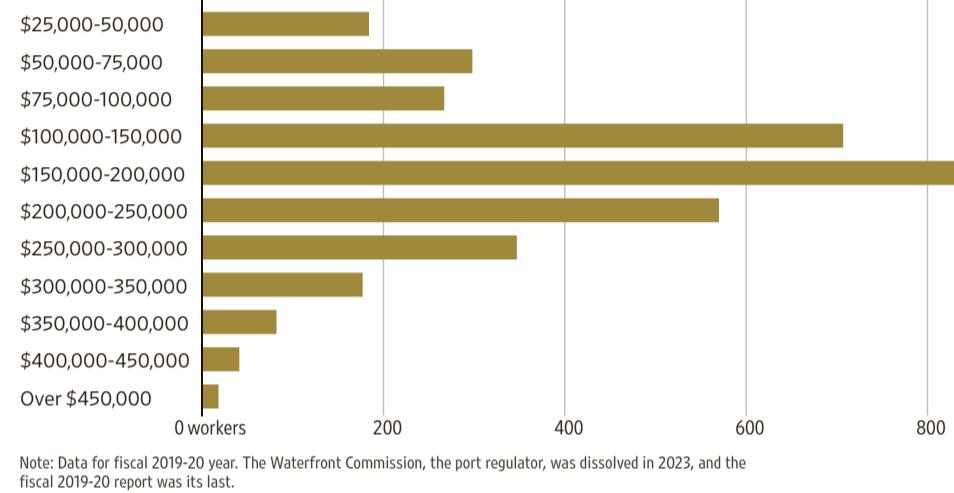
"I'm relying on my wife right now and what she does to help make ends meet," he said. Some people work so much, he said, "they don't see their family just to make ends meet."

Dockworkers can boost their pay by working in bad weather or at odd hours such as evenings and weekends, as well as by putting in overtime. It isn't unusual for dockworkers to work shifts that stretch for 15- or 20-plus hours when a ship is in port.

They can boost wages by having skills as mechanics or crane operators or by managing other workers. They also earn a cut of a container royalty fee, a tonnage assessment on cargo that is charged to the ocean shipping companies.

—Chao Deng contributed to this article.

**Earnings range for longshore workers handling deep-sea cargo vessels at the Port of New York and New Jersey**



Note: Data for fiscal 2019-20 year. The Waterfront Commission, the port regulator, was dissolved in 2023, and the fiscal 2019-20 report was its last.

Source: Waterfront Commission of New York Harbor Annual Report, from data provided by New York Shipping Association

some of the world's biggest shipping lines, like Denmark-based A.P. Moller-Maersk and Switzerland-based Mediterranean Shipping, as well as ter-

minal operators owned by pension and infrastructure funds. They lease and run many of the private cargo-handling terminals that shuttle goods be-

tween ship and shore.

Daggett's original demand was to raise the ILA workers' base hourly rate over six years to \$69 from \$39.

Striking dockworkers picketed this week outside the Red Hook Container Terminal in Brooklyn, N.Y., above, and other ports as they pressed for more pay.

Base pay figures can be misleading because dockworker wages vary widely depending on a worker's skill level, seniority and how busy a port is. The Port of New York and New Jersey, the busiest container port on the East Coast, handled three million more imported containers in the first seven months of the year than came into the Port of Virginia in the same period.

Because of the obscure way that East and Gulf Coast dockworkers are paid—often via local shipping associations that represent port employers—there is no central clearinghouse for their wages. Employer groups and the union don't divulge average wages.

Shipping industry officials

## Watch a Video

Scan this code for a video on why thousands of dockworkers went on strike.

## Breakthrough came after employers offered a 62% rise in wages.

## Dockworkers Agree to Return

Continued from Page One

The latest offer would raise the base hourly rate for ILA port workers from \$39 to \$63 over six years, the people familiar with the matter said. One of the people said the offer is being made on the condition that dockworkers go back to work and agree to efficiency gains.

The offer is less than the

union demand for an increase of 77% over the term of the contract but a far larger increase than most major labor contracts, including a contract reached last year covering the separate union representing West Coast longshore workers. Many U.S. dockworkers currently earn more than \$100,000 a year, with baseline hourly wages boosted by work rules and overtime requirements.

The revised offer is a victory for Harold Daggett, the pugnacious leader of the ILA, who led his members on their first coastwide strike at U.S. ports in nearly 50 years.

Shipping lines "got real rich during Covid when everyone stayed home while my people went to work every single day and some of them died on the job," Daggett said as the strike began Tuesday at 12:01 a.m. "We make their money and they don't want to share it with us."

The cost of the higher wages will be borne by cargo owners and shipping lines that manage the port terminals. Global giants such as Denmark's A.P.

Moller-Maersk and China's Cosco Shipping operate many

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of the boxships that unload at U.S. ports.

The shipping lines, which reported record profits during the pandemic, will have to decide how much of the added costs to pass along to their customers, the big retailers, manufacturers and farmers that import and export through the East Coast and Gulf Coast ports.

The strike came about five weeks from a presidential election where both main can-

candidates are wooing the working-class union voters. Both Vice President Kamala Harris and former President Donald Trump have voiced support for the workers, stressing that the carriers are mostly foreign-owned.

Top White House aides have been in frequent contact with the employers, reiterating that Biden doesn't plan to use his federal power to break the strike.

"This is the first strike in 50 years—these people know how to get to yes," Secretary of Agriculture Tom Vilsack said Thursday, speaking to reporters aboard Air Force One. "They just need to get to yes."

The walkout had shut down

some of the country's main gateways for imports of food, vehicles, heavy machinery, construction materials, chemicals, furniture, clothes and toys.

Many manufacturers and big retailers, with their busy fall shopping season just starting to kick in, said they could withstand a short strike because they brought in products earlier than usual this year and diverted other cargoes to West Coast ports. But executives said a walkout lasting a week or longer would push up shipping costs and might trigger product shortages.

—Costas Paris contributed to this article.

**It's always been easier for me to help others than to help myself**

A portrait of a man sitting in a chair, looking directly at the camera. He is wearing a cap and a t-shirt.

As a Veteran, when someone raises their hand for help, you're often one of the first ones to respond. But it's also okay to get help for yourself. Maybe you want or need assistance with employment, stress, finances, mental health or finding the right resources. No matter what it is, you earned it. And there's no better time than right now to ask for it. **Don't wait. Reach out.**

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# ARTS IN REVIEW



FILM REVIEW | KYLE SMITH

## A Song-and-Dance Sequel

Lady Gaga joins Joaquin Phoenix in a ponderous musical follow-up to 2019's Oscar-winning 'Joker'

**'I WANT TO SEE THE REAL YOU,'**

Arthur Fleck's new girlfriend tells him as she applies clown makeup to perk up his wretched face in "Joker: Folie à Deux." She, a fangirl and fellow inmate at the state mental hospital whom he meets in a music-therapy class, is a variant of the comic-book character Harley Quinn, this time called Lee Quinzel, and she is played by Lady Gaga, whose ability to subtly shift her expression from innocent to devout suggests she could have been one of the most intriguing *femmes fatales* of 1940s film noir. These two are bound to cook up something unforgettable together.

And yet they never do. Actors as compelling as Lady Gaga and the returning Joaquin Phoenix, who won an Oscar for playing Arthur in 2019's "Joker," can hold the audience spellbound for a considerable period, but not indefinitely.

As portrayed with black-hole intensity by Mr. Phoenix, Arthur is disturbed, despairing and dangerous. There's no telling what he is capable of. But he spends virtually the entire movie behind bars, where not much happens, or in a courtroom, where he emotes while we hear witnesses describe scenes from the first film. Arthur is standing trial for mass murder as his lawyer (Catherine Keener) tries to sell the jury on an insanity plea

while district attorney Harvey Dent (Harry Lawtey) seeks the death penalty. But since the defendant seems barely interested in life in the first place, the stakes are low.

"Folie" amounts to waiting two hours for something to happen while Arthur and Lee flirt and dream up song-and-dance numbers. Yes, it's a musical, though anti-musical might be a more apt term given the presiding tone: bleak, blank, beleaguered. And though the leads are supposedly simpatico in outlook (like Sweeney Todd and Mrs. Lovett, they hate the same people), the mismatch between the performers' singing abilities makes the numbers doubly unnerving. She sings beautifully as always; his vocal capabilities are more suggestive of a damaged muffler.

Co-writer and director Todd Phillips, who made his reputation in broad comedies such as "The Hangover," seems ill-acquainted with the dynamics of the musical: It's not just a story interrupted by

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Co-writer and director Todd Phillips, who made his reputation in broad comedies such as "The Hangover," seems ill-acquainted with the dynamics of the musical: It's not just a story interrupted by

songs. The numbers must advance the plot, deepen our understanding of character, or at the very least provide laughs or spectacle. "Folie" keeps halting an already-slow drama for somber routines—built around show tunes such as "That's Entertainment" and "Bewitched, Bothered and Bewildered" plus more recent lite-pop classics such as "To Love Somebody" and "Close to You"—that serve only to reiterate the same ironic point as Arthur's psychotic laughter: that the characters exist at the opposite emotional pole from the lyrics. "On the day that you were born the angels got together and decided to create a dream come true" overstates the allure of Arthur Fleck,

who killed his own mother and five others. Making this point once would have sufficed.

As if to pad out the running time, name actors turn up to play characters who serve no purpose whatsoever in steering the narrative: Brendan Gleeson is on hand as a generic prison guard and Steve Coogan stops by for a single pointless scene as an equally underwritten television journalist.

Providing a degree of harmony that the two singers lack, the uninspired plot meshes with the banal dialogue ("So what's a nice guy like you doing in a place like this?"). If the principal actors weren't so watchable, the movie would be an outright bore. As it is, it's suspenseful only because we keep expecting something like the climax of "Joker." Instead, the ending falls flat, except for a couple of elements that tie the story back to the larger Batman narrative.

Mr. Phoenix, above, and with Lady Gaga, below, in 'Joker: Folie à Deux,' directed by Todd Phillips.

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So bereft of fresh ideas is this movie that, like a bad comedian repeating jokes we've already heard, it dials up two more renditions of "That's Life," a signature song from the previous film. The falloff in quality from "Joker," a genuinely searing innovation in comic-book movies, to this one is so steep that it's comparable to the dropoff between "The Hangover" and "The Hangover Part II." Perhaps Mr. Phillips's latest is best seen as an extended inside joke about the fickleness of success: You're ridin' high in April, shot down in May.



TELEVISION REVIEW | JOHN ANDERSON

## A High-Flying Superhero Satire

**C**austically funny and breathlessly so, "The Franchise" would have had a bit more bite if it didn't confirm suspicions we probably already have about what lies behind all those cookie-cutter, sci-fi-fantasy-superhero Marvel-DC movies: rampaging egos, political backbiting, snowballing stupidity, the gleeful strangling of creativity and a desperate need to please the Chinese. Is this an exposé? Hollywood is mocking itself here, but "expose" implies risk and there really is nothing at stake: The process and the popcorn movies it produces are bullet-proof.

Still, the creators of "Franchise"—director Sam Mendes ("1917," "Skyfall"), co-writer Jon Brown ("Succession") and screenwriter-cum-agent-saboteur Armando Iannucci ("In the Loop," "The Death of Stalin," "Veep")—try to cook up a little critical Kryptonite. And they do a brutal job of lampooning the entire super-sequel-prequel phenomenon. This includes, along the way, a reference to Martin Scorsese's assertion that Marvel movies are theme parks rather than cinema. (A little self-serving: HBO is part of Warner Bros. Discovery, which has its own fleet of franchises, e.g., "Batman.") The catch is

that "Tecto: Eye of the Storm"—the movie being made, unmade and remade within "The Franchise"—is only a multimillion-dollar flop on the tentpole of "Centurios" (think "The Avengers"), the franchise that the studio and its unseen mandarin, Shane, really care about.

"Cinema" is the last thing on the mind of anyone, outside of the gently clueless European director Eric Bouchard (the wonderful Daniel Brühl), who thinks his "vision" will

actually make it on screen. The studio, embodied by the physically intimidating, ardently anti-intellectual Pat Shannon (Darren Goldstein, "Ozark"), thinks nothing of jamming Chinese tractors into the tenderest of "Tecto" scenes, in order to

appease Beijing with product placement. No two people are in the same galaxy, much less on the same page.

Mr. Iannucci's M.O. has been to provide convincing dish out of a particular hot spot/issue—the 1953 Kremlin in "Stalin"; the genesis of the Iraq war in "Loop," the White House in "Veep" (on which Mr. Brown was a producer)—while serving it up through types who are familiar, in either their pathos or their loathsome-ness. The title character of the film-



Lolly Adefope, Daniel Brühl, Jessica Hynes, Himesh Patel, Aya Cash and Isaac Powell.

within-the-eight-part-series is played by the woefully insecure Adam Randolph (Billy Magnussen), slab of beefcake hoping "Tecto" will help his career "cusp." (He doesn't know what it means.) Richard E. Grant, at his waspiest, is Adam's tormentor, Peter Fairchild, ex of the Royal Shakespeare Company and doing sci-fi for the paycheck (and a chance to tent-pole, so to speak). Likewise, Quinn (Katherine Waterston), another classically trained performer for whom the production seems endless. Anita (Aya Cash), the official "Tecto" producer, is utterly untrustworthy and, like almost everyone else, out mostly for herself. It's a woeful group when Nick Kroll (in a cameo) isn't the most obnoxious character around.

The bona fide hero of the story, told in approximately half-hour installments, is a familiar quantity, too: First assistant director Daniel Kumar (the terrific Himesh Patel) is

Powell), the toady with the clipboard and the only channel to Shane, to whom Bryson can speak at a moment's notice and whose thoughts he seems to know, even before having time to make or get a call. (Is he Shane? Just a thought.) And Dag Ryall (Lolly Adefope), the third A.D. and a constant source of snark that is always on the mark, but shockingly inappropriate for someone crawling—in a hungry crowd—up the ladder of Hollywood success.

But "Tecto" is a production paralyzed by leaks to social media, slavishly responsive to the slightest twitch among the fan boys—and girls—who scour the "Centurios" universe for anything objectionable. This includes the "sexism" of "Tecto," which is ridiculous, but such is the state of "art" when it is allowed to become a collective endeavor, with every laptop-enabled obsessive a collaborator. Dag, one of the few women around and the only black person in sight, knows she's not going to be fired no matter what she says. It would make the internet blow up. Which is a stealth joke within "Tecto," and "The Franchise," and a mischievous stroke of satire that transcends an already absorbing storyline.

**The Franchise**  
Begins Sunday, 10 p.m., HBO

Mr. Anderson is the Journal's TV critic.

## ARTS IN REVIEW

THEATER REVIEW | CHARLES ISHERWOOD

**An Epic of Decrepit Dreams**

'The Hills of California' spans decades in its story of an Englishwoman and her four daughters

**New York** Despite its title, "The Hills of California," which suggests post-card vistas of that sun-dappled state, Jez Butterworth's latest play is set in a grimmer environment, the dank and dilapidated interior of a guesthouse in the seaside resort of Blackpool in England. Mr. Butterworth, the British author of such celebrated plays as "Jerusalem" and "The Ferryman," both seen on Broadway, often writes at epic length. Both of those plays were more than three hours, and "The Hills of California," meticulously directed by Sam Mendes (who also directed "The Ferryman"), likewise stretches expansively. It's a piercingly sad, moving and beautifully acted drama about the withering of youthful dreams, and how the desperation for escape from a suffocating life—for oneself or one's children—can lead to misguided and even disastrous choices. And yet, unlike the aforementioned works by Mr. Butterworth, stretch marks show here: For all its keenly felt passages, and a bruising climax, "The Hills of California" sometimes strains to keep us absorbed for nearly three hours.

The first act opens in 1976, as Veronica, the long-time proprietor of the guesthouse—erroneously called Seaview, after having been known at its dubious apex by a grander and still more erroneous name, the Seaview Luxury Guesthouse and Spa—lies dying of cancer in an upstairs room.

Her daughter Jill (a mousy Helena Wilson) is the only of Veronica's four who remained living at home. Ruby (Ophelia Lovibond) was the first sister to return for the deathbed vigil, accompanied by her mildly loutish husband, Dennis (Bryan Dick), for whom she seems to have little affection. ("Do you know Dennis was born on the exact same day as Marlon Brando," she observes. "And there, the similarity came to a shuddering halt.") Next to enter are the querulous Gloria (Leanne Best); her husband, Bill (Richard Short), whom Gloria treats with brusque contempt; and their two



children in their early teens, whom she treats even worse. But Jill is most concerned about the absence of the eldest sister, Joan, for whom Veronica has been crying out in anguish.

As in many family-gathering dramas (Tracy Letts's "August: Osage County" springs to mind), the reunion of the sisters, all in their 30s, is not markedly joyous, and not only because of the circumstances. Gloria, played with vivid humor and a scabrous tongue by Ms. Best, derisively mocks her mother's alcoholic antics and asks with sarcastic scorn about the arrival of "our famous sister," Joan, from California, where she has long lived.

But before we meet the adult Joan, we meet her younger self, at age 15, along with her younger siblings,

as the calendar reels back to 1955. Veronica (Laura Donnelly) is presiding in the kitchen over dinner preparations, but also overseeing a rehearsal; a war widow, Veronica is determined to turn her children into a British version of the Andrews Sisters, whose history of hard knocks overcome she has drilled into their little heads, the better to prepare them for the rough vicissitudes of show business. She is not unlike a more reserved if no less determined Momma Rose, of "Gypsy," and will prove to be arguably more ruthless.

As Veronica, the terrific Ms. Donnelly has a stiff-spined determination that leaves little room for maternal warmth; she treats the girls less like cherished daughters and more like voice students. But Ms. Donnelly also affectingly reveals glints of the desperation underlying Veronica's driving ambition: "I want them to live," she says with acute urgency, "to soar." We watch in sympathy as she pleads with feckless boarders to pay up.

One of the feckless, Jack, played with jovial good humor by Mr. Dick, enlivens his scenes as a busker bursting with bad jokes. But he also introduces Veronica to the American Luther St. John (David Wilson Barnes, aptly oily), purportedly the agent for Perry Como and former agent of Nat King Cole. The meeting will prove to have momentous, and hardly salubrious, ramifications for the family, but particularly for young Joan (played with cool confidence by Lara McDonnell), whom St. John selects as the most talented.

Excellent as the actors playing the girls in their youth are—their buoyant performance of "Boogie Woogie Bugle Boy" is a delight—their scenes could be

**Leanne Best, Ophelia Lovibond, Helena Wilson and Laura Donnelly.**

trimmed, as could the marriage-is-misery carping of their adult counterparts in the play's later scenes, and some of the bantering byplay between Dennis and Bill. Shorn of a half-hour, the play would have a sharper emotional bite.

The arrival of the adult Joan galvanizes the final scenes into searching life. Gloria's resentment flares, Ruby becomes sentimentally reminiscent, and Jill is all

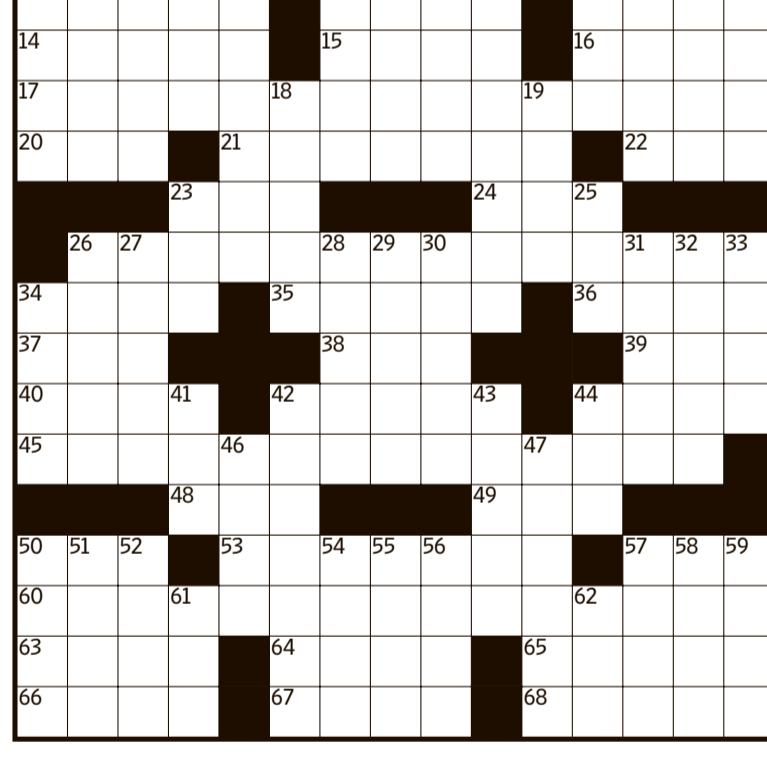
but worshipful of the sister none has seen in many years—with each harboring a different view of the mythological life they imagined her leading.

Ms. Donnelly, superb as Veronica, is even more impressive as Joan, who exudes disillusion and battered-by-life exhaustion but also a wisdom that allows her to treat even the antagonistic Gloria with compassion. "The Hills of California" turns on a plot point it would be unfair to divulge, and the sisters' reckoning over this event from the past brings the play to a qui-

etly devastating conclusion. Whether it fully justifies the long journey toward it will depend on audiences' affection for the characters—some of whom are not the most pleasant company—and the familiar decline-of-England theme that Mr. Butterworth has previously explored, to more powerful effect, in "Jerusalem."

**The Hills of California**  
Broadhurst Theatre, 235 W. 44th St., New York, \$49-\$199, 212-239-6200, closes Dec. 22

*Mr. Isherwood is the Journal's theater critic.*

**The WSJ Daily Crossword** | Edited by Mike Shenk**PUZZLE CONTEST**

- 30 Flies off the shelves
- 31 Double bogey's counterpart
- 32 Members of a Great Lakes tribe
- 33 Give but want back later
- 34 Fifth Avenue store
- 41 "All Songs Considered" network
- 42 Sets of five
- 43 Berries used in liquor
- 44 Relaxing retreat
- 46 Blog entry
- 47 Skilled hand
- 50 U.K. military honors
- 51 Where to find a furry friend
- 52 "Shall we?" reply
- 54 Home to Orem
- 55 Paul Hewson, to rock fans
- 56 Prepare, as coffee
- 57 Comical Bombeck
- 58 Put an asterisk by
- 59 "Ahem"
- 61 Base bigwigs, briefly
- 62 Alley follower
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**S IS FOR SOLVING** | By Matt Gaffney

The answer to this week's contest crossword is an eight-letter word that I hope sums up your solving experience.

**Across**

1 First thing to try  
6 Line from a book?  
10 They made 9000s and 9-3s  
14 Hard-hitting Judge  
15 On the sheltered side  
16 Legal commentator Honig  
17 Magicians David Blaine and Johnny Strange, at times  
20 Detroit-to-Cincinnati dir.  
21 Seeks, as an office  
22 Tulsa time, briefly

23 Cinque follower  
24 Far from friendly  
26 Material in a pan  
34 Pick out of a crowd  
35 Catch, as a movie at a theater  
36 Be bold  
37 Archer's skill  
38 Fall pick-me-up, briefly  
39 Card table declaration  
40 Sharp

42 Rings out  
44 Iditarod transport  
45 Logicians warn of them  
49 Rio "hello"  
50 Broadband letters  
53 Injured, as a toe  
57 Eerie claim

60 Fun for fans  
63 Double quadri  
64 Bering, for one  
65 Small tomatoes  
66 Lip  
67 Prove  
68 Victor Vasarely's movement

71 "No thanks"  
72 Congressional output  
73 In \_\_ (lined up)  
74 " \_\_ should you!"  
75 Soviet film director Tarkovsky  
76 Eos is its goddess  
77 Sighed word  
78 Egotist's focus  
79 Hint-giving columnist  
80 Singers are made to do this

81 Guinness recorded on film  
82 Hangs out  
83 Pete briefly in the Beatles  
84 Looking for damages  
85 Tolkien crew  
86 Plopped down  
87 Stock page abbr.  
88 Pitch  
89 "My Cousin Vinny" Oscar winner  
90 One making great strides?

91 Think piece

60 Fun for fans  
63 Double quadri  
64 Bering, for one  
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67 Prove  
68 Victor Vasarely's movement  
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**Previous Puzzle's Solution**

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## SPORTS

JASON GAY

# Fashion Crisis in the Playoffs: Baseball Helmet Advertising

Another logo crashes the batter's box. And don't get this columnist started on side patches.



The baseball playoffs have arrived, and you can really tell, because the Major Leagues are introducing another dreadful fashion faux pas.

It's a small addition that probably won't alienate many fans, but I fear it continues a stylish sport's slow, soul-crushing slide toward sartorial irrelevance, and in no way is that me being alliterative or hyperbolic.

This year's breakout: Batting helmet ads.

The German workwear manufacturer Strauss has purchased space atop all MLB playoff helmets, which is why you're sitting at home asking "WHAT THE HECK IS STRAUSS?" whenever your favorite playoff hitter enters the batter's box in a clutch moment (and, in the Baltimore Orioles case, whiffs with a runner on base).

I have no beef with Strauss. I'm sure they make a nice pair of slacks. Nor am I averse to advertising, which is part of my trade, and has always been an essential detail in the baseball tableau, from the old cigarette ads on the outfield walls to the distracting logos they plop on the back of the pitcher's mound during telecasts.

That's all OK by me. Sell off every cubic inch of the stadium to Madison Ave. Paint the grass Gatorade blue. Turn the foul poles into soft drink straws. Make the bases into Pokémon characters. I don't care.

My pet cause is the buying and selling of the baseball cap and baseball uniform—and the willingness to diminish and clutter what was once a triumph of American sports fashion.

If this makes me sound old and cranky, like I'm yelling at pigeons, that's OK. Bring me the pigeons.

Helmet ads are just the newest

stunt. Baseball already makes us suffer the side patch—that's the hideous patch that gets stitched into the baseball cap to remind the player that he is playing in the postseason, All-Star Game, Spring

GREG FUMI/GETTY IMAGES; KEVIN M. COVASSO



Above, Strauss has purchased space atop all MLB playoff helmets. Left, Zach McKinstry and Trey Sweeney of the Tigers.

We are at cap overload. Today we have regular caps, alternate caps, batting practice caps, spring training caps, Mother's Day caps, Father's Day caps, city caps and on and on and on. How many caps does one fan need? I did the math on my local team, and if you bought yourself one of each alternate and special edition cap, it would personally cost you \$14 million, which I'd argue is quite a lot for hats.

Check the math on that. But I think it's right.

(I also can't stand the MLB logo on the back of the hat, either, but that ship sailed long ago. If you're a lunatic, and I clearly am a lunatic, invest in a \$4 seam ripper, and you can strip away any logo in 20 minutes. I think this is legal. Baseball doesn't have the power to arrest you, unlike the mattress police.)

Aesthetically, the reason these

tweaks are so annoying is that the baseball cap is *already a perfect product*.

Take the Detroit Tigers cap (if you haven't already read Lindsey Adler's piece on how the amazing Tigers crawled out of the grave, please do.) Why would anyone want to take this gorgeous piece of Americana: worn by everyone from Hank Greenberg to Al Kaline to Oahu private investigator Thomas Magnum—and clutter it with an additional patch or logo?

Same goes for the uniforms, now designed by Nike, and therefore adorned with a swoosh on the upper right of the jersey, throwing off the equilibrium of the design.

Can anyone argue with a straight face that a Yankee jersey or a Dodgers jersey—both of them flawless designs—is improved with a swoosh? Anyone who doesn't live in Beaverton, Ore.?

(Clearly the Uniform Gods were irritated, and meted out punishment this spring with the delightfully hilarious see-through pants controversy.)

Then there are the shoulder advertisements—an other cave to uniform revenue,

often clashing entirely with the existing design.

The ship has sailed here, too, but I have a request: There should be a rule that the shoulder advertisement needs to match the color scheme of the uniform. That should be mandatory. It isn't hard to do.

I know I'm the fussy whiner here. There are a lot of people who don't blink at a Nike swoosh or a side patch or a workwear company paying to put an ad on a batting helmet. The incursions on MLB uniforms are nothing compared with the advertising on uniforms elsewhere in the world.

Your average professional soccer jersey reads this column and laughs in my face.

These are minor worries, I don't disagree. But sometimes minor worries are worth contemplating and holding the line. Baseball has a beautiful tradition in its uniform and it should be careful with how much it's willing to sell it off. Money matters, but good style is priceless. Now bring me my pigeons.

## BIGGEST RULE-BREAKERS IN THE WNBA ARE ALSO LEAGUE'S BEST TEAMS

BY RACHEL BACHMAN AND ROBERT O'CONNELL

**WHEN WNBA MVP** Breanna Stewart was pondering her options as a free agent in early 2023, the high-scoring forward had several suitors. She could have re-signed with Seattle, where she helped lead the Storm to two titles. She drew interest from another championship contender in Minnesota.

Instead, Stewart signed with the New York Liberty, a team that had never won a title. One reason? The team's owners were willing to defy league rules requiring teams to fly commercial—and spring for charter flights instead.

"They got in trouble for it," Stewart said, adding, "Here we have a lot, to make sure every player is getting exactly what they need."

Stewart led the Liberty to the finals last season, and has the league's No. 1 overall seed back in the playoff semifinals this week, as New York leads the Las Vegas Aces 2-0 in the best-of-five series. The Aces, meanwhile, are aiming for a third consecutive WNBA title.

But these two franchises haven't just led the league in on-court results in recent years. Their owners have also shown a shared willingness to bend the rules—or break them—if it means helping their teams.

Before the 2022 season, the Liberty's owners were fined \$500,000 by the league—the largest fine in WNBA history—for chartering flights for their players. This was a breach of league rules

at the time, though the WNBA has since started a charter flight program leaguewide.

The spending of Joe Tsai and Clara Wu Tsai, who own the Liberty and Brooklyn Nets, didn't stop there.

The Liberty built a new locker room for the team separate from the Nets and invested in their own training staff. "These investments were a reflection of our commitment to performance," Clara Wu Tsai said, "and allowed us to attract top talent."

Although viewership of games has skyrocketed this season, the WNBA's existing TV deals—and league revenue—don't yet reflect that growth. For now, each WNBA franchise has a salary cap of less than \$1.5 million—just over the \$1.2 million NBA minimum for one individual player.

So in the WNBA, non-salary benefits can make all the difference.

"Look, I've been in this league a long time, and I've done the whole, practice in a community center and everything, and it was never really that important to me," said Courtney Vandersloot, a 35-year-old guard for the Chicago Sky before signing as a free agent with New York early last year.

"But what is important is investing in the teams."

Las Vegas' bold moves have ranged from the spectacular to the scandalous.

Mark Davis bought the team in early 2021, and soon signaled how serious he was about building a winner. The Aces hired San Antonio Spurs assistant Becky Ham-



The New York Liberty have a 2-0 series lead over the Las Vegas Aces in the best-of-five WNBA semifinals.

mon at a then-record \$1 million salary.

Davis also financed construction of something the league had never seen before: a state-of-the-art 64,000-square-foot team practice facility and headquarters. The Aces' building opened in spring 2023 in Henderson, Nevada, next door to the hub of the Las Vegas Raiders, which Davis also owns.

The Aces also have become embroiled in a few ongoing controversies. The WNBA is investigating whether marketing deals with the Las Vegas Convention and Visitors Authority—which would pay each Aces player \$100,000—essentially amount to circumventing the salary cap. The contracts aren't small potatoes, either: For half the Aces, they would effectively double their salaries.

Not every Las Vegas move has

drawn raves from players. Former Aces forward Dearica Hamby is suing the team and the WNBA alleging, among other things, that she was traded to another team because she was pregnant. Las Vegas and the WNBA have filed motions to dismiss the case. Team officials say they haven't broken any rules, and declined to comment on ongoing litigation.

Davis has said that one of his goals in buying the team was to increase player pay.

"You look at their roster, 'This is such an incredible roster. How do they afford them?'" ESPN basketball analyst Rebecca Lobo said. "Well, they treat their players so well that they want to stay, and so they're willing to sign for less. And then the fan base respects that and appreciates it, and the game grows there."

Just like his father, legendary Raiders owner Al Davis, Mark Davis has been willing to butt heads with the league office. Al Davis waged a decadeslong battle with the NFL over moving the Raiders from Oakland to Los Angeles—and won.

"For a long time, it's been teams that want to do a lot for their teams having to stay at a lower standard and level," said Aces guard Sydney Colson, who's played in five WNBA cities. "And I think we're getting to the point where other people are gonna have to up what you do for your teams."

In the meantime, the two teams that have already started spending freely have an advantage. And their investments are paying off—in playoff runs and championships.

## OPINION

## Jack Smith's October Surprise

POTOMAC WATCH  
By Kimberley A. Strassel

Politics hath no fury like a prosecutor scorned, and it appears the American electorate won't be allowed to forget it. That's the best read of special counsel Jack Smith's newly unsealed filing in his criminal case against Donald Trump. Congratulations, Attorney General Merrick Garland: You've got your own 2024 "election interference" story line.

Mr. Smith filed the 165-page brief last week, his latest response to an embarrassing defeat at the Supreme Court in July. The justices rapped him for ignoring a weighty question in his Jan. 6 indictment, ruling that a president is entitled to immunity for exercising "core constitutional powers." That decision requires a pretrial proceeding in which the trial judge sifts which of the allegedly criminal acts count as official, and ultimately ended any prospect of a trial before the election. A sober litigator would have stepped back, allowed the voters to render their judgment on Mr. Trump and his bad behavior, and re-group in November.

Here's what Mr. Smith did instead. He rushed to file a superseding indictment in August that alleged the same four crimes, taking a minuscule view of core constitu-

tional powers. He then requested the trial judge allow him to file an "oversized" brief—up to 180 pages—laying out the government's arguments against immunity, and asking her to unseal it. Judge Tanya Chutkan granted the requests, ignoring the Trump legal team's opposition to a brief that was "quadruple the standard page limits" and that allowed the prosecution "to proffer their untested and biased views to the Court and the public as if they are conclusive." That brief was made public on Wednesday, 34 days before the election.

Which is the point. You don't have to be a cynic to suspect Mr. Smith of brass-knuckle politicking. He knows that if Mr. Trump wins in November, both his cases (this one, involving Jan. 6, and the other, involving classified documents) are dead. Ergo Mr. Smith is actively working to undermine a Trump reelection by presenting to the public a bevy of new claims painting the nominee as criminal. Even if that assessment of his motives is unfair—even if he's the upright legal hero of the left's description—the timing and nature of his actions provides an inescapable appearance of election interference. That's why Justice Department policy warns prosecutors to err on the side of restraint when voting draws near.

It's hard to look at the brief as a considered legal argument. Mr. Smith's zero-hu-

mility prosecutorial approach hasn't always fared well in court—see the 8-0 Supreme Court reversal of his conviction of former Virginia Gov. Bob McDonnell in 2016. The justices in July tried to spare him further legal loss by spelling out a few things. They explained that while certain presidential acts have absolute immunity, many others (including conversations with a vice president about

a president might have an interest in the integrity of federal elections at the state level. The message to the Supreme Court: Thanks for that ruling, but whatever.

Mr. Smith has to know that even if Judge Chutkan winks this through, he will have a far harder run before the justices, and even perhaps with the Court of Appeals for the District of Columbia Circuit. So why do it? Again, the assumption must be politics. The brief is a nifty vehicle for new claims of insidious Trump behavior, which the press corps jumped on with dutiful alacrity, ignoring any legal questions: "11 damning details in Jack Smith's new brief in the Trump election case," or "Trump 'resorted to crimes' to try to keep power in 2020, Jack Smith alleges." Remember: 30-odd days to an election.

This is manna to Democrats, who are desperate for their Jan. 6 lawfare campaign to dominate the final sprint, to divert voters (finally!) from their (tedious) obsessions with inflation, border chaos or crime. Will Mr. Smith's assist help? Who knows. Mr. Trump's indefensible behavior is already well-known.

But that's beside the point. The damage is done. The brief is out. And if Kamala Harris does win, half the country will point to this filing as a reason—the latest Justice Department "interference" in an election. Mr. Garland must be proud.

*Write to kim@wsj.com.*

### It's impossible not to suspect the special counsel's filing is politically motivated.

his duty to oversee the counting of electoral votes) have "presumptive" immunity, and the burden is on the government to rebut that premise. It further warned that prosecutors aren't allowed to second-guess a president's motives in official decision making.

Mr. Smith shrugs all this off in his new brief, for instance declaring that the Constitution's directive that the vice president "shall" "open all the [electoral] certificates" on Jan. 6 is no official duty at all. It's just a "discrete" thing veeps do. (See, that wasn't hard. Presumption kaput.) He recategorizes moments in the Oval Office as campaign meetings, declares statements Mr. Trump made as clearly those of a "candidate," and disregards the possibility that

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In the 28 years Rabbi Rabinowitz has served at the site, countless people who left notes later told him their prayers had been answered, often with great specificity and in ways that seemed miraculous. "The prayers have been accepted," Rabbi Rabinowitz said softly. That includes matters big and small. He recounted how, in February, Argentina's President Javier Milei visited the Western Wall, where he prayed for the release of the hostages held by Hamas. A few days later, Israeli forces freed two Israeli-Argentine captives held in Rafah. No coincidence, he believes.

Rabbi Rabinowitz ended with a personal story. When his father-in-law was in a coma and placed on assisted-breathing support, a doctor estimated he had 48 hours to live. The rabbi's family gathered at the Western Wall to pray. The next day, his father-in-law showed signs of improvement. Week after week, the family prayed at the wall—and after seven weeks, the rabbi's father-in-law awoke. "God knows what each and every one of us wants to ask," Rabbi Rabinowitz said. "But more than that, he knows what we bury the notes."

Rabbi Rabinowitz has a biblical appreciation for the practice. The Western Wall, he says, is a holy place where God listens to all people, Jews and Gentiles alike. He cites the first Book of Kings, which recounts King Solomon's dedication of the First Temple and prayer to God: "Concerning the stranger that is not of Thy people Israel, when he shall come out of a far country for Thy name's sake . . . , when he shall come and pray toward this house, hear Thou in heaven Thy dwelling-place, and do according to all that the

stranger calleth to Thee for; that all the peoples of the earth may know Thy name."

*Ms. McClain is an assistant editorial features editor at the Journal.*

## War Doesn't Thwart a Western Wall Tradition

HOUSES OF WORSHIP  
By Sierra Dawn McClain

The Jewish New Year began Oct. 2, but preparations in Israel started weeks ago. Shmuel Rabinowitz, rabbi of the Western Wall and the Holy Sites of Israel, along with several assistants undertook a biannual tradition on Sept. 15. With bags and wooden poles in hand, they set out to extract prayer notes from between the wall's stones to make space for new petitions in the year ahead.

That's no small feat. Millions of people have visited the site annually, including more than 12 million in 2019. The Western Wall is the only remaining piece of a border that once fully enclosed the Temple Mount, Judaism's holiest site. This was the location of both the First and Second Temples—where, at one point, the Ark of the Covenant was stored, and where Abraham is believed to have constructed an altar on which to sacrifice his son Isaac.

Though Jews are mostly forbidden to pray within the complex—for theological reasons and past Muslim violence—they may do so at the wall. Visitors often leave notes within its crevices, nearest to the innermost sanctuary where God dwelled. This tradition dates to Rabbi Chaim Ben Atar (1696-1743), a Moroccan immigrant to Israel and founder of a prominent yeshiva.

Once the rabbi's team removes the notes from the wall, no one reads them. Nor does anyone toss them in a waste bin or on a fire. That's out of respect for the note-writers and for theological reasons. Because God's name is written on many of the notes, Rabbi Rabinowitz says, they can't be destroyed or defaced. His team gently digs out the notes, many of which are lodged between coarse limestone blocks, using slender poles made of wood rather than iron—"because iron is a vessel of work" and the Temple "used to be a place of peace." His assistants put the messages in bags and transport them to the Mount of Olives, east of the Old City. There, in an ancient Jewish cemetery sprawling the slopes, they bury the notes.

Recent attacks have disrupted this tradition. A Rosh Hashanah event at the Western Wall was canceled on Tuesday as Iran launched ballistic missiles at Israel, prompting the Western Wall

Heritage Foundation to offer a live broadcast alternative for prayer recitation. Tourism has nose-dived since Hamas's Oct. 7 massacre, according to Israel's Central Bureau of Statistics, but the petitions haven't totally abated. Yohanna Bisraor of the foundation said people around the world have sent nearly 29,000 prayer notes via its website. The foundation also received

### A rabbi clears space for new prayer notes as Rosh Hashanah, the New Year, begins.

some 15,000 notes since February from its collection stations, which were set up in public spaces throughout Israel, including in hospitals and malls.

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*Ms. McClain is an assistant editorial features editor at the Journal.*

By William Beach  
And Erica L. Groshen

We were appointed as commissioner of the Bureau of Labor Statistics by Presidents Trump and Obama, respectively. We ran the BLS for a combined eight years. Today, we're raising an alarm: Perhaps the most vital indicator the agency uses to understand our nation's economy—the U.S. monthly unemployment rate—is in imminent danger.

Once a month (usually on the first Friday), policymakers and financial traders react to the so-called Jobs Day report from the BLS, which estimates the monthly unemployment rate. Unfortunately, this non-partisan fact-finding agency has been underfunded for more than a decade.

The BLS needs adequate funding to help run the Current Population Survey, which feeds into Jobs Day reports. At current funding levels, cuts to the survey's sample size in 2025 will be unavoidable. That

would endanger the quality and variety of estimates the BLS can produce. As technology evolves, people are less likely to answer calls from an unfamiliar number or open the door for a stranger. When the pandemic hit, without safe ways to conduct in-person surveys, response rates dropped to all-time lows. They're still trending down.

### The BLS jobs report survey is outdated and underfunded.

From 2016 to 2020, the BLS and Census Bureau crafted a plan to modernize the survey by shifting most data collection to the web. Under this plan—which would require around \$25 million—the BLS could modernize the Current Population Survey without sample-size cuts in only three years. But the money has never been appropriated.

If Congress doesn't fully

fund BLS's current needs plus the modernization project during this funding cycle, we'll lose major kinds of critical economic data.

First, demographic detail. Because BLS began publishing monthly unemployment rates for Native Americans only two years ago, policymakers didn't know until 2022 that the unemployment rate spiked to nearly 29% for Native Americans in 2020—about double the national rate. Even now, BLS can't break down unemployment rates for specific racial and ethnic minorities in many states due to funding shortages. Veterans, teens, seniors, people with disabilities, women of color and other population subsets won't be perceived or appropriately supported if they disappear from future Jobs Day reports.

Second, significant pools of monthly state and local data will vanish, leaving only annual estimates. This would hamper local officials' ability to assess community conditions, making it harder to tar-

get assistance during downturns or after natural disasters.

Current Population Survey data inform such vital estimates as household incomes, poverty rates and health-insurance coverage. This influences mortgage interest rates, retirement savings, local business hiring and more. It is difficult to overstate the economic repercussions of forfeiting this information. No other source can supply this critical data.

If Congress doesn't invest

now in a web-based, adequately sized survey, it risks a snowball effect in which Current Population Survey responses and their usefulness continue to decline. This could force the BLS to cut other important economic surveys to keep this one on life support.

The nation can't do without these data.

Mr. Beach and Ms. Groshen served as commissioners of the U.S. Bureau of Labor Statistics, respectively from 2019-23 and 2013-17.

BOOKSHELF | By James S. Hirsch

## Pilsner's Progress

### Hopped Up

By Jeffrey M. Pilcher

Oxford, 352 pages, \$34.99

Guzzled at bars, swigged at sporting events and sipped beer at parties, beer is the go-to lubricant for social gatherings. It was once much more. Tribal societies made beer for weddings, funerals and harvest festivals. In medieval times, customers purchased beer to support young married couples or struggling neighbors. Later, European imperialists viewed their innovative lagers and ales as part of their civilizing mission, but in 1906, with South Africa under British rule, native women brewed their own beer for African dockworkers in the port town of Durban. The Brits decried this concoction as a gateway to moral squalor. For Africans, its consumption was an expression of defiance and solidarity.

Bear has also long been associated with sex. Babylonian reliefs depicted temple prostitutes drinking beer through straws while copulating," writes Jeffrey M. Pilcher in

"Hopped Up: How Travel, Trade, and Taste Made Beer a Global Commodity." Mr. Pilcher, a food historian at the University of Toronto, has produced a century-hopping, globe-girdling, pub-crawling history of the indispensable drink.

As the subtitle suggests, "Hopped Up" is as much about globalization as fermentation. The book is part of a genre in which a single product serves as a prism through which to understand broader economic or cultural trends. In this account, beer has evolved from its communitarian roots, with distinctive artisanal brewmasters in Europe, Asia and elsewhere, into a mass-produced, technology-enhanced commodity that is driven by branding, status and mergers.

Mr. Pilcher laments this bottom-line corporatization—he believes it has diminished the quality of the product—and is appropriately indignant about social inequities, including the long mistreatment of women in the beer industry. For thousands of years, brewing was considered women's work—a domestic responsibility—but as production became industrialized, women were squeezed out or replaced entirely. In Japan, women not only lost their trade but "were also written out of the historical memory of sake." In modern times, women have struggled to advance at large beer companies, which may account for the sexist ads and misogynistic labels used to sell the product. Raging Bitch is the unfortunate name of one beer.

"Hopped Up" is packed with intriguing business arcana. In the 1970s, renegade homebrewers sought to disrupt a staid industry, so they borrowed from Silicon Valley's new microcomputer to describe their novel concept as a "microbrewery." There have been some cynical marketing gambits. Heineken once donated money to African schools; in exchange, Mr. Pilcher claims, the schools were painted Heineken green, the better to secure customer loyalty at a young age. And sometimes taste is secondary. Corona developed a cult following in the U.S. when consumers became obsessed with pushing lime into bottles.

There are occasional flashes of humor. When an American military officer returned to the U.S. from Brussels, he tried to make a Belgian beer, but it disrupted the yeast ecology of the sourdough bread his wife was making. "Clearly," Mr. Pilcher writes, "their home was only big enough for one microbiota."

Mr. Pilcher is a smooth writer who offers encyclopedic detail but not the flair of a storyteller. Nowhere in these pages will you find gripping accounts of visionary brewmasters, epic takeover battles or even last year's crippling backlash against Bud Light for partnering with a transgender influencer. The book's minutiae can overwhelm. Mr. Pilcher devotes almost eight pages to the consolidation of the Belgian beer industry and describes the differences between varieties of barley. His indictment of big brewers can also be overheated, as when he accuses them of "corporate authoritarianism."

**Renegade homebrewers borrowed from Silicon Valley's new microcomputer to describe their novel concept as a 'microbrewery.'**

At other times, more information is wanted. Falstaff, based in St. Louis, was a regional powerhouse for much of the 20th century, and Mr. Pilcher writes that it was "actually more profitable than the nationals." But now it's gone. What happened? We never find out.

The most captivating figure in "Hopped Up" is a "rumpled British journalist" named Michael Jackson, who, after a lengthy career as a reporter and foreign correspondent, published his "World Guide to Beer" in 1977. It made him, Mr. Pilcher says, the "prophet of craft brewing," an identity he leveraged into other books and a television series while forging a global community of beer connoisseurs. Jackson died in 2007, but not before creating an entire vocabulary around beer. What he once described as a "smoky" beer flavor became "fire from logs of fruitwood," and he ranked sourness on a scale that included "vinegary" and "acidity" worthy of Dorothy Parker.

Mr. Pilcher devotes considerable attention to craft brewing, both its idealism (community-based beers that place quality above profits) and its contradictions (the ingredients are usually purchased from transnational firms). Not surprisingly, running a brewpub is a brutal business, and those of us who love them are partially to blame. According to Mr. Pilcher: "Patrons' insistence on finding a new beer to sample on each visit requires brewpubs to maintain unsustainably long lines of taps."

Fair enough, but just as wine fans revel in the notes and nuances of their drink, beer enthusiasts want variety in their product and a recognition of its historic significance. Mr. Pilcher delivers on that front, as when he tells us that beer was so vital to British colonialists that, in 1878, one officer in India said: "Were we driven from the country, no trace, no monument, of our rule would exist 10 years afterward, beyond the empty beer bottles we had left behind us."

That legacy endures. Beer may never occupy its premier status of bygone eras, but as long as friends and family gather for happy hours, ball games and blessings, the taps are open.

*Mr. Hirsch is an author who lives in the Boston area.*

### This weekend in FALL BOOKS

The rise of the automobile • Being Queen Elizabeth II • Revolutionizing the NFL playbook • Dorothy Parker's Hollywood • Glimpses of Jerry Garcia and George Harrison • Plus novels from Sally Rooney and more.

## OPINION

## REVIEW &amp; OUTLOOK

## On the Waterfront, the Sequel

**T**he dockworkers shutting down East and Gulf Coast ports called off their strike late Thursday after port operators proposed a 62% wage increase over six years. Americans will be spared the economic pain from a longer strike, but it's worth examining this episode for its reminder of forgotten lessons about union monopolies and labor-boss politics.

It wasn't clear as we wrote this what happened behind the scenes, but it looks as if the business consortium negotiating with the union gave way under political pressure. The union wanted a 77% raise to \$69 an hour, while the consortium had offered 50%.

President Biden had threatened the United States Maritime Alliance (USMX) with legal action this week if it didn't give in further to union demands. "My Administration will be monitoring for any price gouging activity that benefits foreign ocean carriers, including those on the USMX board," he said in a statement. This was a direct threat to Maersk and other ocean carriers if they added a surcharge because of the disruptions from the ILA strike.

\* \* \*

One myth exposed by the strike is that unions need more economic and political power because they help the working man. The union behind this strike, the International Longshoremen's Association (ILA), helps some workers at the expense of countless others.

Start with the astounding fact that there were 50,000 or so ILA strikers but only 25,000 or so port jobs. That's right, only about half of the union's members are obliged to show up to work each day. The rest sit at home collecting "container royalties" negotiated in previous ILA contracts intended to protect against job losses that result from innovation.

And what a deal for those favored few who do show up to work. The 2019-2020 report of the Waterfront Commission of New York Harbor laid out the reality: "The absolute control of the International Longshoremen's Association, AFL-CIO (ILA) over hiring in the Port for over 60 years has not only led to a lack of diversity and inclusion in waterfront employment, but also to the perpetuation of criminality and corruption."

Residents near the ports can't get hired because of this union control. "Meanwhile, those who are connected to union leadership or organized crime figures are rewarded with high paying, low-show or no-work special compensation packages," the report said.

More than "590 individuals continue to receive over \$147 million in outsized salaries not required by the industry's collective bargaining agreement and for hours they do not even have to be at the Port," the report continued. "Such

## The dockworkers strike is an education in monopoly union power.

positions were overwhelmingly given to white males connected to organized crime figures or union leadership."

This is how ILA boss Harold Daggett earns \$900,000 a year, drives a Bentley and owns a 76-foot yacht. And this is the union that President Biden, Kamala Harris and "national conservative" intellectuals extol as tribunes of the working class.

This is what happens when unions are granted monopoly negotiating power that lets them extort outsized rents. The ILA is the sole union bargainer for East and Gulf Coast ports, and there is little non-union port competition. The union has a chokehold on commerce that gives it extortionary leverage.

The ILA is like the coal miners and railroad unions that shut down the British economy in the 1970s, or the unions that paralyze transportation in France today. When ILA members strike, they stop trade in goods and hurt literally millions of workers who earn far less than the members of the ILA. Mr. Daggett was happy to put countless truck drivers, warehouse employees, retail clerks and auto workers out of work so he and his "connected" members can buy another yacht.

This is why Congress passed the Taft-Hartley Act over the veto of Harry Truman in 1947. The 1935 National Labor Relations Act had handed vast new power to unions that resulted in waves of strikes, including secondary boycotts and forced union membership. Taft-Hartley rebalanced the rules for collective bargaining that continue today.

Taft-Hartley also gives the President the authority to seek a court order for an 80-day cooling-off period so companies and unions can negotiate without a strike. The provision was intended for labor disputes like the one at U.S. ports that do great economic harm. George W. Bush invoked it in 2002 to stop an 11-day labor action at West Coast ports.

Yet Mr. Biden refused to invoke the law, and Ms. Harris agreed. "I don't believe in Taft-Hartley," Mr. Biden said.

\* \* \*

All of this should have been an opportunity for Donald Trump to defend the jobs of millions of Americans by calling for Mr. Biden to use his power to end the strike. But the former President instead issued a statement taking a protectionist shot at "foreign flag vessels." This is political and economic malpractice.

It's fashionable in Washington these days to think that handing Big Labor more power will help workers and reduce inequality. It won't. It will enrich labor bosses and assist the politicians they support, while damaging the economy and limiting the broader wage gains needed for shared prosperity.

## You Can't Buy That Diesel Truck

**W**ant to know how the Biden-Harris electric-vehicle mandate—which they claim isn't a mandate—will work in practice? Look no further than Kamala Harris's state of California where auto dealers are restricting sales of diesel-powered trucks to meet the state's EV rules.

This news came in a public comment filed by the National Automobile Dealers Association with the Environmental Protection Agency regarding California's Advanced Clean Fleets rule. The regulation says "zero-emission" trucks must be a growing share of semi-truck fleet sales. Trouble is, truckers aren't buying electric big rigs because they can't afford them even with \$40,000 in federal tax credits. Electric trucks cost twice as much as diesel-powered rigs and have a limited driving range—150 miles on average, compared to between 1,000 and 1,500 for diesel trucks.

Yet under California's rules, "dealers are restricted from selling a diesel truck unless they sell a ZEV truck," the dealer group reports. The result: "New class 8 truck sales (ZEV and Die-

## California's EV rules are already restricting sales of gas-powered rigs.

sel) were down 50 percent year-over-year in June 2024." Truckers are driving older engines longer because they can't buy newer diesel models, which results in more pollution.

Dealers say trucks are piling up on their lots—electric models because truckers won't buy them, and diesel rigs that dealers consequently aren't allowed to sell. Dealers say they incur monthly interest penalties on unsold truck inventory that can amount to more than \$99,000.

"Without significant modifications, there is a very real likelihood that some dealers and their customers will start going out of business in the near future. This will hit small businesses the hardest," the dealers write. Ms. Harris vows to support small businesses, but the Administration's vehicle greenhouse gas emissions rules will slam mom-and-pop dealers.

Manufacturers will have no choice but to produce more EVs to comply, and if EVs don't sell, sales of gas-powered cars will have to be restricted. This is a back-door ban on gas-powered cars, even if Ms. Harris won't admit it.

## Someone Tries to Govern France

**M**ichel Barnier drew the short straw to become France's Prime Minister after Emmanuel Macron's election fiasco this summer, and bless Mr. Barnier for trying to govern. He started taking soundings on a budget plan this week and at least now there is one, although it's not a solution to France's pressing economic and political problems.

Mr. Barnier gets points for courage with a plan that envisions €60 billion (\$66 billion) in belt-tightening next year. That amounts to about 2% of gross domestic product, and the goal is to reduce the annual fiscal deficit to 5% of GDP by the end of next year, from above 6% this year. Two-thirds of that sum will be unspecified cuts to government spending, with the rest to come from barely specified tax increases. Details forthcoming.

Any budget would be a tough sell in what is essentially a hung National Assembly after the summer's election. The one Mr. Barnier is sketching out will be especially hard to get through a chamber dominated by parties of the far left. Since Mr. Barnier (and by extension Mr. Macron) faces a fierce political battle, it would be nice if that fight were about something substantive.

## Barnier proposes a budget because he must, but where's the growth?

Alas, based on what officials have let slip about the Barnier plan, this budget won't be it. The spending cuts are likely to come from some form of across-the-board cutbacks in a raft of government departments, plus gimmicks such as delaying by six months a planned indexation of old-age benefits for inflation. The tax increases will center on large corporations and bogeymen such as air travel.

This risks repeating an all-too-common European mistake. Across-the-board spending cuts with no serious debate about how (and on what) the government should spend money have bred popular backlash everywhere the strategy has been tried since the crises of 2010. Ask the Greeks or Britain's Tories.

The winning formula is to persuade voters that downsizing government to free the economy will boost prosperity, as current Greek Prime Minister Kyriakos Mitsotakis has done to good economic and popular effect after Athens exhausted all other alternatives.

France keeps waiting for someone to propose fiscal and regulatory policies that can revive its moribund economy. Until someone does, expect messy political battles over the budget, and much more.

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## LETTERS TO THE EDITOR

## Trump Has a Right to a Jury in the Fraud Trial

There are so many issues attending the fraud verdict in the Trump case that will require reversing the judgment that it is hard to identify the most compelling ("New Doubts About Trump's Fraud Verdict," Review & Outlook, Sept. 30). As you point out, the appellate judges identified some of the threshold issues, including whether Executive Law 63(12) ever was intended to be used in such a circumstance with no victim, no detrimental reliance, happy lenders and no loss—all hallmarks of what we traditionally think of as requirements for fraud.

But there is an important, constitutionally significant issue arising from this case that should be discussed. The verdict and the decision to assess hundreds of millions of dollars in damages against former President Donald Trump was made by a single anti-Trump judge after a trial filled with peculiarities.

There was no jury. In 2009 a colleague of Judge Arthur Engoron held in *People v. First Am. Corp.* that there is no right to a jury trial under the executive law New York Attorney General Letitia James used to sue Mr. Trump and his family. The decision was based on the notion that damages are merely "incidental" in an ac-

tion under Executive Law 63(12). It is focused more on stopping a business practice—equitable relief left to a judge, rather than legal relief for a jury.

But in 2021 a federal judge, presiding over a trial in federal court down the street from Judge Engoron's courtroom, came to the opposite conclusion. Judge Louis Stanton held in *FTC v. Quincy Bioscience Holding Co.* that there is a constitutional right to a jury trial under Executive Law 63(12) under the Seventh Amendment to the U.S. Constitution because damages can be assessed.

The same rationale that Judge Stanton applied should be applied with even greater force in the Trump case in considering the right to a jury trial under Article 1, Section 2 of the New York Constitution. In no way, shape or form can the award of hundreds of millions of dollars in the Trump case be considered "incidental."

The Trump family should have had the right to a jury trial in the case. This is one more reason the verdict shouldn't be permitted to stand.

DAVID I. SCHOEN

Montgomery, Ala.

Mr. Schoen served as lead counsel for President Trump in his second impeachment trial.

## Nasrallah Did Nothing for the People of Iran

In her compelling op-ed "Lebanon and Iran After Hassan Nasrallah" (Sept. 30), Emily Harding articulates a grave and common error even scholarly Westerners make when speaking of Iran and its violent regime of the past 45 years. In examining the possible retaliation on the part of Hezbollah, she states, "Nasrallah didn't die on Iranian soil, but he was an honorary Iranian in many ways." Nothing could be further from the truth.

Nasrallah and his Hezbollah minions existed as a tool (and pawn) of the Iranian regime. They never represented the wishes and concerns of the Iranian people themselves. This is an important distinction.

One recent report found that a third of the 88.5 million people of Iran live in poverty. An economics professor from Al-Zahra University, Hassan Raghfar, states that the figure is closer to 50%. The Iranian people have witnessed little or no assistance from their government during this time of increasing poverty, decaying nation-

wide infrastructure, droughts and floods. But they have witnessed billions of dollars being sent to Hezbollah, Hamas and other proxy terrorist organizations outside their borders.

Nasrallah was no "honorary Iranian" to the struggling Iranian people. He was, surely, an honorary tool of the Iranian regime.

MARTIN J. BROWN

Malverne, N.Y.

Ms. Harding writes that Hezbollah's "ideology will also endure." True. She writes, "Iran more than anyone else will decide which direction this conflict goes next." Also true. But then, in her last sentence, she states that Hezbollah needs to make a decision "to turn to peace, politics and a door cracked open to prosperity." In light of the truth of the above two statements, how can that happen?

Until someone cuts off the head of the snake that is Iran, there will be no peace in the Middle East.

DANIEL KELLEY

Columbia City, Ind.

## What Free Speech Once Meant at UC Berkeley

In "What Happened to Free Speech?" (Inside View, Sept. 30), Andy Kessler got it almost right. But like many, he fails to understand or remember what the Free Speech Movement at Berkeley was about.

On a pleasant fall day 60 years ago, I was sitting at a Goldwater for President table in Berkeley's Sproul Plaza. On the orders of Chancellor Edward Strong, my table and all others were summarily removed. In response, all 28 campus political groups united to form the Free Speech Movement. These groups

ranged from the far left to the far right. After some months of protest, it was clear that the battle was essentially won. Nevertheless, many members chose to escalate with a sit-in at Sproul Hall. With that step, most centrist and conservative groups dropped out of the Free Speech Movement.

It should be stated clearly that all members of the Free Speech Movement leadership, including the most radical leftists, were committed to free expression. I knew Mario Savio. Were he alive today, he would oppose censorship of conservative or any other form of expression. The challenge to free expression on campuses now comes from students two or three generations removed from those of us in the Free Speech Movement. What is occurring is substantively different and dispiriting.

ROBERT O'DONNELL

Atherton, Calif.

## Democrats Still Play Politics With U.S. Defense Spending

Walter Russell Mead's column "U.S. Shrugs as World War III Approaches" (Global View, Sept. 17) should be read by every American.

While he is right that both our political parties share the blame for our shocking unpreparedness, the Democratic Party's longstanding demand that all increases in the nation's military budgets be matched in increased social spending should be specifically called out for blame, as should our military leaders' bizarre fixation on diversity, equity and inclusion (DEI) issues.

Playing politics with the defense of our country is unacceptable. It brings to mind the observation that the fall of Rome took place when Rome's pragmatism ceased to be pragmatic.

URS BRODERICK FURRER

Redding, Conn.

## Fighting and Paying at Yale

Yale students Netanel Crispe and Sahar Tartak do an excellent job of documenting the antisemitism on campus ("How Yale Plans to Commemorate the Oct. 7 Massacre," op-ed, Sept. 26). They write that there are calls for genocide against Jews at what they both call "our university." Yet to hear them tell it, Yale is more concerned with Islamophobia. What they don't do is explain their decision to continue paying tuition there.

CHARLIE POLITI

Peoria, Ariz.

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## OPINION

# Med-School Accreditation Is Outdated

By Robert I. Grossman  
And Steven B. Abramson

**M**edical education in the U.S. has evolved over the past century, but the way we evaluate and accredit medical schools has failed to keep pace.

Before World War II, medical schools operated by their own standards, with no unified framework to ensure consistent, efficient and high-quality education. In 1942 the American Medical Association and the Association of American Medical Colleges, which had separately accredited medical schools, met to address this problem and formed the Liaison Committee on Medical Education. Since 1965 the U.S. government has recognized the LCME as the accreditation agency for medical schools, giving the group significant power to shape how we teach physicians.

When it was established, the LCME based many of its standards on the landmark Flexner Report, an assessment of medical education written in 1910. Today, the LCME's system for evaluating medical schools and academic medical centers is outdated, expensive and misguided. It isn't aligned with how medicine is practiced today. Medical schools work to keep their curriculum up to date, adapting to the pace of scientific discovery and the evolving needs of patients. While the accreditation process is intended to ensure quality across the nation's 159 medical schools, it has become burdensome, diverting resources and attention from training future physicians.

It's time for the LCME and its governance process to move into the 21st century. It currently evaluates medical-school programs against 12 standards during a site visit by five LCME members over three days. Medical schools typically spend 18 months preparing for the site visit, assembling a several-hundred-page document—known as the Data Collection Instrument—to show compliance with those 12 standards. The ever-changing standards of the LCME bloat medical-school administrations,



DAVID KLEIN

divert resources from students, and consume the time of faculty and staff. Schools receive no specific guidance from the LCME on how to meet the standards, and the standards themselves are inconsistent. What one examiner finds satisfactory, another may view as inadequate.

## The LCME, established with noble goals, has become arbitrary and holds back innovation.

Introducing any innovation that the LCME might view as counter to the standards is risky. Instead, schools devote thousands of hours of faculty and administrator time to site-visit preparation. To minimize the risks associated with such a capricious review process, institutions routinely hire consultants (who are often current or former LCME members) at significant cost to have a chance at accreditation. In preparing for NYU Langone Health's most recent LCME site visit in 2023, we spent \$30,000 for an initial consultant. Because the LCME granted our institution an accreditation "with warning," we then spent \$250,000 on a second round of consultants.

We believe this "with warning" accreditation, which requires an expensive, year-long effort to prepare responses and achieve full accreditation, was issued in error. It came despite our students having the best grade-point averages, exam scores and outstanding residency match outcomes—along with the lowest debt. We found 14 inaccuracies in the LCME final report. Incredibly, there is no appeal process through which these errors can be challenged. The LCME refused to review our strategic plan for the medical school—which aligns with our institution's broader academic medical system goals, including integration with NYU Langone Hospitals—deciding that it didn't fit the LCME's outdated format for a strategic plan.

Many institutions have had similarly frustrating and counterproductive experiences with the LCME. There is no evidence the current process improves medical education or patient outcomes in any meaningful way. The academic literature on this is clear. Several reviews of the accreditation process have shown that the cost outweighs the benefits and that students and faculty didn't find the process valuable. The LCME itself has never performed or published a statistical study that demonstrates improved cost-effective outcomes from their processes or their standards.

We recognize the need for a uniform and appropriately high accreditation standard, so we urge the LCME, as well as the American Medical Association and the Association of American Medical Colleges, which oversee it, to reform this organization and its processes. The LCME's standards should correlate with improving educational outcomes and benefiting future patients. In the digital age, 18 months and thousands of hours of faculty and staff time represent an archaic process in need of reform. The LCME should simplify the process, focusing on outcomes, not governance. If the outcomes aren't up to standards then, and only then, should the LCME investigate a school's process and governance.

The LCME should also address the conflict-of-interest challenge and implement stricter guidelines. It should prohibit site visitors and committee members from working as consultants to the institutions they evaluate. The LCME should also let educational institutions have their concerns about the review process arbitrated appropriately to ensure quality and boost confidence in the body's findings—a practice that's common among many other accrediting bodies.

Ultimately, the LCME should encourage and highlight innovation in medical education. Its reports should cover positive findings, including innovations and best practices that could be adopted across the medical education system.

The LCME had a noble original mission, but after 80 years it must overhaul its approach to meet the reality of education and medicine in the 21st century. We urge the LCME to implement these recommendations to improve medical education and benefit patients. If the LCME, AMA and AAMC can't fulfill their obligation, Congress should intervene.

*Dr. Grossman is CEO of NYU Langone Health and dean of NYU Grossman School of Medicine. Dr. Abramson is executive vice president of Langone Health and vice dean for education, faculty and academic affairs of the Grossman School.*

# Hamas and Hezbollah Threaten The U.S.

By Steven Stalinsky

**P**ublic support for terrorist organizations would once have shocked Americans. Now it's common. On social media and college campuses, kaffiyeh-clad protesters openly embrace Hamas and Hezbollah, both U.S.-designated foreign terrorist organizations.

Labor Day marchers in New York City waved the Hamas flag even as news broke that the group had executed Israeli and American hostages in Gaza. On Sept. 10, protesters outside the presidential debate in Philadelphia waved Hamas flags and held a banner stating: "Amerika is the head of the snake." They chanted in support of Hamas's military leader, Yahya Sinwar.

Islamist organizations and preachers at extremist mosques openly mourned the death of Ismail Haniyeh, head of Hamas's political bureau. Haniyeh, a State Department-designated terrorist who helped organize the Oct. 7, 2023, massacre in Israel, was killed in Tehran on July 31.

## American supporters are increasingly open about their allegiances.

"Tonight we mourn Ismail himself but know his martyrdom is not in vain," tweeted Zahra Biloo, executive director of the Council on American-Islamic Relations in San Francisco. In a Friday sermon delivered Aug. 2, Sheikh Ismail Hamdi of the Islamic Center of Passaic County, N.J., called Haniyeh a "great leader," adding "we are happy for him that he was martyred." Imam Raed Alsawaiher of Washington State's Pullman Islamic Center compared Haniyeh to the American revolutionaries of 1776 while calling for the annihilation of "the plundering Zionists." "Count them one by one," he said. "Scatter them, do not spare a single one of them."

In Dearborn, Mich., local religious leaders and activists staged a Sept. 29 vigil for Hezbollah leader Hassan Nasrallah, killed two days earlier in an Israeli airstrike in Beirut. Attendees chanted, "We heed your call, oh Nasrallah," "Death to Israel," and "Khaybar, Khaybar, oh Jews, the army of Muhammad will return"—a reference to a seventh-century slaughter of Jews in what is now Saudi Arabia. Hezbollah has branded its retaliatory strikes against Israel "Operation Khaybar."

U.S. authorities have warned about the possibility of domestic attacks by American supporters of Hamas and Hezbollah. Federal Bureau of Investigation Director Christopher Wray told a Senate committee on Oct. 31, 2023, that his "most immediate concern" is that "violent extremists" inspired by Hamas will "carry out attacks against Americans." The FBI, he revealed, had "multiple, ongoing investigations" into Hamas-affiliated subjects. In July, federal authorities detained three Palestinian migrants with possible terrorist ties at the San Diego border crossing.

Among the terror supporters whose online activities my organization monitors is a New Orleans man who regularly praises Hamas and recently tweeted, "America needs to get October seventeenth." Another is a Maryland man who works as an "energy infrastructure contractor" and boasts that he has a federal security clearance. He posts on Twitter about his support for Hamas and warns he has access to sensitive government sites.

Hamas itself has called for attacks on the U.S. "Oh Americans, Allah will punish you" and "declare war on you," Haniyeh once warned in a speech. Top Hamas official Sami Abu Zuhri called for "violent acts" against America in December 2023. In a speech posted online on Aug. 20, Hamas leader Khaled Mashal ordered his followers among them students in the West to conduct "martyrdom operations," meaning suicide bombings, on Israeli and Western targets.

For nearly a year, American supporters of Hamas and Hezbollah have been freely promoting terrorism, often targeting and trying to intimidate the nation's Jewish communities. Jewish student groups on college campuses have been attacked, as have Jewish-owned private businesses, synagogues and nonprofits across the country. It's past time that these people are exposed and their activities condemned and investigated.

*Mr. Stalinsky is executive director of the Middle East Media Research Institute.*

# If Stimulus Could Save China, It Wouldn't Need It



**POLITICAL ECONOMICS**  
By Joseph C. Sternberg

more, more.

What economist and investors, many of them foreign, want now is fiscal stimulus—debt-fueled government spending to boost aggregate demand in the Keynesian mold—to accompany the credit stimulus Beijing has tried to implement of late. The Communist Party may even deliver. Not that it'll mean much for the economy.

China's problem is that although Beijing has been dismantling the country's old property-driven economic model for four years, it has yet to devise a viable long-term replacement. At the peak of this now-defunct system, real estate—purchasing it, developing it, selling it and all sorts of related activities—accounted for around one-third of China's annual output.

Observers in and outside China have long understood the dangers of this, especially because the country's property economy was built on unrealistically cheap credit and unsustainably ebullient sentiment. Xi Jinping was the first leader brave (or foolish) enough to take action, when in 2020 he cracked down on excessive mortgage lending and started allowing property developers to go bankrupt.

Property prices have experienced a terrific correction, down roughly 10% in inflation-adjusted terms since summer 2020 by one measure from the Bank for International Settlements. The property market is starting to function as it would in a normal economy, with prices likely to stabilize.

Beijing faces a lot of economic challenges these days. So it is that no sooner had the government last week unveiled its biggest attempt in years to shore up flagging growth than new calls emerged for more,

more, more.

It's working so well that Beijing has come to worry that the property correction might spiral out of control. So officials have introduced a range of stabilization measures—easing restrictions on mortgage lending, reducing interest rates,

and so on.

All this might put a floor under the property market. But Beijing hasn't been able to articulate what comes next. Economists could tell Mr. Xi—correctly—that China needs a transition to greater reliance on domestic consumption and on the production of goods and services to supply those new demands.

This is why now you're hearing calls for a new and different form of stimulus: 1 trillion to 2 trillion yuan (who's counting?) of transfer payments directly to households, either as a one-off handout or through the development of a permanent welfare state. This would mark a Keynesian attempt to trigger a virtuous spiral of rising household consumption and business investment to satisfy the new domestic demand.

To be fair to the stimulus-niks, in theory a boost of this sort might solve a conundrum that has chal-

lenged China's economy for decades. The key is to examine how the transfer spending would be paid for.

The idea is for Beijing to issue government bonds to fund the transfer payments, bearing in mind that stimulus is only ever stimulative if it's debt-financed. Who would buy those bonds? Probably not foreigners, amid rising geopolitical tensions, deteriorating economic prospects, and Beijing's demonstrated propensity to intervene in bond markets to suppress prices.

This leaves the burden on domestic institutions such as banks, insurers and pension funds. They'd have the capacity to lend to Beijing for this purpose because their balance sheets are bloated with households' phenomenal quantity of savings. Understood this way, a handout stimulus starts to look like a way to launder households' own savings back to themselves via the government fisc.

It's a plausible attempt to tackle China's Other Big Problem alongside property: households' and businesses' decades-long cash hoarding. This saving, too often derided as a "glut," should be China's greatest asset (literally and figuratively).

That cash could have spent the

past several decades investing productively in entrepreneurship to generate wage growth and capital incomes and the consumption that follow. Instead that capital has been forced to sit fallow or flow into real estate thanks to Beijing's tight financial controls on the economy, favoritism for some industries and hostility to others—a matrix of conditions known as financial repression.

Alas, recycling China's savings through a handout-palooza won't fix this. Keynesians assume the Chinese save because they can't rely on social benefits like America's Social Security, which may even be true, but the high savings rate isn't China's problem. The low productivity of those savings is.

The political controls on the economy that created this situation aren't going away under Mr. Xi and will thwart the Keynesians' longed-for virtuous circle. Any new money funneled into consumption will land in a business ecosystem facing the same financial-political inhibitions on productive investment as before. A paradox: If China were capable of benefiting from a new spending stimulus, the economy wouldn't need one.

# Why Is Vance Inconsistent On Israel and Ukraine?

By Dalibor Rohac

**I**t is up to Israel what they think they need to do to keep their country safe," Senator JD Vance said in his debate with Tim Walz. "And we should support our allies wherever they are when they're fighting the bad guys."

Mr. Vance is right. Yet his broad endorsement of Israel's effort to defend itself against Iran and its proxies stands in sharp contrast with his much more skeptical view of Ukraine's effort to do same against Russia. "The American people will not tolerate another endless war and neither will I," he said in 2023 after Congress passed military assistance to Ukraine.

To be sure, there are differences. America's relationship with Israel runs deep and relies on political, strategic and emotional alignment. Ukraine lacks the "Major Non-NATO Ally" classification, which Israel has enjoyed for decades, in addition to other avenues for cooperation with the U.S. in defense, intelligence, energy, business and other areas.

Yet as long as the U.S. has treaty obligations in Europe, Ukraine's future is far from a matter of indifference. Whether Ukrainians prevail in their fight is crucial for the

viability of the North Atlantic Treaty Organization. The 1994 Budapest Memorandum, guaranteeing Ukraine's territorial integrity, bears the signature of President Bill Clinton. By turning its back on the agreement completely, the U.S. government would harm its reputation indelibly.

Revealed preferences matter too. Mr. Vance's anti-Ukraine faction of the GOP may be loud, but substantial packages of aid to Ukraine have been authorized by Congress with large bipartisan support, almost equaling the cumulative assistance that Israel has received over a much longer period. It was a Republican, Rep. Michael McCaul, who led a bipartisan effort in 2019 to grant Ukraine major non-NATO ally status.

One hopes even Mr. Vance would admit that Ukraine, like Israel, is "fighting the bad guys." It is therefore incumbent on him to explain why deference to Israel about defending itself is the "right approach," while, as Mr. Vance told Steve Bannon in a 2022 podcast, he doesn't "really care what happens to Ukraine one way or another."

Mr. Rohac is a senior fellow at the American Enterprise Institute.

# THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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## Private Credit Goes Mainstream

Wall Street jostles to launch funds made up of hard-to-trade loans

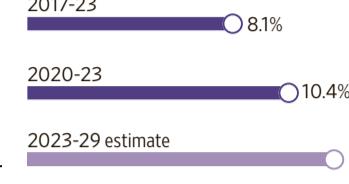
By MATT WIRZ

Money managers are racing to bring the Wall Street craze known as private credit to ordinary investors.

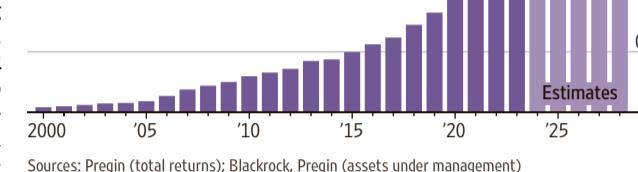
Investment giants including **Apollo Global Management**, **BlackRock**, Capital Group, **KKR** and **State Street** are jostling to launch private-credit exchange-traded funds and other retail products. The funds would allow anyone to buy into the \$1.7 trillion market for loans made by Wall Street's nonbanks to corporations and consumers.

The winner will be whoever can offer a fund with shares that can be easily bought and sold and get the green light

### Annual private-credit total returns



### Private-credit assets under management



Sources: Preqin (total returns); BlackRock, Preqin (assets under management)

from government regulators. Their prize: full access to mom-and-pop investors when many sophisticated institutions are filling up on private credit.

The toughest problem is how to turn rarely traded portfolios

of private loans into shares of funds that individuals can dip in and out of. That is a key requirement for regulators—and a task that many market veterans are skeptical can be achieved.

Without reliable trading, the

loans are difficult to value in the best of times, and many warn that such products can react unpredictably to market downturns. It is also unclear whether private credit can keep delivering high returns—around 10% in recent years—as less-sophisticated buyers pile in.

"There is a mismatch in terms of the liquidity profile between private credit as an underlying asset and the daily redemption of an ETF," said Aaron Filbeck, a managing director at the Chartered Alternative Investment Analyst Association, a professional group for money managers. "There is a question as to how exactly that is going to work."

Some of the largest mutual-fund managers are teaming up with titans of private credit, and the sums at stake are massive. Capital Group announced in May a partnership with KKR to launch funds that invest in a

mix of public and private assets, including private debt. State Street sought approval from the Securities and Exchange Commission in September for a private-credit ETF that is co-branded with Apollo.

Large fund managers came to dominate Wall Street in part by selling "alternative assets" such as private debt, private equity and real estate. Alternatives tend to return more than public stocks and bonds, but often require investors to hold them for years. Fund managers historically sold the high-fee products to big institutions such as insurers and pensions.

Now many institutional investors are full up on alternatives, and money managers are building products aimed at individual investors instead.

Alternatives make up less than 3% of the roughly \$150 trillion individuals have in

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## Spirit Airlines, Investors Discuss Chapter 11

**Spirit Airlines** has been in discussions with bondholders over the terms of a potential bankruptcy filing in the wake of its failed merger with **JetBlue Airways**, according to people familiar with the matter.

By Alexander Gladstone, Alison Sider and Andrew Scurria

The budget carrier has also been exploring restructuring its balance sheet through an out-of-court transaction, though recent talks have been more focused on reaching an agreement with bondholders and other creditors to support a chapter 11 filing, the people said. The timing of such a filing, should it happen, wouldn't be imminent, they said.

Spirit has been struggling with losses and declining revenue as it aims to address coming maturities within its \$3.3 billion debt load, including more than \$1.1 billion of secured bonds that are due in less than a year. Spirit also faces a deadline from its credit-card processor to refinance or extend those notes by Oct. 21.

In an August earnings call, Spirit Chief Executive Ted Christie said that the company is engaged in productive conversations with advisers of its bondholders to address the maturities. "Because those conversations are ongoing, we are not going to go into detail or take any questions on this topic or speculate on potential outcomes," Christie said. "Needless to say, it is a priority and we are focused on securing the best outcome for the business as quickly as possible."

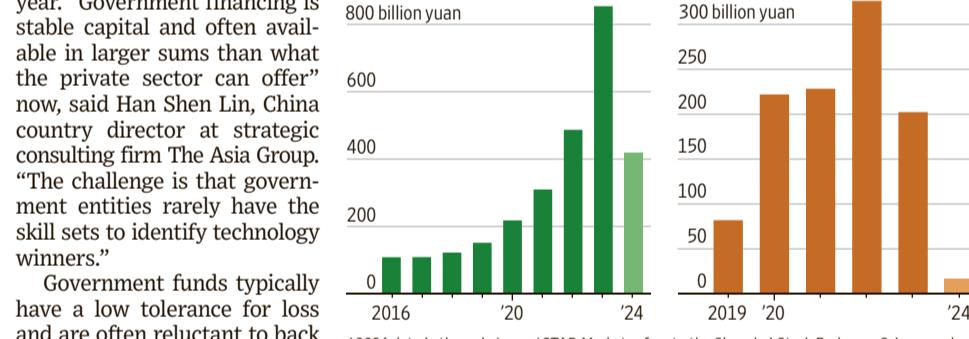
Spirit shares were down more than 30% in after-hours trading Thursday after The Wall Street Journal reported on the discussions with bondholders over a potential bankruptcy filing.

The airline hasn't turned an annual profit since before the Covid-19 pandemic. Even as travel has rebounded from the downturn, Spirit and other

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China vowed to nurture promising companies in sectors such as AI. An AI conference in Shanghai.



\*2024 data is through June. †STAR Market refers to the Shanghai Stock Exchange Science and Technology Innovation Board; 2024 data is as of Sept. 13. Note: 1 billion yuan = \$142 billion

Sources: China National Intellectual Property Administration (financing); Wind (money raised)

## Beijing Steps Up To Bankroll Chinese Startups

By LIZA LIN AND REBECCA FENG

A sharp drop in venture-capital funding for Chinese startups is forcing Beijing to get more involved in grooming the country's tech industry, a strategy that threatens to handicap China's efforts to catch up with Western technologies in the long run.

Private venture-capital investment—including U.S. money, which helped turbocharge China's technology boom before the pandemic—has dried up since investors lost faith in China's economy and moved to steer clear of geopolitical tensions. Early-stage funding levels are at their lowest in nearly a decade, with the decline especially dramatic among foreign funds.

Overseas and domestic venture-capital funds invested about \$6.4 billion in China through October this year, a decline of 40% from the same period last year, according to Dealogic. Foreign investors, which invested an average of about \$14 billion a year between 2018 to 2022, contributed almost

nothing in 2023 and so far this year.

In response, Beijing is getting more involved through a variety of funding vehicles that further entrench the state in China's tech scene. Investors say government funds now provide the bulk of investment into tech startups, with the number of state-sponsored incubators multiplying as China tries to thrive without American money and technology.

Chinese banks, many of which are state-owned, are also ramping up lending to startups at the state's urging. Historically, Chinese banks avoided supporting startups, which often lack traditional forms of collateral needed for large loans.

Now, more Chinese banks are accepting patents and trademarks as collateral, an unusual method of financing that allows them to proceed with loans.

Such intellectual-property loans in China have grown by more than 40% annually over the past three years to \$11 billion in 2023, according to the China National Intellectual Property Administration. They

grew a further 57% year-over-year in the first half of this year. "Government financing is stable capital and often available in larger sums than what the private sector can offer," now, said Han Shen Lin, China country director at strategic consulting firm The Asia Group.

"The challenge is that government entities rarely have the skill sets to identify technology winners."

Government funds typically have a low tolerance for loss and are often reluctant to back the type of moonshot compa-

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## Lilly's Weight-Drug Shortages End

By PETER LOFTUS

**Eli Lilly** has finally made enough supply of its popular medicine tirzepatide to meet soaring demand, which should help the company widen its share of the booming weight-loss drug market.

The Food and Drug Administration said late Wednesday that Lilly had resolved the shortage. It had started in 2022, just months after the drug was introduced with the brand Mounjaro for diabetes.

Tirzepatide was approved as

Zepbound in late 2023 as a weight-loss treatment.

The milestone means that compounding pharmacies that make knockoff versions of tirzepatide will likely face new restrictions on what they can produce.

The compounding pharmacies had legal cover to sell knockoff tirzepatide as long as it was on the FDA shortage list, and many patients turned to these products as a cheaper alternative. Yet in announcing the end of the shortage, the FDA said federal law bars

compounders from making at mass volume copies of drugs that aren't on the shortage list, though they may make certain amounts.

"This essentially precludes compounded tirzepatide from being produced commercially," BMO Capital Markets analysts said.

Shares of **Hims & Hers Health**, which sells compounded weight-loss drugs, fell nearly 10% Thursday. Hims said it doesn't offer tirzepatide. The company said federal law permits com-

pounding of medications regardless of whether a particular drug is on the shortage list.

The Alliance for Pharmacy Compounding, which represents compounders, said pharmacies must immediately stop preparing and dispensing compounded copies of Mounjaro and Zepbound. The group, however, raised concerns that patients currently taking compounded tirzepatide may face disruptions.

Lilly said entities mass-pro-

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## Maker of \$1,700 Snoo Bassinet Upsets Parents With New Business Model

By KRISTIN BROUGHTON

It's a tough business selling \$1,700 bassinets. So Happiest Baby, maker of the popular Snoo bassinet, is leaning on other ways to generate revenue and grow, adding a subscription fee and expanding its corporate rental business.

But putting the right business model in place to support its lofty mission of helping more babies get better sleep has encountered hurdles—namely, some angry parents.

The company, led by pediatrician and parenting guru Harvey Karp, has gained a following among well-heeled parents by selling a bassinet

that senses when babies are crying and automatically rocks and soothes them with white noise. The Snoo also secures babies on their back, a position that doctors recommend to prevent infant sleep-related deaths, and works with an app that includes features like a sleep tracker.

But scaling the business has presented a tricky math problem. Happiest Baby sells Snoos for \$1,695 and rents them for \$159 a month, but about half of all customers buy, often with the hope of recouping a chunk of their initial investment by reselling their bassinets later. The resulting secondhand market

has provided the company with valuable word-of-mouth marketing, but also customer-service costs and little associated revenue.

To recover some of those expenses, Happiest Baby this summer began charging \$19.99 a month for what it calls a premium subscription on the Snoo app, which includes some features such as daily sleep reports and the ability to lock the bassinet's rocking speed at a specific level.

Customers who rent or buy a Snoo from Happiest Baby or an authorized dealer receive a free premium subscription.

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Snoo bassinet maker Happiest Baby dreams of generating sustainable, scalable cash flow.

HAPPYBABY

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## Spirit in Bankruptcy Discussions

**Continued from page B1**  
budget carriers have been battered as big airlines have gotten better at carving up their cabins and deploying barebones fares that can win over bargain hunters.

Spirit's operational footprint is shrinking, and the airline recently cut dozens of routes for November and December.

Spirit now plans to contract its capacity by nearly 20% in the fourth quarter from the same period last year, aviation industry analysts from Deutsche Bank wrote this week.

Spirit is also among airlines hardest hit by the recall of

hundreds of Pratt & Whitney-gearied turbofan engines, which has grounded a chunk of its fleet this year and clipped its growth. The airline last month furloughed 186 pilots as it looked to cut costs.

Spirit's deal to merge with JetBlue was struck down in January by a federal district judge who sided with the Justice Department's argument that the combination would have reduced competition and harmed travelers who rely on Spirit's low fares. The two airlines subsequently called off the merger deal saying that they probably couldn't overcome the legal and regulatory hurdles.

Spirit is represented by law firm Davis Polk & Wardwell and investment bank Perella Weinberg in its restructuring negotiations with debtholders, the Journal previously reported. A group of bondholders is represented by Akin Gump Strauss Hauer & Feld.



Spirit has been struggling with losses and declining revenue.

## Lilly Drug Shortages Are Over

**Continued from page B1**  
ducing and mass-marketing compounded and counterfeit "need to stop immediately."

Lilly continues to build production capacity, but said there might be instances in which patients can't find certain doses at individual phar-

macies.

"We're making more product than ever before," Lilly Chief Executive David Ricks said in an interview before the FDA announced the shortage had ended. "That will continue to grow."

Lilly's rival, Novo Nordisk, also has been expanding its production capacity to resolve shortages of a similar drug, semaglutide, sold as Ozempic for diabetes and Wegovy for weight loss. The lowest dose of Wegovy is currently in shortage, while higher Wegovy doses and all Ozempic doses are available, according to the FDA shortage list.

### Watch a Video: Why Tech Elites Want Us All to Have More Kids



With fertility rates plummeting around the world, some tech elites are aiming to halt the decline—by investing in fertility startups and having as many babies as possible. Scan this code for a video on the movement.



## BUSINESS & FINANCE

### Complicated Business Of Bassinets

**Continued from page B1**

Original owners who bought before July 15, when the fee took effect, can use the premium app for multiple babies, while those who purchased after July 15 receive free access for nine months. Secondhand owners, however, are required to pay.

"We will be on the phone with you, and will hold your hand, and we'll give you all sorts of service, but we can't do all of that for free," Karp said. Customers can use the bassinets without purchasing a premium subscription, or without the app at all, the company said.

The addition of the subscription fee blindsided some parents, who complained that it reduces the resale value of their bassinets.

"My anger and frustration comes from paying full price for the Snoo and Happiest Baby changing the deal that we signed up for," said Grant James, a 33-year-old manager in design and manufacturing at a masonry company. He said he and his partner purchased a new Snoo about 18 months ago with the intention of eventually reselling it. But resale prices in his area have recently fallen, James said, though it is unclear if the new subscription fee is why.

James said he wouldn't have purchased a Snoo if he had known that the resale value was at risk.

The resale price of the bassinets is influenced by a number of factors, including the increasing number of beds in the secondary market, which puts downward pressure on the price, Happiest Baby said.

The subscription fee may encourage some customers to rent bassinets instead of buying them, though likely not enough to affect the overall business, Happiest Baby said.



Happiest Baby is led by pediatrician and author Harvey Karp.

Unlike purchases, rentals provide the company a recurring source of revenue and a way to amortize production costs over time—and serve more customers. They also help the company control the quality beds in the market. Each Snoo is built to last for years, according to the company.

Happiest Baby aims for nearly all users to rent someday, Karp said, describing the target as ambitious. "The goal was not that people would use this for six months and then throw it away. The goal was that people would rent the beds. That was always the business plan," he said.

Across the baby-gear industry, consumers in recent years have shown that they are willing to pay up for premium products, which has led to innovation in the market, according to Stephen Hinz, executive director for U.S. juvenile products at research firm Circana. More families are having children later in life when they are more established in their careers—and willing to pay more for the items they want, Hinz said.

U.S. baby-gear sales totaled \$7.5 billion during the 12-month period ended in May, according to Circana, up 4% from the 12 months that ended in May 2020, a period that included the months leading up to the outbreak of Covid and the early months of the pandemic.

The push at Happiest Baby to generate sustainable, scalable cash flow comes as venture-backed startups face a tougher fundraising environment. Happiest Baby has raised \$78 million, according to PitchBook.

Happiest Baby, which isn't profitable, will likely need to raise at least one more funding round in the coming years to support its growth, according to Paolo Piranian, board member at the company and chief executive of the robotics firm Embodied.

Happiest Baby, which started selling Snoos in 2016, declined to share additional financial information.

One way the company aims to expand its rental business is by working with insurers. Deutsche Bank's U.S. arm provides employees with Snoo

rentals through its insurance plan. At Citigroup, most U.S. employees can be reimbursed for the cost of a rental under their medical insurance.

The Food and Drug Administration last year classified the Snoo as a device that safely positions babies on their backs. The authorization opened the door for insurance coverage, which makes renting a Snoo more accessible to more parents, according to Happiest Baby.

Happiest Baby is also working to expand the number of companies that subsidize the cost of Snoo rentals. More than 100 companies, including JPMorgan Chase, Under Armour and Yeti, currently do so.

The law firm Reed Smith began offering Snoos to its employees two years ago. The benefit has been popular because the bassinets are expensive, and because they can provide new parents with a sense of safety and extra sleep, said Kim Craver, the company's chief human-resources officer. Reed Smith pays Happiest Baby for the Snoo rental, and then employees pay Happiest Baby a \$99 deposit that is refunded when they return the bassinet.

In 2023, approximately 60% of new parents at the firm used the Snoo rental program, up from 53% a year earlier, according to Craver. The company this year has rented 51 bassinets for its employees. "They love it," Craver said.

Karp—who is also the author of parenting books such as "The Happiest Baby on the Block"—says his overarching goal is to make the Snoo available and affordable to many more families, providing their babies with better, safer sleep. To do so, the company needs to have a sustainable business model in place, he said.

Asked about the subscription fee, Karp said it is also a matter of fairness, because people should pay for the services they receive.

"Are people upset with our company? I can see why some people are, but I don't think that they're looking at the big picture," he said.



State funding was also critical in the growth of Contemporary Amperex Technology.

QUAI SHEN/BLOOMBERG NEWS

down on private-sector companies such as Ant Financial and a stagnating economy further damped sentiment.

"A lot of money has gone back to the U.S.," said David Yin, a partner at GSR Ventures. Yin said investing in China has become tougher compared with a decade ago, when firms such as Alibaba, Tencent and Pinduoduo changed the way consumers shopped and interacted.

Chinese authorities have also frozen domestic initial public offerings to support a tepid stock market,

closing off a traditional avenue for funds to exit investments. Although the market rebounded over the past week after a blizzard of new economic stimulus, strategists are unsure whether the rally can last.

Companies raised only \$6.8 billion from the domestic stock market via initial public offerings through September, an 85% year-over-year drop and about one-fifth of the funds raised by companies listing in the U.S., according to financial data provider Wind.

The Chinese state is now gradually taking over funding—and even exits—of tech startups.

In April, the People's Bank of China set up a roughly \$70 billion lending facility to encourage banks to lend to science and

technology firms, with a fifth of the sum set aside for startups and growth tech companies.

Chinese banks are framing their efforts as a public duty. Bank of China, the country's largest bank, said in its annual report that it granted more than \$200 billion in credit lines last year to about 68,000 enterprises to "promote major technological breakthroughs." A bank in southwest China has said it went so far as to help a small tech company register patents to obtain an IP loan.

State-owned companies with minimal tech connections are joining the push.

Kweichow Moutai, China's largest producer of baijiu, a liquor served at state banquets, and its smaller rival Luzhou Laojiao both recently made

investments in chip-related companies.

To overcome the bottleneck in IPOs, Chinese local governments including Shanghai have set up secondary funds to buy out early investors.

China's government has had success nurturing some tech companies. Its "Big Fund" for semiconductor investments, which was launched a decade ago and recently raised about \$48 billion in its third installment, helped support China's top contract chip maker, Semiconductor Manufacturing International Corp., in its early days.

State funding was also critical in the growth of Contemporary Amperex Technology, the world's biggest maker of electric-vehicle batteries, and has helped Huawei Technologies survive after it was put on a U.S. trade blacklist and its revenues fell.

But Chinese state investment has also yielded duds and other headaches. In 2022, several semiconductor executives were detained over corruption allegations involving Big Fund spending.

In August, the northern Chinese province of Shanxi released an audit that found government investment funds were set up without following proper protocols, or were subject to mismanagement and fraudulent behavior. About \$1.34 billion of funds were at risk of losses because of bad investments, the audit revealed.

Chinese state funds often have different priorities—such as boosting employment or aligning with other government objectives—than do private investors and startups. Additionally, Chinese state funds generally have shorter investment horizons and have a much lower tolerance for losses.

The loss of state-owned assets in China could be considered a crime, punishable by up to seven years in jail. Officials at state funds could also lose their jobs for incurring investment losses. Some state investors attach more strings to protect their investments, such as requiring company founders to personally guarantee loans.

## BUSINESS NEWS

## KLM Targets Savings, Explores Asset Sales

By PIERRE BERTRAND

Dutch airline KLM said it plans to cut costs, push back some investments and consider asset sales as part of a plan to counter rising expenses and lift profitability.

The Netherlands' flagship carrier—part of airline group **Air France-KLM**—said the measures aim to improve its operating result by €450 million, or about \$497 million, in the short term.

KLM has been grappling with rising costs of equipment, staff and airport fees as it invests a billion dollars in renewing its aircraft fleet. The airline reported an operating loss for the first half of the year despite higher revenue.

The airline on Thursday put forward a plan to reduce costs, simplify its organization and increase productivity.

All investments outside of safety and compliance will be reconsidered and postponed, it said.

**8%**

KLM plans to get its profit margin above this level for the period of 2026 to 2028

The company also will explore ways to add new revenue streams and look at options to outsource, sell or discontinue activities that don't directly contribute to its flight operations, it said.

The plan is expected to lead to a profit margin above 8% by the 2026-to-2028 period, in line with Air France-KLM's group goal, the company said.

The measures are required to allow the group to hit its medium-term profitability targets, KLM said.

"Just as many other airlines, KLM is suffering from high costs and shortages of staff and equipment. Our aircraft are full, but our capacity is still not back to pre-corona levels," KLM Chief Executive Marjan Rintel said.

The company said it is working to maintain its network and services for customers and to protect jobs as much as possible. The company aims to boost labor productivity by at least 5% by 2025, including through automation, mechanization and reducing absenteeism.

KLM will consider outsourcing maintenance operations if efforts to reduce flight cancellations prove insufficient, KLM said. The airline can operate fewer flights due to a shortage of technicians and supply problems affecting parts.

In addition, trials are under way to reassess aircraft layout and catering options to increase revenue by at least €100 million a year, it said.

Shares of Air France-KLM fell by less than 0.1% to €7.94 in Thursday's trading in Paris. The stock has fallen nearly 42% in the year to date.

By MARC VARTABEDIAN

The Securities and Exchange Commission, in a series of recent enforcement actions, is driving home a message to the startup world: Fake it till you make it can be fraud.

Last month, the SEC charged a startup and some of the founders or executives of two others with misleading or defrauding investors. Each of the startups involved received venture funding and the agency has regulatory oversight over startup funding rounds and initial public offerings.

Startup culture has long encouraged setting lofty or even unrealistic growth pro-

## Constellation Swings to a Loss

Alcohol giant books goodwill impairment on wine and spirits as sector's sales fall

By DEAN SEAL

For the quarter ended Aug. 31, Constellation swung to a loss of \$1.2 billion, or \$6.59 a share, from a profit of \$690 million, or \$3.74 a share, a year ago.

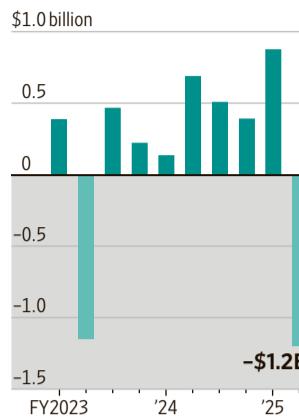
Investors had been bracing for a shortfall after Constellation said a month ago that it expected to log an impairment of \$1.5 billion to \$2.5 billion. Adjusting for the impairment and other one-time items, earnings were \$4.32 a share, ahead of analyst forecasts for \$4.08 a share.

Sales for the summer quarter were up 3% at \$2.92 billion, below analyst projections for \$2.95 billion, according to FactSet.

Shares slipped 4.7% to \$243.65 Thursday.

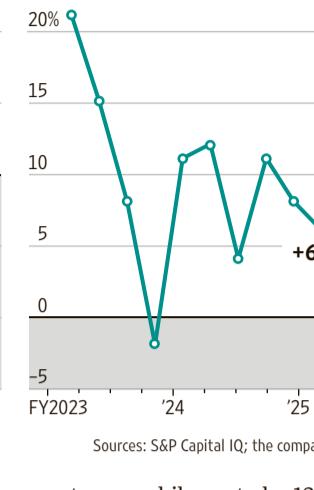
Beer sales rose 6% on higher shipment volumes, with demand for its Modelo Especial and Pacifico brands

### Constellation Brands quarterly net profit/loss



Note: Latest fiscal quarter ended Aug. 31

### Quarterly beer sales, change from a year earlier



Sources: S&amp;P Capital IQ; the company

pushing up depletion volumes—referring to a metric for sales by distributors to retailers. Depletions of Corona Extra were down 3%, it said.

The wine and spirits seg-

ment meanwhile posted a 12% decline in sales as shipment volumes fell and the U.S. wholesale channel for wine across price points weakened.

Constellation sharpened its

recently reduced earnings outlook for the year to a range of \$4.05 to \$4.25 a share, narrowed from between \$3.05 and \$7.92 a share.

Alcohol producers are still adjusting after seeing consumption trends skyrocket during the pandemic as consumers started drinking more at home.

Sales have dried up as consumption trends normalize, leaving companies with high inventories.

French distiller Pernod Ricard recently said it expected a tough start to its current fiscal year, and Davide Campari-Milano has said that softness in the spirits industry has continued.

Duckhorn Portfolio cut guidance over the summer after sales came under pressure from weakness in the wine market.

## FAA Finds No Issues In Review Of United Airlines

By BOWDEYA TWEH

The Federal Aviation Administration completed its review of **United Airlines** without finding any significant safety issues, leaving the carrier free to add aircraft and services.

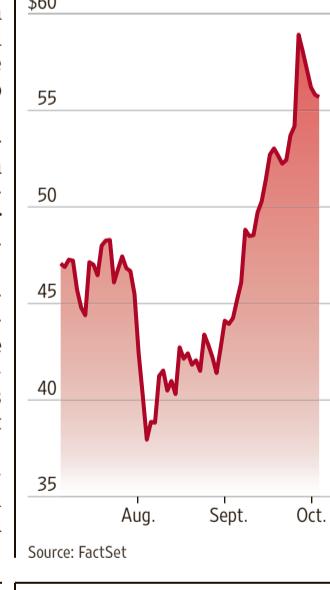
The FAA stepped up scrutiny of United following a spate of safety incidents this year that included one plane missing a panel after landing and another losing a wheel after takeoff.

Officials from the FAA and United met to discuss the airline's safety culture as part of an in-depth investigation, The Wall Street Journal reported. United had said its planes were safe, with Chief Executive Scott Kirby penning a letter to reassure customers.

United Airlines shares fell 0.2%, or 12 cents, to \$55.62 in Thursday's trading.

**Southwest Airlines** also has come under scrutiny. In July, the FAA launched a review of the carrier after a string of potential safety incidents, including one flight taking off from a closed runway and others descending too early. Southwest said it was working closely with the agency and had convened a team to evaluate its safety systems.

### United Airlines share price



Source: FactSet



Tesco, the U.K.'s largest grocer, reduced prices across a range of products in a bid to lure shoppers to its stores.

## SEC Warns Startups That 'Fake It' Culture Can Be Fraud

By MARC VARTABEDIAN

The Securities and Exchange Commission, in a series of recent enforcement actions, is driving home a message to the startup world: Fake it till you make it can be fraud.

Last month, the SEC charged a startup and some of the founders or executives of two others with misleading or defrauding investors. Each of the startups involved received venture funding and the agency has regulatory oversight over startup funding rounds and initial public offerings.

Startup culture has long encouraged setting lofty or even unrealistic growth pro-

jections to maximize company potential and catch the attention of investors and customers. The SEC has said entrepreneurs can't commit fraud in the process. In the wake of the latest actions and high-profile collapses of startups with grand ambitions gone awry—including blood-testing startup Theranos and crypto company FTX—many investors are revamping due diligence and board oversight.

"Startup founders cannot fake it until they make it by falsifying revenue metrics shared with investors," Monica Winkler, director of the SEC's San Francisco office, said while charging the for-

mer chief executive of business-automation software startup Skael with lying to investors about the company's revenue figures.

"While the SEC will continue to aggressively pursue private company executives who use falsehoods to raise money from investors, we also urge those who invest in private companies to remain vigilant," Winkler said at the time of the Skael announcement.

The SEC said in a lawsuit filed in September that Skael co-founder and Chief Executive Baba Nadimpalli managed to raise more than \$30 million from investors in the San Francisco-based startup be-

tween January 2021 and February 2022 by claiming it had as much as \$7 million in annual recurring revenue. The actual figure was no more than \$170,000.

Skael's investors included venture firm RTP Global. A lawyer for Nadimpalli declined to comment. RTP declined to comment on ongoing litigation.

In addition, the U.S. Attorney's Office for the Northern District of California said a federal grand jury indicted Nadimpalli with securities and wire fraud for defrauding investors and misleading them about Skael's revenue, annual recurring revenue and other financial and sales information.

Zymergen, an Emeryville, Calif.-based biotechnology company, settled SEC charges that it misled IPO investors about its market potential, revenue prospects and customers. Zymergen raised roughly \$530 million through its IPO in 2021 and filed for bankruptcy in 2023.

Zymergen agreed to a cease-and-desist order and to pay a \$30 million civil penalty, the regulator said.

Zymergen, whose backers included venture firm DCVC, was acquired by biotech company Ginkgo Bioworks in 2022. Ginkgo didn't respond to requests for comment. DCVC said it doesn't comment on pending litigation.

### REPUBLICATION INTERNATIONAL BIDDING N° 02/2024

The São Paulo State Public Transport Services Regulatory Agency - ARTESP makes public the changes in documents of the International Bidding N° 02/2024, for the concession of the public services of expansion, operation, maintenance and execution of the required investments to explore the road system known as "Lote Nova Raposo".

All updated bidding documents (request for proposal, concession agreement and annexes), are available for consultation on the ARTESP website (<http://www.artesp.sp.gov.br>).

Interested parties may submit requests for clarification, according to notice's rules. Requests must be sent to the email [novaraposo@artesp.sp.gov.br](mailto:novaraposo@artesp.sp.gov.br).

The public session for the delivery of the envelopes will take place November 25th, 2024, at 10 am, at B3's headquarters (Rua XV de Novembro, 275, Centro), in São Paulo, Brazil. The public session to open the proposals will take place November 28th, 2024, also in B3 headquarters.

**ARTESP** **SÃO PAULO**

## TECHNOLOGY

WSJ.com/Tech

# SoftBank's CEO Touts AI Potential

By PETER LANDERS

**TOKYO—SoftBank Group** Chief Executive Masayoshi Son reiterated his bullish forecasts for artificial intelligence in a speech on Thursday that stressed advances made by OpenAI.

OpenAI raised \$6.6 billion in a recent round of new funding that included a \$500 million investment by SoftBank, a person familiar with the matter said.

Son said he believed artificial general intelligence, in which computers have human-level cognitive abilities, would be achieved in two to three years.

He reiterated that he believes "artificial super intelligence," in which computers have 10,000 times the intelligence of humans, will be

achieved within a decade.

"A gold rush of intelligence has arrived. The one who goes fastest will win," Son said at SoftBank World 2024, a conference organized by his company.

He praised OpenAI's recently introduced o1, a series of models designed to spend more time thinking before they respond.

Such models "have developed the ability to think," Son said.

He said he got up early Monday morning and asked the AI program how to turn 10 million yen into 100 million yen. He said the program took 75 seconds to give an answer, but he didn't say what it was.

News Corp., owner of The Wall Street Journal, has a content-licensing partnership with OpenAI.



SoftBank's AI Smart Coach app was demonstrated at the SoftBank World event in Tokyo on Thursday. The company's chief executive, Masayoshi Son, said he believed 'artificial super intelligence' in computers would be achieved within a decade.

KOSHIO OTAI/BLOOMBERG NEWS



Microsoft's Brad Smith said AI tech would benefit Italy.

KIKE RINCON/CONTACTO/ZUMA PRESS

# Microsoft Invests in AI, Cloud Center in Italy

By KIMBERLEY KAO  
AND MAURO ORRU

**Microsoft** plans to spend about \$4.75 billion over the next two years in cloud and artificial-intelligence infrastructure in Italy, the latest pledge from U.S. tech giants to bolster their presence overseas amid booming demand for AI services.

The U.S. tech giant said Wednesday that it would pour €4.3 billion, or about \$4.75 billion, to grow its hyperscale cloud and AI data center infrastructure in the country and provide digital skills training to more than one million people by the end of next year.

Brad Smith, vice chair and president at Microsoft, said expanding access to AI technol-

ogy would benefit the Italian government, businesses and the broader workforce to operate in an AI-driven economy.

The investment, Microsoft's largest to date in the country, comes as tech giants bet on expanding their facilities and services to gain an edge over rivals in the AI race. Advancements in AI have ushered in a wave of spending from compa-

nies seeking to bolster their offering and satisfy demand for increasingly powerful data centers and cloud services.

**Amazon.com** said in June that it was planning to invest €17.8 billion through 2040 to expand its logistics network and cloud infrastructure in Germany. The e-commerce giant also laid out plans to invest €15.7 billion over the next

decade to expand its cloud services in Spain.

Microsoft said its investment would make Northern Italy one of the company's largest cloud regions in Europe. A cloud region refers to a cluster of data centers.

The company announced the investment after Smith met Italian Prime Minister Giorgia Meloni in Rome.

# SEC's Cyber Disclosure Rules Show A Negligible Effect on Stock Prices

By JAMES RUNDLE

Companies rarely saw more than a slight dip in their share price immediately after reporting cyber incidents publicly, data shows. And some stock prices went up.

In December, rules from the U.S. Securities and Exchange Commission went into effect requiring publicly traded companies to report cybersecurity incidents via a form 8-K filing within four business days after a company makes a determination that the attack will have a material impact.

Among 44 companies that filed cyber-related 8-Ks between November and the end of September, share prices fell by 0.7%, on average, one day after disclosure, according to data from communications advisory FGS Global. After five trading days, prices were down by 2.1%, on average.

"The bulk of the data shows a surprising lack of volatility when these things hit, at least in the short-term. Investors just do not seem superfazed by these," said Scott Lindlaw, head of the cyber practice at FGS Global.

Outliers exist on both ends. A handful of companies even saw stock prices rise after disclosure, including oil-field giant **Halliburton**, which saw a 2% increase one day after it filed an 8-K about its cyberattack on Aug. 22. Halliburton shares were still up 0.7% five days later. Vehicle-parts retailer **Advance Auto Parts**, which filed an 8-K on June 14, logged a one-day loss of 10.9% and a five-day decline of 22.9%. However, the company was already the subject of an SEC probe into its dealings with a hedge-fund manager with links to a failed investment company that prosecutors called a fraud. A spokesman declined to comment.

Before the rules went into effect, companies worried that the simple act of disclosing a hack in a public document would depress their share prices. It hasn't happened.

"The information is getting out there, but the market and investors have maybe almost started to price in cyber incidents as something that's a normal course of business now," said Adam Wisnieski, practice leader for cyber strategy and risk-management services at Optiv, a cybersecurity advisory company.

For the most part, single-day gains were brief, with five-day periods predominantly showing a modest fall. The data shows no recognizable ef-



Halliburton's stock rose 2% the day after the oil-field giant reported a cybersecurity incident.

JUSTIN HANEE FOR WSJ

fect on share prices whether 8-Ks are filed before the market opens or after it closes.

The heaviest negative swings in the sample tended to be those of companies that were already under pressure for other reasons. Investment bank **B. Riley Financial**, which filed a cyber 8-K on April 8, logged a one-day loss of 10.9%

and a five-day decline of 22.9%. However, the company was already the subject of an SEC probe into its dealings with a hedge-fund manager with links to a failed investment company that prosecutors called a fraud. A spokesman declined to comment.

Likewise, nanomaterials company **Meta Materials** saw a one-day drop of 15.4% after it filed an 8-K on Aug. 1, which extended to 15.6% after five days. However, the company had settled SEC charges that it violated accounting and record-keeping rules in June, and its stock had been steadily declining for months. The company filed for bankruptcy Aug. 9 and couldn't be reached for comment.

To be sure, five days is a narrow window in which to

analyze the impact of cyber disclosures on share prices. Investigations into hacks can take months, and costs can balloon over time, affecting the materiality of an incident.

**UnitedHealth Group**, for instance, in July revised the estimated cost of its recovery from a February ransomware attack on its Change Health-care unit to reach up to \$2.45 billion. It had initially projected \$1.6 billion in costs through 2024.

The health-insurance company's share price gained by 0.1% the day after its Feb. 22 filing and fell

6.2% over the next five trading days. UnitedHealth declined to comment.

Privately, traders say that cyber incidents make up only a part of their investment strategies, and in many cases play a minor role, depending on the scale of the incident. Many say they are more concerned with the economic fundamentals, and that a data breach or an attack that is resolved quickly might not play a major role in their investment decisions.

Investors recognize that this is one of dozens or hundreds of components that go

into share prices and there's an initial belief, at least, that these incidents might not be devastating to finances or operations," FGS's Lindlaw said.

Another factor: Companies are filing 8-Ks thin on the details of a cyberattack, even saying an incident isn't likely to be material, which would render the 8-K unnecessary.

This type of overreporting can harm the SEC's goals, said Calie Guenther, senior manager of cyber threat research at cybersecurity software provider Critical Start.

"While the SEC's rules aim to provide clarity and protect investor interests, their effectiveness depends on companies adhering to the spirit of the regulation," she said.

Many companies file with the SEC out of an abundance of caution, Lindlaw said, which includes reporting incidents that aren't threatening to a company's overall health. This is likely to continue until the SEC brings its first enforcement action against a public company over a cyber disclosure filing, he said. Such cases will show the details the agency wants to see from companies in their incident reports.

"That's when the marketplace will really understand where the red lines are in terms of what's fair and foul in disclosure," he said.

## NOTICE OF PUBLIC AUCTION

Notice is hereby made to the Indenture, dated as of March 6, 2007 (as amended, modified or supplemented from time to time, the "Indenture"), among Pynx ABS CDO 2007-1 Ltd., as issuer ("the Issuer"), Pyxis ABS CDO 2007-1 LLC, as co-owner ("the Co-Owner") and Bank of America, National Association (successor by merger to LaSalle Bank National Association) ("Bank"), as trustee (in such capacity, the "Trustee"). In accordance with the applicable provision of the Indenture and the Uniform Commercial Code as in effect in the State of New York ("UCC"), the following assets will be sold (individually or as a portfolio) at the highest qualified bidder(s) at Public Auction to be held at 10:00 a.m. (prevailing Eastern time) on October 15, 2024 (the "Bid Deadline").

Additional Information: All bids must be submitted by the above-noted Bid Deadline in accordance with the terms and conditions set forth in a bid package ("the Bid Package") relating to this Public Auction. In addition, please be advised that the sale of the above-noted assets (individually or as a portfolio basis) will be made only to the highest qualified bidder(s). For additional information regarding this Public Auction, and to obtain a Bid Package, please contact Dock Street Capital Management, LLC, 5758 Riverside Avenue, Westport, CT 06880. Attn: David Crowley, Managing Partner, Telephone No. 212-457-8258, Facsimile No. 212-457-8269, E-mail: dcrowley@dockstreetcap.com. The Public Auction will be public (within the meaning of Section 9-210 of the UCC). Disclaimer: The Trustee is authorized to conduct this Public Auction, if it deems it necessary or advisable or is required by applicable law: (a) to restrict the prospective bidders or purchasers of any of the above-noted assets to be sold to those persons who (i) represent and warrant that they are a "qualified institutional buyer," as such term is defined in Rule 144(a)(1) of the United States Investment Company Act of 1940, as amended; and (ii) agree that they will not resell such assets without compliance with the registration requirements of the Act and applicable securities laws or pursuant to valid exemptions therefrom and (b) to impose such other limitations or conditions in connection with any such sale as the Trustee deems necessary or advisable in order to comply with the Act or any other applicable law, or requirements of the Indenture.

\* All information contained herein is made to the best of the knowledge of the Trustee as of the close of business on October 4, 2024.

NOTICE OF PUBLIC SALE • Property to be Sold

Public Sale No. 1: Tuesday, October 8th, 2024, 10:00 a.m. EDT. The Asset Type for Lot 1 is Scratch & Dent.

The Asset Type for Lot 2 is Subprime. The Asset Type for Lots 3-120 is Zero Factor - RMBS.

Lot# CUSIP Issue Original Face

1 576436CQ0 MASD 2005-NC1M2 3,000,000.00

2 030725T4Z AMIS 2005-R10M7 7,084,000.00

3 007464HHL4 AABST 2005-5-B1 5,000,000.00

4 045428094 ABFC 2005-OP1M9 3,714,000.00

5 045428090 ABFC 2005-WMC1M6 5,000,000.00

6 045416X68 ABHS 2006-HE1M6 4,500,000.00

7 044215VH8 ACE 2005-HE6M9 8,124,000.00

8 04421VAB8 ACE 2005-HC1M7 2,000,000.00

9 020735V9Z AMSI 2005-R11M9 3,500,000.00

10 040104PN5 ARSI 2005-W3M11 5,600,000.00

11 040104080 ARSI 2005-W4M8 5,625,000.00

12 040104WV8 ARSI 2005-W5M7 10,000,000.00

13 040104R98 ARSI 2006-W1M7 8,000,000.00

14 040104S25 ARSI 2006-W3M7 5,734,000.00

15 073869WKS BALIA 2005-8-B1 7,236,000.00

16 073873A44 BSABS 2005-AQ2M6 8,947,000.00

17 073873H0Y BSABS 2006-HE3M7 3,694,000.00

18 07388AAL8 BSABS 2006-HE4M7 2,000,000.00

19 073875FMP BSABS 2006-IM1M7 8,452,000.00

20 144531EP1 CARR 2005-FRE1M9 5,530,000.00

21 144531F9J FFML 2005-FT1M6 5,000,000.00

22 144531FVZ FFML 2006-OP1M8 3,000,000.00

23 173072NUS FFML 2006-FT2B3 8,000,000.00

24 126670RBS FWL 2005-12M7 500,000.00

25 126670LX4 CWL 2005-14B 7,000,000.00

26 126670KX5 CWL 2005-AB4B 5,000,000.00

27 126670WJS CWL 2006-3M7 5,700,000.00

28 302460B66 FBRS1 2005-3M9 8,190,000.00

29 362341YJZ FFML 2005-FT1M6 3,401,000.00

30 32072NYES FFML 2005-FT2B3 8,000,000.00

31 32072NUS FFML 2005-FT7M2 3,069,000.00

32 362341QW2 FFML 2005-FB8Z 639,000.00

33 362341TK0 FFML 2005-FB8Z 3,553,000.00

34 32072NKK2 FFML 2005-FHM47 10,000,000.00

35 362334ABC7 FFML 2006-F3M7 2,500,000.00

36 32072NZUB FFML 2006-FHTM8 2,500,000.00

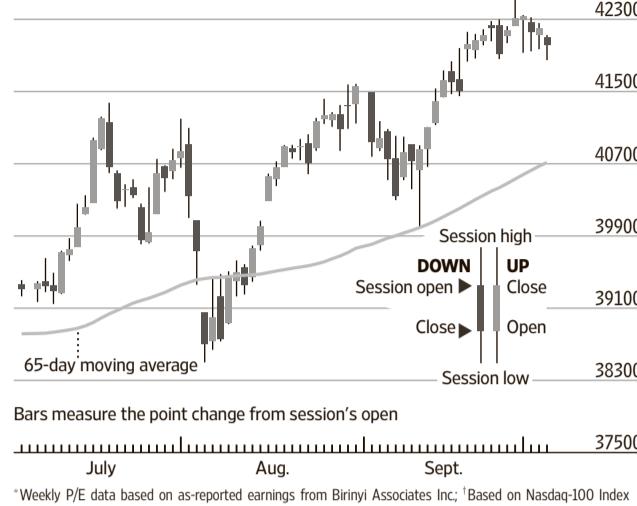
37 35729PM2 FHT 2005-DM4 5,000,000.00

## MARKETS DIGEST

## EQUITIES

## Dow Jones Industrial Average

**42011.59** ▼184.93, or 0.44%  
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Current divisor 0.15221633137872

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

## S&amp;P 500 Index

**5699.94** ▼9.60, or 0.17%  
High, low, open and close for each trading day of the past three months.



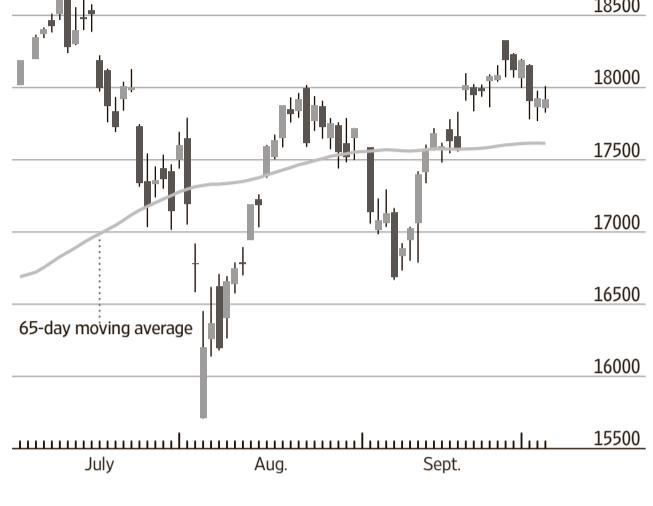
Bars measure the point change from session's open

Current divisor 0.15221633137872

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

## Nasdaq Composite Index

**17918.48** ▼6.65, or 0.04%  
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Current divisor 0.15221633137872

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

## Major U.S. Stock-Market Indexes

|                    | High     | Low      | Latest Close    | Net chg | % chg | High     | Low      | 52-Week % chg | YTD % chg | 3-yr. ann. |
|--------------------|----------|----------|-----------------|---------|-------|----------|----------|---------------|-----------|------------|
| <b>Dow Jones</b>   |          |          |                 |         |       |          |          |               |           |            |
| Industrial Average | 42125.84 | 41847.81 | <b>42011.59</b> | -184.93 | -0.44 | 42300.15 | 32417.59 | <b>26.8</b>   | 11.5      | <b>7.0</b> |
| Transportation Avg | 15930.63 | 15712.09 | <b>15745.39</b> | -226.81 | -1.42 | 16331.72 | 13556.07 | <b>7.3</b>    | -1.0      | <b>3.4</b> |
| Utility Average    | 1067.05  | 1055.86  | <b>1058.10</b>  | -6.74   | -0.63 | 1065.16  | 790.23   | <b>33.9</b>   | 20.0      | <b>6.6</b> |
| Total Stock Market | 56579.09 | 56178.48 | <b>56394.58</b> | -112.96 | -0.20 | 57046.41 | 40847.04 | <b>33.1</b>   | 18.0      | <b>7.6</b> |
| Baron's 400        | 1219.73  | 1210.91  | <b>1216.86</b>  | -2.44   | -0.20 | 1227.21  | 907.97   | <b>28.9</b>   | 13.5      | <b>6.2</b> |

## Nasdaq Stock Market

|                  | High     | Low      | Latest Close    | Net chg | % chg | High     | Low      | 52-Week % chg | YTD % chg | 3-yr. ann.  |
|------------------|----------|----------|-----------------|---------|-------|----------|----------|---------------|-----------|-------------|
| Nasdaq Composite | 18011.25 | 17826.42 | <b>17918.48</b> | -6.65   | -0.04 | 18647.45 | 12595.61 | <b>35.5</b>   | 19.4      | <b>7.1</b>  |
| Nasdaq-100       | 19902.70 | 19688.22 | <b>19793.34</b> | -9.24   | -0.05 | 20675.38 | 14109.57 | <b>34.4</b>   | 17.6      | <b>10.2</b> |

## S&amp;P

|              | High    | Low     | Latest Close   | Net chg | % chg | High    | Low     | 52-Week % chg | YTD % chg | 3-yr. ann. |
|--------------|---------|---------|----------------|---------|-------|---------|---------|---------------|-----------|------------|
| 500 Index    | 5718.78 | 5677.37 | <b>5699.94</b> | -9.60   | -0.17 | 5762.48 | 4117.37 | <b>33.9</b>   | 19.5      | <b>9.4</b> |
| MidCap 400   | 3094.11 | 3067.13 | <b>3088.21</b> | -8.97   | -0.29 | 3124.92 | 2326.82 | <b>26.8</b>   | 11.0      | <b>4.8</b> |
| SmallCap 600 | 1392.02 | 1380.85 | <b>1385.97</b> | -10.31  | -0.74 | 1435.83 | 1068.80 | <b>24.0</b>   | 5.1       | <b>0.7</b> |

## Other Indexes

|                     | High     | Low      | Latest Close    | Net chg | % chg | High     | Low      | 52-Week % chg | YTD % chg | 3-yr. ann.  |
|---------------------|----------|----------|-----------------|---------|-------|----------|----------|---------------|-----------|-------------|
| Russell 2000        | 2189.39  | 2173.30  | <b>2180.15</b>  | -14.86  | -0.68 | 2263.67  | 1636.94  | <b>25.9</b>   | 7.6       | <b>-0.9</b> |
| NYSE Composite      | 19481.79 | 19317.15 | <b>19390.06</b> | -91.74  | -0.47 | 19516.44 | 14675.78 | <b>28.6</b>   | 15.1      | <b>5.9</b>  |
| Value Line          | 616.37   | 610.30   | <b>612.11</b>   | -4.26   | -0.69 | 622.54   | 498.09   | <b>17.1</b>   | 3.1       | <b>-2.2</b> |
| NYSE Arca Biotech   | 5924.14  | 5843.14  | <b>5849.28</b>  | -74.86  | -1.26 | 5949.95  | 4544.40  | <b>16.5</b>   | 7.9       | <b>1.0</b>  |
| NYSE Arca Pharma    | 1074.11  | 1062.44  | <b>1064.39</b>  | -9.73   | -0.91 | 1140.17  | 845.32   | <b>20.8</b>   | 16.9      | <b>12.9</b> |
| KBW Bank            | 111.95   | 110.73   | <b>111.81</b>   | -0.43   | -0.38 | 115.93   | 71.71    | <b>48.1</b>   | 16.4      | <b>-5.7</b> |
| PHLX® Gold/Silver   | 159.50   | 157.32   | <b>158.76</b>   | -2.72   | -1.69 | 167.37   | 102.94   | <b>52.1</b>   | 26.3      | <b>10.3</b> |
| PHLX® Oil Service   | 80.89    | 78.07    | <b>80.73</b>    | 1.99    | 2.52  | 96.64    | 72.67    | <b>-8.1</b>   | -3.8      | <b>11.4</b> |
| PHLX® Semiconductor | 5188.98  | 5070.59  | <b>5125.21</b>  | 26.01   | 0.51  | 5904.54  | 3185.18  | <b>50.4</b>   | 22.7      | <b>16.3</b> |
| Cboe Volatility     | 20.75    | 19.16    | <b>20.49</b>    | 1.59    | 8.41  | 38.57    | 11.86    | <b>10.8</b>   | 64.6      | <b>-1.1</b> |

\$Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

## International Stock Indexes

| Region/Country | Index                 | Close            | Net chg  | Latest % chg | YTD % chg |
|----------------|-----------------------|------------------|----------|--------------|-----------|
| World          | MSCI ACWI             | <b>842.30</b>    | -3.21    | -0.38        | 15.9      |
|                | MSCI ACWI ex-USA      | <b>349.35</b>    | -2.71    | -0.77        | 10.3      |
|                | MSCI World            | <b>3675.89</b>   | -10.03   | -0.27        | 16.0      |
|                | MSCI Emerging Markets | <b>1173.02</b>   | -14.95   | -1.26        | 14.6      |
| Americas       | MSCI AC Americas      | <b>2145.45</b>   | -4.24    | -0.20        | 18.3      |
| Canada         | S&P/TSX Comp          | <b>23968.50</b>  | -33.05   | -0.14        | 14.4      |
| Latin Amer.    | MSCIEM Latin America  | <b>2210.59</b>   | -42.12   | -1.87        | -17.0     |
| Brazil         | Bovespa               | <b>131671.51</b> | -1843.43 | -1.38        | -1.9      |
| Chile          | S&P IPSA              | <b>3461.12</b>   | -1.24    | -0.04        | -0.2      |
| Mexico         | S&P/BMV IPC           | <b>51674.54</b>  | -525.12  | -1.01        | -10.0     |
| EMEA           | STOXX Europe 600      | <b>516.29</b>    | -4.85    | -0.93        | 7.8       |
| Eurozone       | Euro STOXX            | <b>508.07</b>    | -4.50    | -0.88        | 7.2       |
| Belgium        | Bel-20                | <b>4285.32</b>   | -25.77   | -0.60        | 15.6      |
| Denmark        | OMX Copenhagen 20     | <b>2461.27</b>   | -11.10   | -0.45        | 7.8       |
| France         | CAC 40                | <b>7477.78</b>   | -99.81   | -1.32        | -0.9      |
| Germany        | DAX                   | <b>19015.41</b>  | -149.34  | -0.78        | 13.5      |
| Israel         | Tel Aviv              | <b>2093.48</b>   | ...      | Closed       | 12.2      |
| Italy          | FTSE MIB              | <b>33170.03</b>  | -502.53  | -1.50        | 9.3       |
| Netherlands    | AEX                   | <b>910.35</b>    | -6.51    | -0.71        | 15.7      |
| Norway         | Oslo Bors All-Share   | <b>1663.90</b>   | -1.05    | -0.06        | 9.5       |
| South Africa   | FTSE/JSE All-Share    | <b>86461.05</b>  | -654.17  | -0.75        | 12.4      |
| Spain          | IBEX 35               | <b>11618.01</b>  | 8.25     | 0.07         | 15.0      |
| Sweden         | OMX Stockholm         | <b>1000.91</b>   | -8.93    | -0.88        | 10.9      |
| Switzerland    | Swiss Market          | <b>12012.32</b>  | -109.77  | -0.91        | 7.9       |
| Turkey         | BIST 100              | <b>8898.23</b>   | -114.64  | -1.27        | 19.1      |
| U.K.           | FTSE 100              | <b>8282.52</b>   | -8.34    | -0.10        | 7.1</td   |

## COMMODITIES

wsj.com/market-data/commodities

## Futures Contracts

## Metal &amp; Petroleum Futures

|   | Contract |         | Contract |         |         | Open     |  |
|---|----------|---------|----------|---------|---------|----------|--|
|   | Open     | High    | Low      | Settle  | Chg     | Interest |  |
| <b>Copper-High (CMX)</b> -25,000 lbs.; \$ per lb.             |          |         |          |         |         |          |  |
| Oct   | 4,611.0  | 4,611.0 | 4,475.5  | 4,502.0 | -0.0940 | 1,980    |  |
| Dec   | 4,6645   | 4,6665  | 4,519.0  | 4,553.0 | -0.0960 | 139,086  |  |
| <b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.              |          |         |          |         |         |          |  |
| Oct   | 2642.80  | 2650.10 | 2640.00  | 2657.10 | 10.00   | 159      |  |
| Nov   | 2668.30  | 2670.70 | 2646.50  | 2667.40 | 9.30    | 1,311    |  |
| Dec   | 2679.90  | 2683.40 | 2657.80  | 2679.20 | 9.50    | 453,214  |  |
| Feb'25  | 2703.40  | 2705.00 | 2680.20  | 2701.60 | 9.60    | 37,848   |  |
| April   | 2720.00  | 2723.60 | 2699.50  | 2720.30 | 9.90    | 21,288   |  |
| June  | 2738.60  | 2740.40 | 2716.00  | 2739.00 | 10.20   | 10,781   |  |
| <b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.          |          |         |          |         |         |          |  |
| Oct   | 1041.00  | 1049.50 | 1041.00  | 993.30  | -19.10  | 4        |  |
| Dec   | 1022.00  | 1022.50 | 982.50   | 1000.60 | -18.10  | 17,921   |  |
| <b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.           |          |         |          |         |         |          |  |
| Oct   | 980.10   | 980.10  | 978.00   | 993.20  | -11.20  | 64       |  |
| Jan'25  | 1020.10  | 1022.00 | 990.10   | 1005.60 | -11.20  | 68,616   |  |
| <b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.          |          |         |          |         |         |          |  |
| Oct   | 31,460   | 32,045  | 31,440   | 32,189  | 0.561   | 24       |  |
| Dec   | 32,100   | 32,485  | 31,650   | 32,464  | 0.544   | 126,224  |  |
| <b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl. |          |         |          |         |         |          |  |
| Nov   | 70.98    | 74.09   | 70.52    | 73.71   | 3.61    | 308,917  |  |
| Dec   | 70.49    | 73.51   | 70.08    | 73.17   | 3.48    | 257,917  |  |
| Jan'25  | 70.03    | 73.05   | 69.74    | 72.73   | 3.37    | 161,828  |  |
| March   | 69.45    | 72.24   | 69.23    | 72.00   | 3.14    | 103,025  |  |
| June  | 68.93    | 71.52   | 68.38    | 71.24   | 2.86    | 162,630  |  |
| Dec   | 68.07    | 70.33   | 67.96    | 70.01   | 2.43    | 141,104  |  |
| <b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.         |          |         |          |         |         |          |  |
| Nov   | 2,2027   | 2,3060  | 2,1851   | 2,2947  | .1126   | 128,842  |  |
| Dec   | 2,2167   | 2,3166  | 2,1980   | 2,3050  | .1086   | 88,826   |  |
| <b>Gasoline-NY RBOB (NYM)</b> -42,000 gal.; \$ per gal.       |          |         |          |         |         |          |  |
| Nov   | 2,0123   | 2,1041  | 1,9980   | 2,0926  | .1067   | 124,049  |  |
| Dec   | 1,9830   | 2,0728  | 1,9716   | 2,0615  | .1032   | 72,369   |  |
| <b>Natural Gas (NYM)</b> -10,000 MMbtu; \$ per MMbtu.         |          |         |          |         |         |          |  |
| Nov   | 2,921    | 2,988   | 2,900    | 2,970   | .084    | 295,994  |  |
| Dec   | 3,329    | 3,387   | 3,303    | 3,369   | .072    | 138,699  |  |
| Jan'25  | 3,578    | 3,638   | 3,559    | 3,623   | .070    | 189,761  |  |
| Feb   | 3,454    | 3,516   | 3,439    | 3,504   | .070    | 96,614   |  |
| March   | 3,160    | 3,216   | 3,147    | 3,210   | .061    | 163,860  |  |
| April   | 3,013    | 3,055   | 3,000    | 3,052   | .050    | 85,324   |  |

## Agriculture Futures

|   | Corn (CBT) |               | Oats (CBT) |               | Soybeans (CBT) |               | Sugar-World (ICE-US) |               | Cotton (ICE-US) |               | Orange Juice (ICE-US) |               |
|---|------------|---------------|------------|---------------|----------------|---------------|----------------------|---------------|-----------------|---------------|-----------------------|---------------|
|   | 5,000 bu;  | cents per bu. | 5,000 bu;  | cents per bu. | 5,000 bu;      | cents per bu. | 100,000 lbs;         | cents per lb. | 200,000 lbs;    | cents per lb. | 100,000 lbs;          | cents per lb. |
| Dec   | 431.50     | 433.25        | 427.50     | 428.25        | -4.25          | 768,074       |                      |               |                 |               |                       |               |
| March'25  | 448.75     | 450.50        | 445.00     | 446.00        | -4.00          | 321,898       |                      |               |                 |               |                       |               |
| <b>Oats (CBT)</b> -5,000 bu.; cents per bu.     |            |               |            |               |                |               |                      |               |                 |               |                       |               |
| Dec   | 390.00     | 392.50        | 378.25     | 383.75        | -6.00          | 3,227         |                      |               |                 |               |                       |               |
| March'25  | 387.25     | 388.00        | 376.50     | 380.75        | -6.50          | 603           |                      |               |                 |               |                       |               |
| <b>Soybeans (CBT)</b> -5,000 bu.; cents per bu. |            |               |            |               |                |               |                      |               |                 |               |                       |               |
| Nov   | 1053.75    | 1056.25       | 1041.75    | 1046.00       | -10.00         | 381,838       |                      |               |                 |               |                       |               |
| Jan'25  | 1070.75    | 1074.50       | 1057.75    | 1064.50       | -9.75          | 165,856       |                      |               |                 |               |                       |               |

## Interest Rate Futures

|          | Ultra Treasury Bonds (CBT) |           | Treasury Bonds (CBT) |           |
|----------|----------------------------|-----------|----------------------|-----------|
|          | \$100,000                  | pts 32nds | \$100,000            | pts 32nds |
| Dec      | 133-010                    | 133-040   | 131-250              | 132-010   |
| March'25 | 133-000                    | 133-070   | 132-020              | 132-110   |

## Interest Rate Futures

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.

Thursday, October 3, 2024



## MARKETS

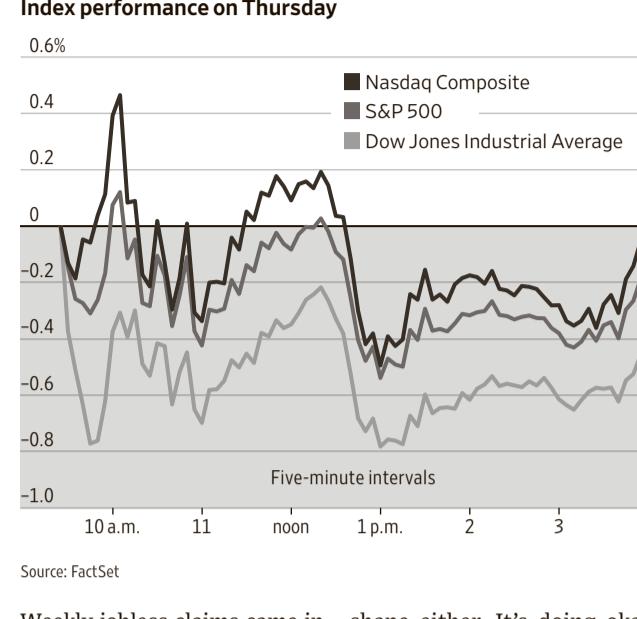
# Dow Declines and Oil Prices Increase

**Oil prices** jumped and stock indexes faltered as investors weighed the risk of escalating conflict in the Middle East against signs that the U.S. economy is ticking along.

All three major indexes fell, led by the Dow industrials, which dropped 0.4%. The S&P slipped 0.2% and the tech-heavy Nasdaq declined 0.04%.

Markets have been volatile in recent days with tensions ratcheting up between Israel and Iran. Brent crude, the global oil benchmark, has risen in volatile trading as traders assess how geopolitical events could affect supply.

Meanwhile, largely upbeat data helped ease worries about the U.S. labor market ahead of Friday's jobs report. On Wednesday, ADP data indicated private-sector hiring picked up in September.



Source: FactSet

Weekly jobless claims came in a little higher than expected on Thursday.

"The labor market is not in great shape, but it's not in bad

shape either. It's doing okay and that's the key," said Joe Quinlan, head of CIO market strategy for Merrill and Bank of America Private Bank.

**Elsewhere:**

◆ Crude-oil prices climbed. Brent crude and WTI crude increased more than 5%, logging their largest one-day gains since the early stages of Israel's war on Hamas a year ago.

◆ U.S.-listed Chinese stocks wobbled, including technology stocks, as the rally set off by Beijing's economic-stimulus blitz showed signs of fading. Hong Kong's Hang Seng Index fell 1.5%; mainland Chinese markets were closed.

◆ Treasury yields rose. The yield on the 10-year note rose to 3.849%, having settled on Wednesday at 3.78%.

◆ The dollar strengthened, buoyed by signs of economic strength in the U.S. Sterling weakened around 1% versus the greenback after the Bank

of England indicated it could cut interest rates more aggressively if inflation continues to ease.

◆ Japan's Nikkei 225 gained 2%. The index was boosted by a decline in the yen after new Prime Minister Shigeru Ishiba signaled caution on raising interest rates further.

—Chelsey Dulaney and Vicky Ge Huang

**FRIDAY'S EVENTS:**

The U.S. jobs report for September is expected at 8:30 a.m. The Federal Reserve has been watching the labor-market picture closely as officials there calibrate the pace of interest-rate cuts. Economists expect the report to show that 150,000 jobs were added, more than in August, and that the unemployment rate held at 4.2%.

## STOCK SPOTLIGHT

**Hims & Hers Health**

The telehealth provider's shares fell 9.6%. On Wednesday, the FDA said there were no longer shortages of Eli Lilly's popular Zepbound and Mounjaro drugs. Hims & Hers had taken advantage of the short supply to sell compounded versions.

**Levi Strauss**

The clothing company cut its annual revenue outlook and signaled it could make a fresh attempt to sell its Dockers brand. The stock dropped 7.7%.

**Nvidia**

Demand for Nvidia's new Blackwell chips is "insane," Chief Executive Jensen Huang told CNBC. And The Wall Street Journal reported Nvidia was investing about \$100 million in ChatGPT developer OpenAI. The chip maker's stock gained 3.4%.

**Alibaba, JD.com, NIO:**

U.S.-listed shares of the Chinese companies fell as a rally unleashed by Beijing's stimulus blitz appeared to run out of steam. Alibaba declined 2.1%, JD slipped 0.5% and NIO declined 7.1%.

**Tesla**

The EV maker's shares retreated by 3.4%. That followed a 3.5% decline on Wednesday after the company reported quarterly deliveries.

**Constellation Brands**

Shares in the beer, wine and spirits company declined 4.7% after it reported results.

**AUCTION RESULTS**

Here are the results of Thursday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

**FOUR-WEEK BILLS**

|                                 |                       |
|---------------------------------|-----------------------|
| Applications                    | \$238,109,824,900     |
| Accepted bids                   | \$95,295,114,900      |
| "noncompetitively"              | \$6,414,155,400       |
| "foreign noncompetitively"      | \$0                   |
| Auction price (rate)            | 99,630167<br>(4.755%) |
| Coupon equivalent               | 4.839%                |
| Bids at clearing yield accepted | 17.69%                |
| Cusip number                    | 912797MA2             |

The bills, dated Oct. 8, 2024, mature on Nov. 5, 2024.

**EIGHT-WEEK BILLS**

|                                 |                       |
|---------------------------------|-----------------------|
| Applications                    | \$244,669,910,400     |
| Accepted bids                   | \$90,279,705,400      |
| "noncompetitively"              | \$1,605,965,400       |
| "foreign noncompetitively"      | \$0                   |
| Auction price (rate)            | 99,275889<br>(4.655%) |
| Coupon equivalent               | 4.754%                |
| Bids at clearing yield accepted | 50.59%                |
| Cusip number                    | 912797ME4             |

The bills, dated Oct. 8, 2024, mature on Dec. 3, 2024.

# Small-Cap Stocks Unsure of a Soft Landing

By HARDIKA SINGH

Small-cap stocks are expected to be among the great beneficiaries of any interest-rate cut. That isn't happening this time.

The small-cap-focused Russell 2000 index has slipped 1.1% since the bold interest-rate cut by the Federal Reserve two weeks ago, trailing the 1.2% advance of the large-cap S&P 500.

That interrupted a rally among shares of small, domestically focused companies that kicked off in July, when a surprisingly cool inflation report bolstered investors' confidence that the central bank had achieved its goals.

The stocks' lackluster response to the Fed's September rate cut suggests there are lingering doubts about the economy's trajectory. Small caps are expected to rally when rates fall—they typically outpace large-cap stocks in the six months after the first rate cut in a cycle, according to Bank of America Global Research.

That is because many small stocks are closely tied to the health of the economy. They tend to be sensitive to changes in interest rates because they have more floating-rate debt than their large-cap peers.

Shares of smaller companies across industries have tumbled of late. The digital-media company **LiveOne** is down 53% since the Fed's rate cut, the

fashion company **Stitch Fix** has fallen 34%, and the vacation rental management company **Vacasa** is off 37%.

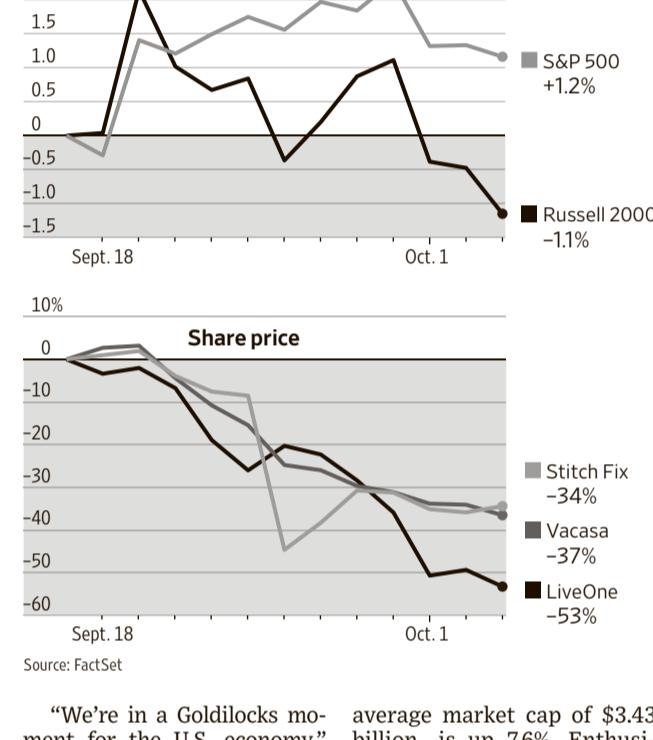
Although there are many signs that the economy remains on a strong footing, some investors worry that the growing optimism that the Fed will bring down inflation without a sharp rise in unemployment is misplaced.

"Investors are a little too dismissive of something that's worse than that," said James Ragan, director of wealth management research at D.A. Davidson. "It's a lot of confusion, and to me, it suggests that below the surface, the soft landing outcome is still a little bit in question."

All eyes will be on Friday's jobs report for clues about whether hiring is rebounding after a summer slowdown. Weak data in the coming months could force the Fed to ease policy more aggressively.

Sentiment surveys already suggest that jitters are building.

Last week a measure of consumer confidence suffered its biggest one-month decline in more than three years. And a recent survey of confidence among small-business owners fell more than expected in early September, keeping the gauge below its 50-year average for 32 consecutive months, according to the National Federation of Independent Business.

**Performance since the interest-rate cut**

"We're in a Goldilocks moment for the U.S. economy," said Rich Nuzum, chief investment strategist at Mercer. "But Goldilocks moments are rare, and they tend not to last long. So when does something go bump in the night?"

Small caps have trailed other major stock indexes this year. The Russell 2000—composed of companies with an

average market cap of \$3.43 billion—is up 7.6%. Enthusiasm over generative artificial-intelligence technology has propelled the S&P 500 and Nasdaq Composite to gains of 19% each.

The recent underperformance makes small stocks look relatively cheap. Companies in the Russell 2000 are trading at 15.8 times their projected earn-

ings over the next 12 months, below their 10-year average multiple of 16.4, according to FTSE Russell. In comparison, the S&P 500 trades at a multiple of 21.5.

Small caps were expected to see some relief from lower interest rates.

About 36% of the debt held by companies in the Russell 2000, excluding financial firms, is floating-rate, BofA data shows. That means their loan payments will come down as benchmark rates decline.

Rates are still higher than they were for most of the past decade. And the bulk of small-cap debt will mature over the next five to six years, according to BofA strategists. If rates stay higher for longer, their borrowing costs could increase when they refinance.

Small caps face other challenges, too. About 42% of the companies in the Russell 2000 are unprofitable, compared with 6% in the S&P 500, according to data from Torsten Slok, chief economist at Apollo.

"It's profits that matter, and the profits are not being generated by the Russell 2000 companies," said Michael Rosen, managing partner and chief investment officer at Angeles Investments. "They're being generated by these big megacap companies, and that's why they're the market leaders."

# Fear Trade Creeps In

40

35

**Cboe Volatility Index, past six months**

30

25

20

15

10

May 2024

June

July

Aug.

Sept.

Oct.

Thursday  
20.49  
+8.41%

Source: FactSet

The Cboe Volatility Index, or VIX, jumped to just over 20 on Thursday. Traders are piling into wagers that it will keep rising.

Some of the most actively traded options would pay out if the gauge surges to as high as 27 or

29. That is a level that hasn't been breached since the early August tumult in global markets. Such call options tied to the VIX were widely traded and ranked alongside those tied to the S&P 500 and Nvidia in midday trading.

The prospect of a

widening geopolitical conflict in the Middle East has stirred turbulence across global markets to kick off the fourth quarter. Oil prices have surged, major indexes have declined and government bond prices have swung.

—Gunjan Banerji

Nasdaq faces a multistate inquiry into whether its listing rules on boardroom diversity are a form of discrimination, adding to the conservative pushback to its policies.

"Given Nasdaq's zealous desire to impose quotas on companies, several of which are headquartered in our states, we are interested in learning what policies Nasdaq has in place to ensure its listed companies are following federal and state antidiscrimination laws," the attorneys general of 22 states wrote in a joint letter released Thursday.

The attorneys general, led by Iowa Attorney General Brenna Bird, addressed the letter to Nasdaq Chair and Chief Executive Adena Friedman. All of the letter's signers are Republican,

underscoring the partisan divide over Nasdaq's board-diversity efforts.

"The board disclosure framework was developed in response to strong demand from both investors and corporates, with pragmatism as a guiding principle," Nasdaq said in an emailed statement. "As a firm believed in the rule of law, Nasdaq designed the framework to preserve each company's decision-making authority over its board composition."

The stock-exchange operator has come under fire from conservatives over a rule requiring its listed companies to meet minimum targets for gender and racial diversity on their boards, or explain in writing why they haven't done so.

For most U.S. companies, the ultimate target is for boards to have one female di-

rector and one director who identifies as a racial minority or as lesbian, gay, bisexual, transgender or queer.

The rule is being implemented in phases, giving smaller companies more time to meet the requirements. A related rule requires Nasdaq-listed companies to publish board-diversity statistics. The Securities and Exchange Commission approved the rules in 2021, over objections from the agency's Republican commissioners.

A federal appeals court is considering a legal challenge to Nasdaq's board-diversity rules. Soon after the SEC's approval, two conservative groups sued the agency, arguing the rules amounted to racial and gender discrimination and accusing the SEC of violating the U.S. constitution.

savings for years at a time.

The alternative-investing powerhouse Blackstone pioneered the push into retail in 2017 when it launched a "perpetual" real-estate fund. The fund allowed high-net-worth individuals to buy in, but allowed the manager to limit withdrawals, a surprise to some when real-estate markets plummeted in 2022.

Capital Group, the operator of the American Funds mutual-fund family, has teamed up with KKR to launch a new suite of products. Like Apollo and State Street, the funds would mix public and private investments, but they would use structures similar to Blackstone's, imposing limits on how quickly clients could withdraw.

# Private Credit Goes Mainstream

**Continued from page B1** vested globally, said Eric Mogelof, head of Global Client Solutions at KKR. "We anticipate these allocations to rise to 10% or greater in the future."

Regulators are already struggling to set guidelines for the booming private-credit market, which BlackRock projects will double in size to \$3.5 trillion by 2028. Nonbank lenders historically made loans to midsize businesses, but they expanded

into large corporate loans, then aircraft finance, consumer loans and many other corners of finance as banks retrenched because of tighter regulation.

A federal appeals court in June struck down efforts by the SEC to make private-fund managers disclose investments and fee calculations more fully to their clients. The International Monetary Fund in April published a report urging "a more intrusive supervisory and regulatory approach to private credit funds," to address growing risks.

Money managers think they can get

# HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## Rockefeller Center Tests Office Market

The owner of the famous New York property is looking for more than \$3 billion to refinance its maturing loans

If Rockefeller Center successfully refinances its debts, it won't automatically unlock lending for other landlords. But it would be an early sign that investors are starting to separate the wheat from the chaff in America's battered office market.

The New York office and retail complex's owner, **Tishman Speyer**, is looking for \$3.5 billion of debt, according to media reports. Some of the cash is needed to pay off a roughly \$1.7 billion commercial-mortgage-backed-securities loan that matures in May of next year.

Details about the structure and timing of a deal are scant, but if Rockefeller Center taps the CMBS market for the full amount, it would be a monster refinancing. The last time an office owner asked for this much money was in mid-2021, before interest rates began to rise, when Manhattan's biggest office landlord **SL Green** got a \$3 billion loan for its One Vanderbilt tower.

The Rockefeller deal will be closely watched by owners of other well-known offices that need to refinance their debts soon, including New York's Seagram Building. It has been hard to find capital to pay back maturing loans on bigger properties. Only 30% of the office loans worth more than \$100 million that matured this year were paid back on time, data from Moody's CMBS shows, with the rest either getting extensions or defaulting. By comparison, 70% of loans worth less than \$10 million were paid back on time—a sign that lenders are much more comfortable issuing smaller mortgages for now.

It also has been difficult to find anyone willing to buy a large office. Just 29 offices worth more than \$100 million have changed hands so far in 2024, compared with 130 in 2019, data from real-estate-research firm Green Street shows. Smaller assets have been easier to sell as wealthy private individuals who are willing to pay in cash have been out buying to take advantage of cheap prices.

The office market will be rocky for years. Institutional investors such as pension funds that used to be reliable buyers of trophy buildings are more focused on getting rid of the offices they currently own rather than buying new ones. Jim Costello, executive director at MSCI Research, points out that institutional investors have been net sellers of office properties so far this year, unloading \$840 million more than they have bought.

And big lenders that already have troubled office loans on their books aren't eager to take on more exposure, so the amount of capital available to landlords will remain



The Rockefeller Center refinancing deal will be closely watched by owners of other well-known offices that need to refinance their debts soon.

tight.

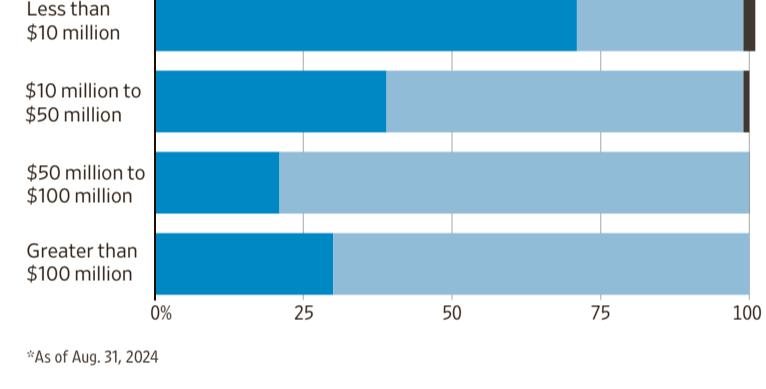
But a successful refinancing for Rockefeller Center would at least show that high-quality assets are turning a corner. In the same way that the best shopping malls survived massive disruption caused by e-commerce, the best offices should weather a shift to more hybrid work patterns.

Trophy offices, usually defined as those built after 2015, have a brighter future than aging buildings. Tenants are voting with their feet when their leases expire and moving to modern properties that have good amenities. The national vacancy rate for prime offices was 15.5% at the end of the second quarter compared with 19% for nonprime, data from real-estate-services company CBRE shows.

Older but iconic offices also can survive the shakeout provided they have been properly refurbished. Even though Rockefeller Center's offices aren't strictly "trophy"—the ceilings are too low and the window layouts are less appealing than brand-new offices—it is still a top class building in a great location.

The property had a 95% occupancy rate at the end of June, which is high for Midtown Manhattan. It has a comfortable debt-ser-

### Office CMBS payoff rate by loan size\*



\*As of Aug. 31, 2024

vice coverage ratio of around 2 times and earns cash from multiple sources including its retail and office tenants, the NBC Studios, Radio City Music Hall and its famous ice rink, analysts at Moody's CMBS say. Brokers handling the refinancing will probably emphasize this mix to reassure lenders that its income should be stable.

Two recent deals suggest that lenders are starting to differentiate between high-quality offices and the duds. A \$500 million loan at 330 Madison Ave. was successfully paid off in August, and so was a

\$437 million loan on 300 North LaSalle in Chicago. But lenders won't refinance just anything—both properties were fuller than average and tenants were locked into their leases for several more years, effectively guaranteeing the buildings' income.

Investors will be equally choosy when buying physical bricks and mortar. Last month, **Elliott Investment Management** bought a Miami office tower for about \$450 million. Trophy offices in Miami can charge high rents because there are few top-quality buildings

### U.S. office-vacancy rates



Sources: Moody's CMBS (payoff rate); CBRE (vacancy rates)

available, making the city an attractive bet.

Brokers say that institutional investors are starting to sniff around again, after years of steering clear. "We have noticed a distinct change," says Matt Carlson, CBRE's co-head of U.S. office capital markets. "In the past 30 days, we have had several inquiries from large institutional investors who are switching their office investment strategy."

Some relief may be on the way for offices—even if it is only for top-notch buildings. —Carol Ryan

## Levi's Search for the Perfect Fit Carries Some Risks



The company said it would consider strategic options for its Dockers brand.

**Levi Strauss** is planning to focus more on what it does best: selling denim to higher-income, brand-conscious consumers.

The company said on its earnings call late Wednesday that it would consider strategic options, including a possible sale, for its khaki brand Dockers.

That seems sensible given the brand's patchy performance recently. Notably, revenue at Dockers declined 15% from a year earlier in the quarter ended Aug. 25, even while revenue at the core Levi's brand rose 5%.

Overall, the company's revenue climbed 2% on a constant-currency basis, short of the 4% growth analysts polled by Visible Alpha expected. Net income, adjusted for an impairment charge related to its Beyond Yoga acquisition, increased 18%—better than analyst expectations. Levi's now expects revenue to grow about 1% for the full fiscal year, at the low end of the growth range of 1% to 3% it previously expected.

The company's shares fell 7.7% Thursday.

The good news is the core Levi's brand looks healthy: A trend toward loose, baggy denim is still working in its favor, with sales in that silhouette up 15% in the quarter. Its attempt to diversify into tops, skirts and dresses has also been successful. Sales of dresses and skirts were up by a triple-

digit percentage last quarter and the tops business grew 8%.

Levi's exit from Dockers—if successful—would be consistent with the company's strategy of pruning less-profitable sources of revenue. It exited from the value-denim brand Denizen earlier this year and has been reducing distribution to off-price retailers. Levi's also has been focusing on selling directly to consumers, which comes with better margins. All of this has yielded better profitability so far: Gross margins in its latest quarter expanded 4.4 percentage points from a year earlier, the fourth consecutive quarter of expansion.

Of course, this pivot also comes with risks: Nike is a cautionary tale of what can go wrong if a brand turns too quickly away from retail partners in favor of selling directly to consumers. And there are benefits to having a diversified portfolio for a brand that is so focused on one category. But Dockers was a relatively small part of the portfolio, accounting for about 5% of revenue, and analysts note that the nondenim bottoms category is highly competitive.

Levi's decision to cut off certain parts of its business seems prudent, but doing so hastily could still result in a faux pas. —Jinjoo Lee

## OpenAI's Funding Means More Big Checks For Chips

Generative artificial intelligence may or may not ever be a huge business. But the massive checks being written to **OpenAI** most definitely mean big business for those supplying the picks and shovels for AI.

OpenAI formally announced Wednesday that it has raised \$6.6 billion in a funding round that values the company at an eye-popping \$157 billion. That would rank the company as the 65th largest on the S&P 500 in terms of market value just under **Comcast**—which is projected to generate about \$123 billion in revenue this year compared with the \$3.7 billion OpenAI expects, according to the Wall Street Journal's reporting.

Clearly, OpenAI's investors are betting on much bigger things ahead. But to get there, OpenAI will need to secure a lot more computing power to continue building the large language models that power its business. That will likely be a major use of the new funding, which means a lot more orders ahead for the chip makers, server makers and other producers of key components of the AI infrastructure that OpenAI and its rivals require.

Chip makers also happened to be some of the few tech stocks to make notable gains Thursday.

**Nvidia** jumped 3.4% while **Ad-**

vanced Micro Devices

better known as AMD—rose 1.9%. Those are the two key producers of GPU accelerators, which are the most vital systems required in AI computing. Other key players in AI infrastructure like **Broadcom**, **Micron**, **Dell** also all rose Thursday. The PHLX Semiconductor Index was up slightly while the Dow and S&P 500 finished the day's trading slightly lower.

Nvidia, which participated in OpenAI's funding round, will be the most outsize beneficiary, given its strong lead in AI chips and the software developers use to design AI applications. The company's data-center segment that houses its AI business is projected to generate revenue of nearly \$110 billion for the fiscal year ending in January—more than double the \$47.5 billion that segment made the previous year and about eight times what AMD's data-center business is projected to hit this year.

"I suspect that a large part of the \$6.6 billion raised this week will find its way into Nvidia's bank account, underlining yet again that it is the only rational way to invest in generative AI directly," analyst **Richard Windsor** of Radio Free Mobile wrote on Thursday. OpenAI's billions will keep the AI trade alive and well for a while longer.

—Dan Gallagher

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**\$8 Million**  
An Oregon house with 1950s-style diner goes on the market. **M2**

# MANSION

THE WALL STREET JOURNAL.

**Justine Lupe**  
'Nobody Wants This' actress traded theater for film. **M12**



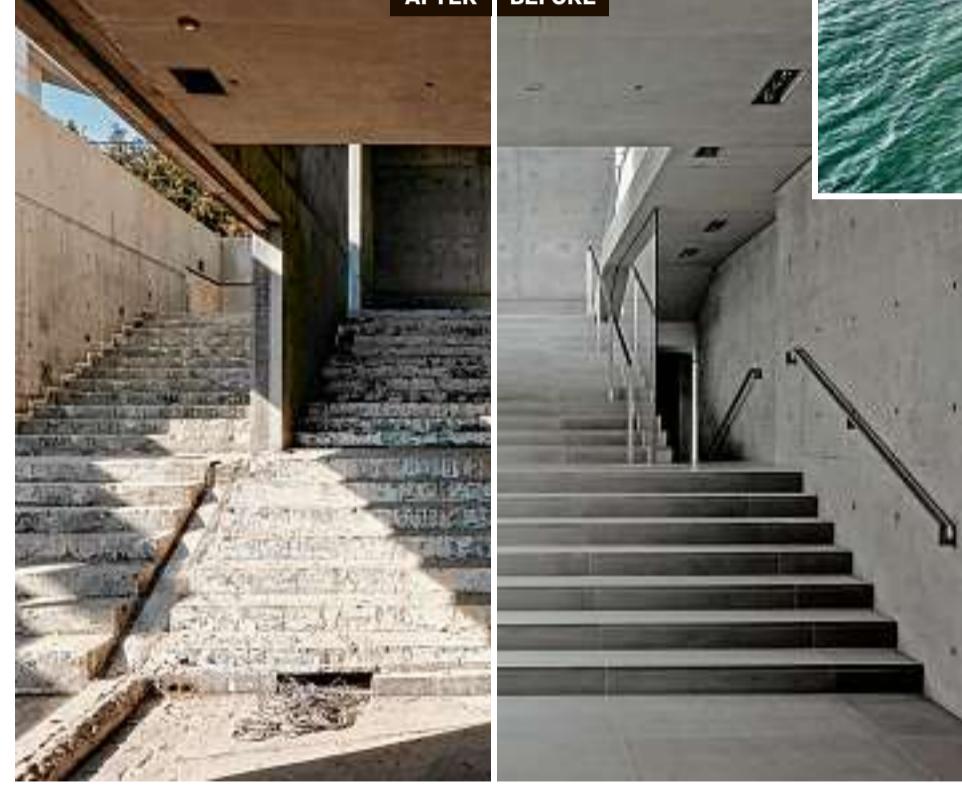
HOMES | MARKETS | PEOPLE | REDOS | SALES

Friday, October 4, 2024 | **M1**

## Bringing Kanye's Ando Back From The Dead

Steven 'Bo' Belmont purchased the wrecked Tadao Ando-designed home for just \$21 million, and raised millions more to fund its restoration.

Can he make it a 'piece of art' once again?



Ye, formerly known as Kanye West, purchased the Tadao Ando-designed home in 2021 and promptly began gutting it to create a 'beach bunker.'



DAM AMENGUAL FOR WSJ (4); ROGER DAVIES/THE OPENHEIM GROUP (BEFORE)

By E.B. SOLOMONT

The long, strange tale of a Tadao Ando-designed house in Malibu that rapper Kanye West bought, gutted and abandoned is starting a new chapter. Once likened to a rare Picasso, the concrete home just changed hands for \$21 million—about \$36.3 million less than West, now known as Ye, paid during headier days in 2021.

The intervening years have been punctuated by the implosion of Ye's business empire and personal life, and the wreckage of the iconic Malibu home, designed more than decade ago by Ando, a Pritzker Prize-winning Japanese architect with a celebrity following. Since then, the house has been the subject of countless tabloid headlines and a roughly 10,000-word article in the *New Yorker* in June. The derelict structure currently has no windows, bathrooms or electricity; exterior stairs appear pockmarked and railings are rusty, having been exposed to wind and sea spray from the nearby Pacific Ocean.

None of that fazes new owner Steven "Bo" Belmont, an entrepreneur and founder of a crowdfunding-style real-estate investment firm called Bel-



Steven 'Bo' Belmont at the home that he purchased from Ye in September. He plans to restore it and sell it.

wood Investments, based in Folsom and Newport Beach, Calif., who bought the house and now plans to restore the Ando to its original form.

In the weeks before closing on the property, Belwood raised millions of dollars from investors who chipped in as little as \$1,000 to north of \$1 million to fund the restoration, which Belmont estimated will cost roughly \$6 million to \$8 million for mostly cosmetic fixes. On Instagram, where Belmont has about 83,700 followers, he estimated investors could see 100% ROI on the deal.

"It was a piece of art; it still is," Belmont said. "It just needs to be put back together."

Completed in 2013, the house was built by former Wall Street heavyweight Richard Sachs, who in 2020 compared it to "a Picasso cubist painting, very important and very rare."

Ando has famously designed only a few residences for select clients. In 2023, Beyoncé and Jay-Z paid \$190 million for an Ando-designed mansion in Malibu, dubbed the "Big Ando," compared with Sachs' "Little Ando," which he spent seven years designing and building. The modern, three-story residence required 1,200 tons of concrete,

Please turn to page M6

Listing price in 2020  
**\$75 MILLION**

Price paid by Kanye in 2021  
**\$57.3 MILLION**

Listing price in Dec. 2023  
**\$53 MILLION**

Listing price in April 2024  
**\$39 MILLION**

Price paid by Belmont in Sept. 2024  
**\$21 MILLION**



AIRVIEW INI

This former coastguard station on Northern Ireland's coastline sold for more than double its listing price, despite the fact that it has no windows, doors, running water, electricity or access road suitable for motor vehicles.

## Relics From a Bygone Age Become Home

Once used to survey the sea, these U.K. coastguard buildings are now vacation homes

By RUTH BLOOMFIELD

**ESTATE AGENT** Daniel McAlister's listing for Torr Head, a ruined old coastguard station perched on an Irish hilltop overlooking the North Channel between Northern Ireland and Scotland, had a few unusual issues.

"There is no road access so you have to walk up the hill to get there and it is quite a walk, and there are no windows, doors, running water or electricity," said McAlister, who listed the property with a guide price of \$200,000.

Despite the challenges, the building's elevated setting and views are spectacular. He had a sneaking feeling the property, some 8 miles from the seaside vil-

lage of Ballycastle, County Antrim, Northern Ireland, would generate quite a bit of interest. But he wasn't prepared for the surge of excitement.

"People from all around the world started calling," said McAlister, of Daniel McAlister & Son estate agents.

When the auction was held in August 2024, more than a dozen rival bidders pushed the price up to around \$465,000. The winning bidders were a couple from Northern Ireland who live in Australia. They intend to turn the property into a private holiday home, McAlister said.

The U.K.'s coastguard service (coastguard is one word in the

Please turn to page M9

## PRIVATE PROPERTIES

# ORDER UP: This Home Has a 1950s-Style Diner

For years, the late auto enthusiast William Wilt loved meeting up with his car-collector friends at diners, recalled his daughter Alisha Wilt. So when William and his wife, Diane Wilt, built a new Oregon home in the early 2000s, they included a car showroom, workshop and a 1950s-style diner.

"His dream was, instead of meeting up at the local diner where they would all gather and have lunch together, he would host them at his house," Alisha said.

Now the West Linn property is going on the market for \$8 million. The 20-acre estate has a roughly 13,300-square-foot, five-bedroom home with indoor and outdoor pools, according to Kendra Ratcliff of LUXE Forbes Global Properties, who shares the listing with Terry Sprague.

The Wilts, who were real-estate investors, raised their children in the Oregon city of Albany.

FOR SALE

\$8 MILLION

13,000 sq. ft.,  
5 bedrooms,  
2 pools, car  
showroom

Once their daughters were grown, however, they started looking for a new home with a lot of land. "They wanted to create their own little sanctuary," said Alisha.

West Linn, an area known for its large luxury estates, is about 13 miles from Portland. The Wilts chose this property for its proximity to Portland and because it borders the golf course at the Oregon Golf Club, adding an extra layer of privacy. They bought the land in 1999 for \$750,000, according to property records, and spent around two years developing it with their future grandchildren in mind.

In addition to the house, the property has a roughly 16,200-square-foot, three-level workshop

building containing the diner, a mechanic shop, a one-bedroom apartment and the showroom, which can fit around 15 cars. William worked on hot rods and displayed his cars in the workshop.

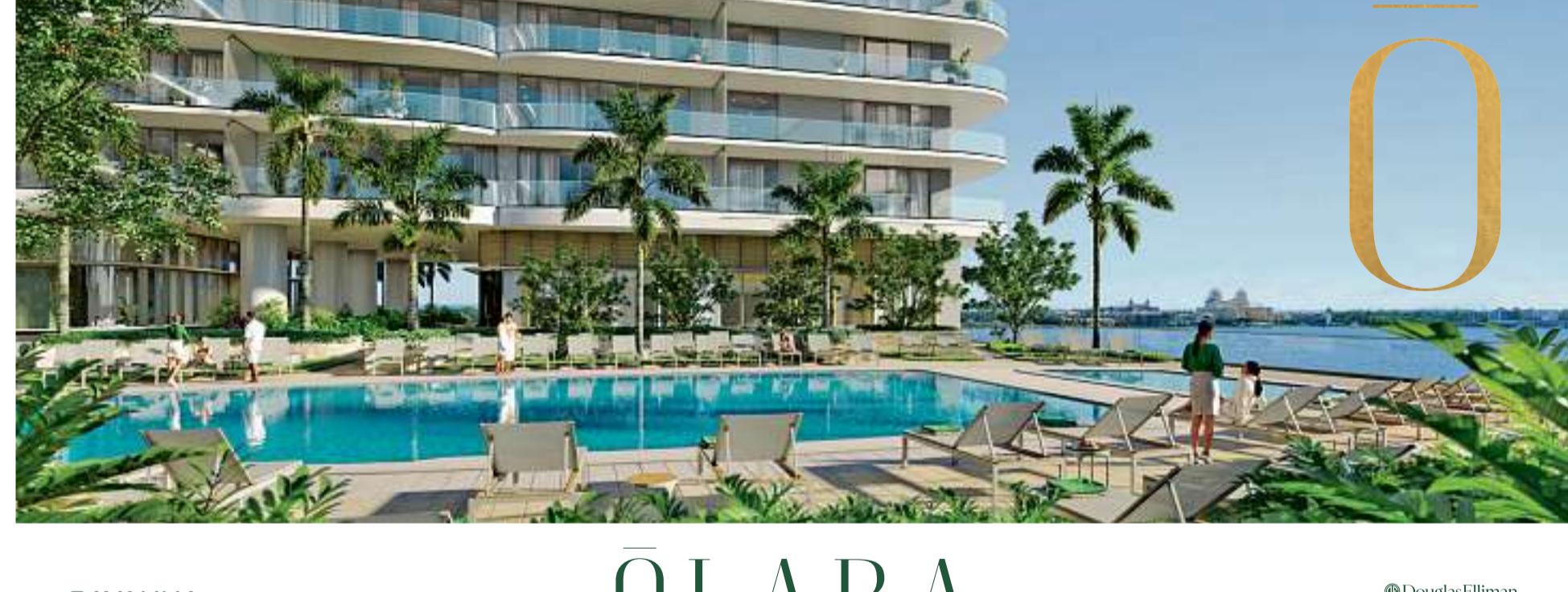
In the diner, he installed a professional-grade griddle, which can be used to make dishes like pancakes and French toast.

"He was very social," Alisha said of her father, who died in 2015. "He loved sharing his passion."

Alisha, her sister, and their children visited the estate for holidays and during the summer.

The family has decided to sell because it feels like the right time to let it go. "It's a very special place," Alisha said.

—Libertina Brandt



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## PRIVATE PROPERTIES



## Home is Where the Art is: A Sculptor-Designed House Lists

One night in the 1970s, art lovers Roy and Carol Doumani met sculptor Robert Graham at a home in Beverly Hills, where his now-famous "Dance Door" piece was being unveiled.

The Doumanis asked Graham if he would create a custom piece for a beachfront home they were planning to build in California. They were shocked and thrilled at his response: Graham asked if he could design the house itself.

"He wanted to eliminate the boundaries between art and craft," recalled Carol, a novelist who was 27 at the time. "If we were older and world-weary, we'd have been more cautious," she said, since Graham wasn't a trained architect. "But in our minds we thought, 'What an incredible opportunity.'"

The contemporary plaster house Graham designed for them in Marina del Rey was completed in 1982. Now, after Roy's death in 2019, Carol is putting it on the market for \$17.5 million.

The house evokes the artistic spirit of Los Angeles in the 1980s and 1990s, Carol said. The U-shaped, three-bedroom house is roughly 6,600 square feet with two distinct geometric wings framed by large windows. Graham enlisted other artists, including

painter David Novros and muralist Terry Schoonhoven, to participate in the building process; a few years later, Dale Chihuly designed a chandelier for the dining room.

The house also has an elevator, a lap pool, a lower-level theater and a four-car garage. There are two kitchens: a chef's kitchen with custom-wood cabinetry and a working kitchen, where Carol liked to cook and bake.

Roy was a financier and UCLA professor. According to property records, he purchased the Marina del Rey land for \$121,000 in 1972,

before he and Carol were married. After Graham signed on to design the house, the Doumanis enlisted architects and engineers to bring the project to fruition and ensure it was structurally sound. The process, which required 170 tons of plaster, took four years and cost about \$2 million, Carol said.

The entryway has stained-glass double doors designed by Novros. Billy Al Bengston designed etched Waterford crystal balustrades in a study off the primary bedroom. Abstract painter Ed Moses created a lattice-etched window frame looking out at the beach. Joanna Poussette-Dart did a mosaic wall for the roof deck, and there are

two metal-clad doors by Tony Berlant. Graham himself created bronze friezes that are embedded in the walls, as well as stair railings and door moldings, and Eric Orr created a water feature above a skylight in the music room; during the day, as the sun hits the water, it casts a dancing shadow on the wall.

Carol said Graham discouraged



Dale Chihuly designed a chandelier for the dining room.



—E.B. Solomont

NILS TILM (3)

\$17.5  
MILLION  
6,600 sq. ft., 3 bedrooms

**SUNSHINE  
350  
DAYS  
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## MANSION

## THE MARKET

BY KATHERINE CLARKE

**E**ric Schmidt, the former Google chief executive, has his eye on one of the most storied private estates in Los Angeles: 120-room Spelling Manor, which is on the market for \$137.5 million.

There's just one problem: The owner can't legally sell it.

Spelling Manor has been targeted by scammers who fraudulently file deeds on luxury properties, according to the home's owner, 594 Mapleton LLC. The alleged scammers, going by the names Mirga Phipps White and Nicholas Phipps White, executed a phony deed on the house and recorded it with Los Angeles County in June 2024, the owner says. While the mess winds its way through the courts—which could take months—the property is in legal limbo and can't be sold.

The Whites deny the allegations and insist the property is theirs. In a bizarre twist, they contend that Spelling Manor was fraudulently purchased with funds stolen from them by "The Real Housewives of Beverly Hills" cast member Erika Girardi and her then-husband, disgraced former attorney Thomas Girardi. In August 2024, Thomas Girardi was found guilty of embezzeling more than \$15 million from his law firm's clients.

During legal proceedings, the Whites have made statements that amount to "bizarre conspiracy stuff," said attorney Benjamin Wagner of Gibson Dunn, who represents 594 Mapleton LLC. The litigation poses a real threat to a potential sale of the property to Eric Schmidt, who sources say has been circling the property, or anyone else.

Wagner declined to identify the person behind 594 Mapleton LLC, but said of his client's reaction to the situation: "Frustrated would be an understatement."

In a phone call with The Wall Street Journal, Mirga Phipps White said the couple's claims are factual.

"We're not the problem. They are the problem," she said of 594 Mapleton LLC.

Spelling Manor isn't the only

# Who Really Owns Spelling Manor?

A fraudulent deed was executed for the iconic estate, the owners say



Spelling Manor was built around 1990 in the style of a French château. It has since been extensively renovated. At right, reality TV star Erika Girardi and disgraced former attorney Thomas Girardi.



court with space to park 100 cars.

The house was built around 1990 by the late television producer Aaron Spelling and his wife, Candy Spelling. Candy famously had three gift-wrapping rooms in the house.

Candy put the house on the market in 2009 for \$150 million. Two years later, Petra Ecclestone, daughter of the British billionaire and onetime Formula One racing boss Bernie Ecclestone, bought it for \$85 million and hired a team of roughly 500 workers to complete a massive renovation.

In 2019, 594 Mapleton LLC purchased the house from Ecclestone for nearly \$120 million. In the past, local agents have said the owner is a Saudi billionaire.

Spelling Manor went back on the market in 2022 for \$165 million. A few months later, Nicholas Phipps White sued Anywhere Real Estate, the parent company of West Coast Escrow, the firm that handled the escrow for the Spelling mansion, alleging a convoluted scheme involving the high-profile Girardis. Erika Girardi has starred on "The Real Housewives of Beverly Hills" since 2015, and the couple's legal and marital problems have featured prominently on the show.

In sometimes-contradictory legal filings, Nicholas Phipps White claims he sold a real-estate proj-

ect to the Kingdom of Saudi Arabia Public Investment Fund in 2016 for \$12.7 billion, but the funds were misappropriated by then-presidential candidate Donald Trump and treasury secretary Steven Mnuchin. He claims the federal government then settled with them for \$27.8 billion, but that Thomas Girardi, who the Whites say was the government's attorney for the case, then stole the funds. The Kingdom of Saudi Arabia Public Investment Fund, Trump and Mnuchin didn't respond to requests for comment.

The Girardis used some of the money to buy Spelling Manor, Nicholas Phipps White says, which he believes makes the property rightfully his.

Nicholas Phipps White's lawsuit has since been dismissed, with the judge calling the claims "fantastical"; he has since appealed. A spokesperson for West Coast Escrow said the claims are "meritless."

When asked about the suit by The Journal, Mirga Phipps White made claims seemingly unrelated to the case. For example, she said an attorney for 594 Mapleton LLC had advance knowledge of an assassination attempt on former U.S. President Trump. She copied President Trump's son, Eric Trump, on an email to the Journal. The attorney said he had no prior knowledge of the assassination attempt.

It isn't clear if the Whites know or have had contact with the Girardis, who couldn't be reached for comment.

Earlier this year, the Whites were sued in a separate case that alleged they filed fraudulent title documents for a \$55 million mansion in Newport Beach, Calif.

New technology in the deed-filing process has led to an increase in scams, according to attorney David Fleck, who specializes in title-fraud cases.

Thanks to AI and online tools, it is easier than ever to forge documents, identification and notary stamps online, he said. Most documents can be filed online in many places, so fraudsters never have to encounter a person in real life.

Once scammers successfully file fake deeds, they can try to take out a mortgage on the property, sell it or rent it out. It is up to the true owner of a property to have a fraudulent deed removed in court, which takes months or sometimes years, Fleck said.

"The county has no idea if you're telling the truth or the bad guy is telling the truth," he said. "They're not set up for that."



Graceland has also become embroiled in a title dispute.

high-profile property to become embroiled in a title dispute in recent years. In August, federal authorities arrested a Missouri woman for allegedly stealing the Presley family's ownership interest in Graceland, the Tennessee

mansion where rock 'n' roll legend Elvis Presley lived.

Due in part to changes in technology, there has been a sharp increase in title fraud and seller impersonation across the country in recent years, said Sarah Frano,

vice president and real-estate

fraud expert at First American Title Insurance Company.

In 2023, 28% of title-insurance companies experienced at least one seller-impersonation fraud attempt, according to a recent report by the American Land Title Association.

Located in the Holmby Hills neighborhood, Spelling Manor is one of the largest homes in the world. At around 56,500 square feet, its size eclipses that of the White House. Built in the style of a French château, the property includes a bowling alley, a wine cellar, a beauty salon and a motor

spa.

Spelling Manor went back on

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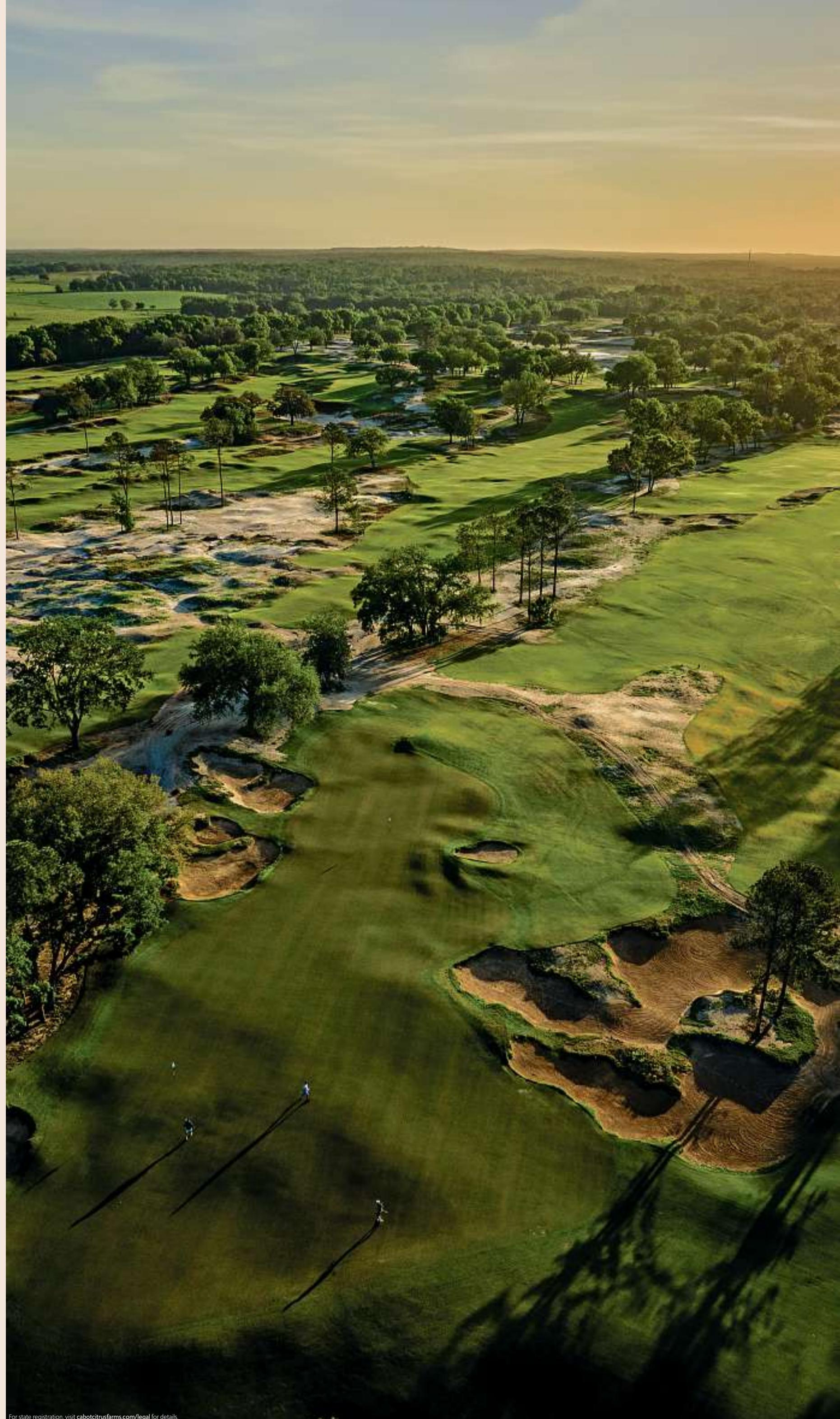
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## MANSION

## Reviving a Malibu Ando

*Continued from page M1*

200 tons of steel reinforcement and 12 massive pilings driven more than 60 feet into the sand.

Sachs listed the house for \$75 million in 2020. A few months later he had a buyer: "Kanye West Drops A Whopping \$57.3 Million For Malibu Home/Sculpture," a TMZ headline screamed.

Ye wasted little time gutting the house with plans to turn it into a beachfront bunker, according to a 2023 lawsuit seeking roughly \$2 million filed by contractor Tony Saxon. In the suit, which is ongoing, Saxon described being told to rip out the windows and bathrooms, and turn the stairs into a slide; he also said he was forced to work 16 hour days and sleep on the floor near open insulation. Neither Ye nor his legal team responded to requests for comment. Saxon's lawyer said, "The sale of the Malibu home has no impact on our case to get the money owed to our client by Ye."

During the renovation, Ye made headlines for erratic behavior and antisemitic comments. Adidas and Gap cut ties with him in the fall of 2022.

In December 2023, Ye listed the Malibu house—what was left of it, anyway—for \$53 million. It wasn't an easy property to show, said listing agent Jason Oppenheim of the Oppenheim Group, who felt there were safety concerns. "It was basically a construction site," he said. "If it's cold or rainy, you can't show this house. It is completely open to the elements." Oppenheim ended up having a lawyer draft a release of liability, and he printed out dozens of copies for prospective buyers and other visitors. Later, he shared copies of the New Yorker article. "I included it in the seller's disclosure. 'Hey, you want to learn about the house? Here you go,'" Oppenheim said.

By April, Ye was asking \$39 million. The price cut caught Belmont's attention. By then, he had been flipping homes for a few years and "the minute he lowered it to \$39 million was when I smelled blood in the water," he said. Belmont texted his agent, Jean-Baptiste Rugiero of The Agency, who has brokered more than a half-dozen deals for Belmont in the past year in the \$3 million to \$10 million range.

"I want it for \$20 million," Rugiero said Belmont wrote.

Belmont, 41, grew up near Middletown, a small town north of California's Napa Valley. He attended Sierra College, a community college, and worked as a mortgage broker for Ameriquest Mortgage and People's Choice Mortgage before the 2008 market crash, when he started flipping houses.

In 2013, Belmont was arrested in Napa County for hitting a man with a pitchfork during an altercation. The man suffered lacerations through his ear, traumatic brain injury and fractures to his maxilla, orbit and temporal bones, according to court records. When law enforcement went to Belmont's house in El Dorado Hills after the fight, he engaged in a "multi-hour standoff that required gas grenades," the local newspaper reported. Belmont said he was sleeping when law enforcement arrived late at night and did not ring the bell. "It was just way overkill," he said.

In 2014, Belmont was convicted of assault with a deadly



The home was open to the elements after Ye had contractors remove its windows. Ocean spray and removal of features like the stairs and fireplace, left, caused damage that will cost millions to repair.



Ye paid around \$57.3 million for the home. He sold it for \$21 million after demolishing the interior.



Less than a month after leaving prison in 2018, Belmont launched Belwood. "It wasn't easy to start over again," he said. "The hardest part was investors saying, 'Dang Bo, but I'm reading about this.' To reassure investors their money is safe, Belmont said Belwood uses a trust deed structure, in which investors direct their funds to a specific project and in exchange get a trust deed, effectively making the investors private lenders on that project. Throughout the course of the project, Belwood, which due to its structure is not required to register with the SEC, covers all expenses and debt service on the project. Once a project sells, Belwood first returns investors' original investment, then it pays off any

mortgage on the project. Lastly, Belwood recoups its project expenses, then it splits the remaining profit 50-50 with investors.

"I call it the democratization of real estate," said Belmont, who said he bootstrapped the startup, which he said has 200 employees worldwide. In six years, he claimed, Belwood has done about 1,700 transactions, with an average return of 27% in 250 days. "We've had thousands of transactions and never had an investor lose out," he said. The Wall Street Journal was unable to independently verify Belwood's average

investor returns or whether its investors have ever lost money.

Belwood currently owns more than a dozen homes in Los Angeles, records show, including the former home of singer Bill Withers, which it bought for \$3.715 million in June. Belmont plans to add a pool and make cosmetic upgrades before selling it.

When Belmont saw the listing for Ye's house, he instantly thought buying it could elevate Belwood's profile in the real-estate world.

He also thought he would have leverage with Ye, who appeared to be liquidating assets. "Bianca was signing a whole bunch of sales agreements and contracts," Belmont said, referring to Ye's companion, Bianca Censori. He thought at the time, "We are going to be able to slide this one in there." Censori did not respond to a request for comment.

Rugiero said when he got Belmont's text message, he prepared the \$20 million offer and sent it off. By July 17, Belwood was in contract and set to close within 20 days, the agents said.

Twenty days stretched into more than two months, however, as Belmont asked for repeated extensions, citing the need to line up insurance and contractors, clear title, and conduct due diligence with the city of Malibu and California Coastal Commission. He also needed to button up financing. "At one point in time, Jason said, 'You know, thank you for wasting my time,'" Belmont said. Over several weeks, Belmont

touted the investment opportunity on Instagram, encouraging people to invest through the Belwood app. By the first week of August, Belwood had raised about \$2.5 million out of \$5 million, he said in an Instagram post. He said the deal was 96% funded as of late August.

Ultimately, Belwood also structured an \$18.5 million acquisition loan with CV3 Financial Services, a private money lender. CV3's Dallas Tesser said there were several weeks of due diligence with its capital partner.

Previously, the firm funded three of Belwood's deals in Beverly Hills, in the \$2 million to \$3 million range.

"With deals this size, everyone

wants to make

sure they're crossing their T's and

dotting their I's,"

Tesser said.

Tesser said the capital partners

got comfortable

making the \$18.5

million loan be-

cause of the

home's appraised

value of \$28 mil-

lion, and the 66%

loan-to-value ratio.

"You're basically

walking into eq-

uity," he said. "It's

also an Ando."

In August, with

negotiations con-

tinuing, Rugiero said he and colleague Mehdi Maamri took Belmont out to dinner and then clubbing at Warwick, a nightclub in Hollywood. By sheer coincidence, he spotted Oppenheim. "I tapped his shoulder and said, 'Hey, I'm the guy you've been talking to for a month,'" Rugiero said.

Oppenheim said being face-to-face with Belmont and his agents accelerated the deal.

"We were out drinking. It was like, 'Hey, let's get this deal done,'" he recalled. The fragile consensus, however, nearly fell through when Belmont asked to extend the closing again.

Oppenheim advised Ye to grant Belwood the final extension but only on the condition that Belmont release a non-refundable \$630,000 de-

posit from escrow. Oppenheim also wanted to speak with Belwood's lender to confirm the status of its loan documents. In an Instagram post soon after, Belmont told his followers, "We're closing this deal for sure now...I have \$630,000 as a deposit in there and the minute I click this, it's gone. There's no getting it back. That means I have to close this deal."

The final funding transferred on Sept. 25 and the deal was recorded a day later. In addition to the \$18.5 million acquisition loan, Belmont says Belwood will use the \$5 million it has so far raised from investors to pay for the renovation. Belmont said Belwood will close the gap on the purchase price, and fund the rest of the construction and carrying costs. He said Belwood may raise additional capital from investors to complete the project.

Belmont said he is intent on wiping all traces of Ye from the Malibu property. An August press release announcing the transaction didn't mention Ye, but included a quote from Sachs. "My goal is to restore it back to what it once was; for a new buyer to say, 'I'm not buying Kanye's trashed Ando,'" Belmont said.

A few days after the closing, Belwood officially signed a deal to bring on Marmol Radziner, the design-build firm that built the house for Sachs originally. "They know the project well," Belmont said. "They have all the original plans and blueprints." Architect Ron Radziner said he recently got an email from Ando's office, "happily asking" if rumors about the restoration were true. "They're enthusiastic about this," Belmont said of Ando's team. Ando did not respond to a request for comment.

Belmont said he is also trying to work out plans to visit Ando in Japan, where he hopes to convince the architect to pen a letter affirming his pride in the project. "There's a stigma over the property right now because of what Kanye did," he said. "I don't want that to carry on through this project. I want it to end."

This is the biggest residential deal for Belmont's firm. He may list the unrenovated property for \$29 million. As construction progresses, he'll raise the price to \$40 million for the fully restored Ando. "Even at a \$40 million exit, that gives my investors 100% return on their money."



Architect Tadao Ando is said to be pleased with plans to restore the home to its former beauty, above.

FROM TOP: ADAM AMENGUAL FOR WSJ (5); ARNOLD JEROCK/GTY IMAGES (YE); ROGER DAVIES/THE OPPENHEIM GROUP; BEHROUZ MEHR/AFP/GETTY IMAGES (ANDO)

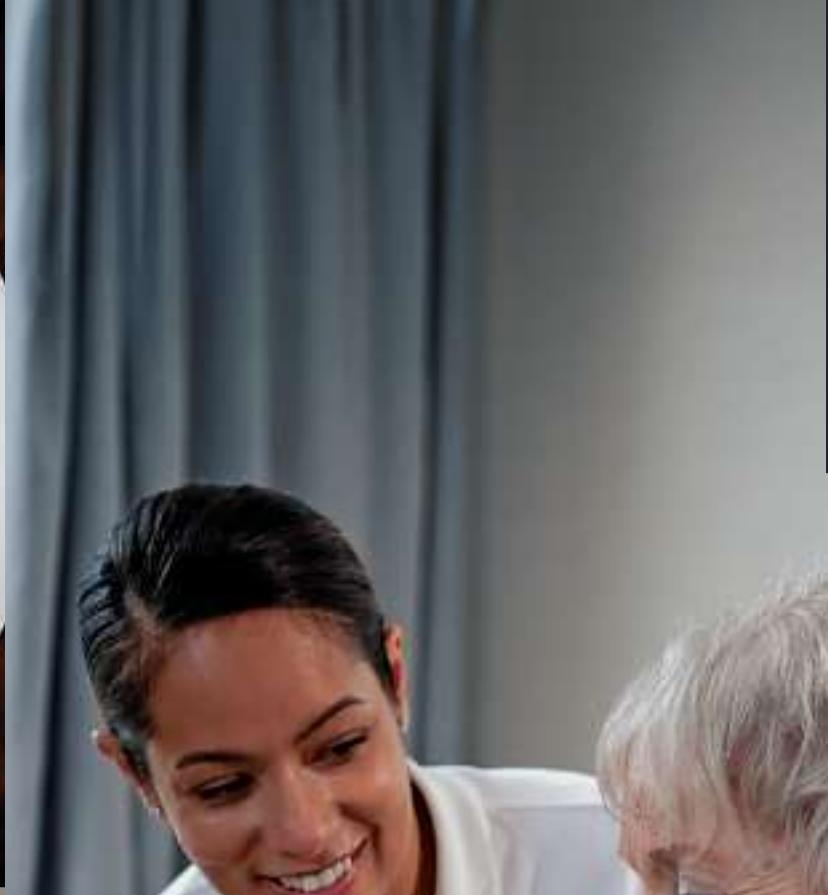
**'There's a stigma over the property right now because of what Kanye did.'**

—Bo Belmont

mortgage on the project. Lastly, Belwood recoups its project expenses, then it splits the remaining profit 50-50 with investors.

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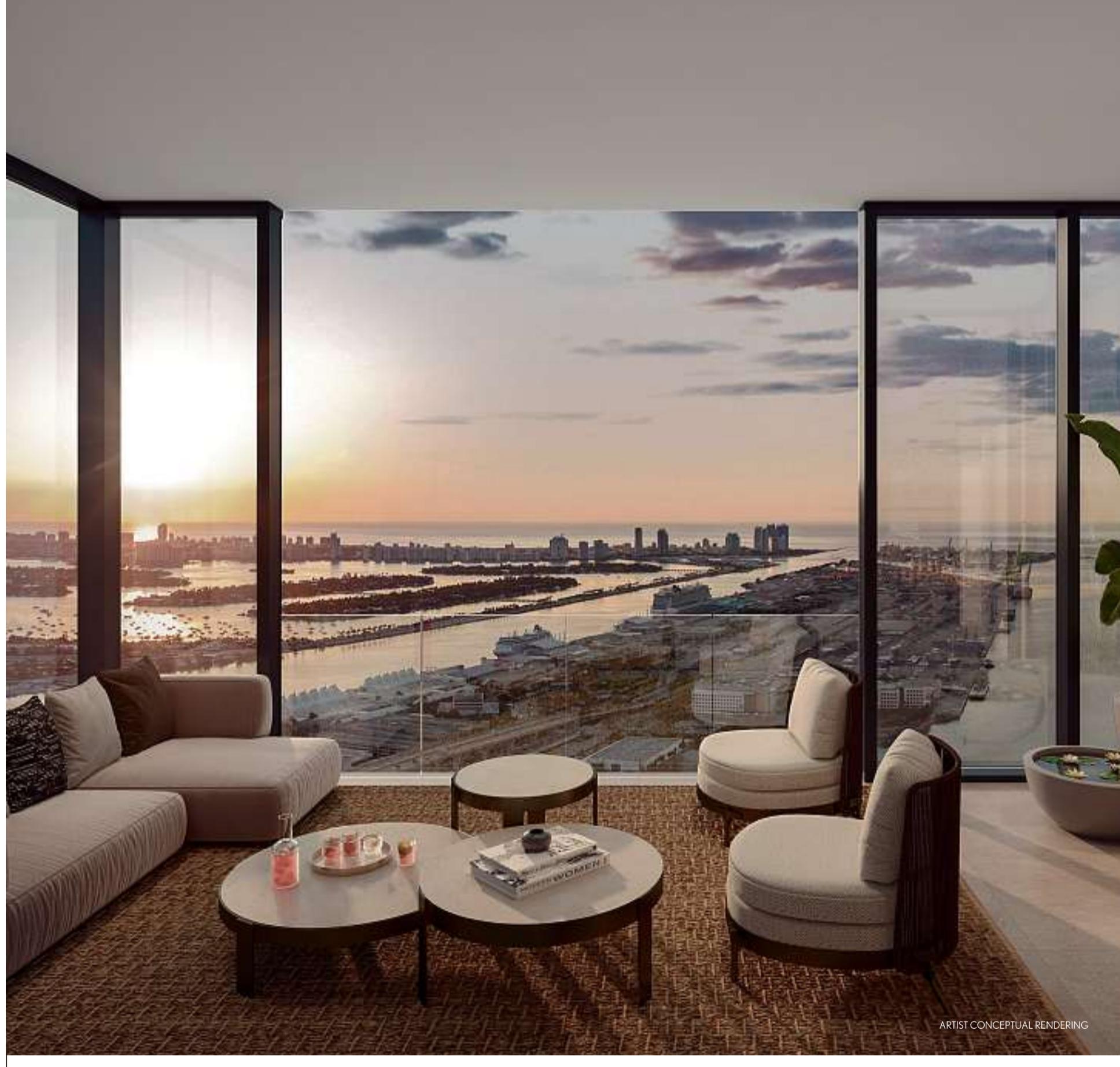




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## MANSION

## INSIDE STORY

# Let There Be Light

Renovating this 1730s home to maximize natural light took time and perseverance, thanks to its historic designation

BY NANCY KEATES

**S**tepping inside the small, stone New Jersey farmhouse—built in 1734, before the U.S. was the U.S.—felt like going back hundreds of years in time.

That's exactly why the Teaneck property appealed to Clement Huyghebaert, 38, a startup co-founder from Brussels, and his wife, Dr. Eleonora Spinazzi, 36, a neurosurgeon who spent her childhood in Milan, Italy.

"We grew up around these old houses," says Huyghebaert, who came to the U.S. for college at Columbia University. "It felt like home."

The house, one of the country's earliest examples of Jersey Dutch-style architecture, is on the National Register of Historic Places. More recently, it was occupied for 17 years by a Buddhist monk from Korea who operated a temple there.

Despite the charm, the home needed work. "I loved it, but I felt like we couldn't live in it because it was so dark," says Spinazzi. After buying the property for \$1 million in May 2022, the couple set off on a \$426,000 interior renovation that aimed to preserve the building's character while creating functional spaces and maximizing natural light. It wasn't an easy process: Any alterations impacting the exterior require the approval of the seven members of the Township of Teaneck's Historic Preservation Commission.

The home sits on 1.5 acres along the Hackensack River, in a leafy suburb just across the Hudson from New York City. It is known as the John Ackerman House, after an early owner who was a farmer and a descendant of

RENOVATION COST  
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2 bedrooms, 3,225 sq. ft.



In the original portion of the house, part of a stone wall was replaced with a large glass window and French doors to provide light and views.

a Dutch immigrant family. The sandstone home is one of only a few remaining examples of Jersey Dutch-style homes, which generally feature gambrel roofs with flared overhanging eaves, according to Tim Adriance, a historic-preservation consultant who lives

nearby and has studied the property.

The property was owned for years by neighboring Fairleigh Dickinson University, which used it as the president's house and for hosting visiting professors. The university then sold it to Zen

Master Sung Hae, who operated his Bulkuska Temple there. When Claire and Gideon Karlick purchased the house for \$526,000 in 2010, they found a piano, yoga mats on the floor, hundreds of Korean language books and even a pot of beans cooking on the stove.

"It looked desolate," says Claire, 74. Hae couldn't be reached for comment.

The Karlicks fixed the roof and put in a new kitchen, which required gutting part of the first floor. By 2017, however, they had

Please turn to page M8

PAUL WARCHOL FOR WSJ

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Rendering courtesy of "The Boundary".

## MANSION

*Continued from page M7*

grown tired of mowing the grass and thought the property would be more valuable for their children if other homes could be built there. They proposed preserving the existing house and subdividing the land to allow two additional houses on a quarter-acre each.

Neighbors complained about parking, and the local planning board rejected the proposal, saying it would violate lot-size requirements, cause traffic-flow issues and have a negative impact on adjacent properties.

Wanting to move to New Mexico to be closer to their grandchildren, the Karlicks put the house up for sale in September 2021. Claire, who was showing the house to prospective buyers, says there was a lot of interest, mostly due to its large lot size, but everyone wanted to make drastic changes to the house.

Then Huyghebaert and Spinazzi showed up. "I liked them immediately," Claire says. "They weren't talking about knocking the house down or making it bigger." She says she loves their renovation.

At the time, Huyghebaert and Spinazzi were living in a tiny apartment in New York City, where Spinazzi was doing her neurosurgery residency at Columbia and Huyghebaert was working in engineering at BuzzFeed; he has since joined a startup incubator in 2023 and commutes to the city one day a week. They wanted somewhere with a yard for their Great Danes; they currently have four.

When the couple bought the Teaneck house it was 3,225 square feet, thanks to a 2½-story addition in 1787. The original beams and thick walls reminded Spinazzi of the farmhouses she stayed in over summer vacations near the Alps when she was growing up, she says. After her family moved to Princeton, N.J., when she was



BEFORE



AFTER

Several small rooms on the second floor were removed to create an office, reading nook, bedroom, bathroom and dressing room.

ship's historic-commission members so much that they voted in November 2022 to postpone a vote until they'd had more time to think it over, says chairman Mike Norris. Even though the proposed changes were at the rear of the house, they were concerned that they would still be visible from the adjoining Hackensack River Greenway and the river. "I would have voted no at the time and I think the others would have too," Norris says.

The architects came back with four alternative plans. The one that struck a chord with the commission proposed using a French glass door instead of the sliding-glass door, and installing folding wooden shutters over two fixed-glass panels. They also proposed installing the folding shutters on the home's remaining windows.

The architects argued that the house originally had shutters, showing a 1938 photo of the front of the house as evidence.

The commission approved the plan in January 2023. "It's harder and harder for us to get our historic homes bought by people

as a third bedroom.

They added millwork to create continuity between the historic masonry and timber and the new walls. A modern steel stairway is cantilevered off the side wall so the stairs appear to be floating. Using metal helped demarcate the new from the old, says Fuller. "It's a way to express change, using a material that feels complimentary to and differentiated from the original structure."

At the top of those stairs, a third-floor attic was turned into a guestroom with a window seat. That, too, required uncovering beams that had been hidden and ripping out layers of additions, a process that required studying the materials and original lines.

Spinazzi compares the process of installing the new glass windows in the old living room to a type of surgery she's trained in, where part of the skull is removed to relieve pressure on the brain



The house in 1936.

**'It's harder and harder for us to get our historic homes bought by people who want to try to keep it as it was.'**

15, she remembers feeling that the houses there were trying to look old but weren't authentic—they were much too large and made from flimsier materials.

But the couple wanted to update the home's interiors and open up the space. A cavelike living room, in particular, was small with low ceilings, heavy beams and a massive stone fireplace. They hired architects Emma Fuller and Michael Overby of New York-based Fuller/Overby Architecture.

"We wanted to modernize the house but we also wanted to make sure we didn't change the aesthetics," Spinazzi says.

The first plan the architects put together called for removing two windows, a door and part of the stone wall from the original portion of the house, and installing a large glass window and sliding door to provide light and views of the trees and river outside.

The plan startled the town—

who want to try to keep it as it was," says Norris. "We were grateful they took on the home."

Fuller and Overby removed an entire portion of the third floor to create the double-height stair hall, exposing hidden beams. On the second floor, they got rid of some small rooms and made an office, a reading nook, and an interconnected main bedroom, bathroom and dressing room. The house now has two bedrooms and a dressing room that could be used

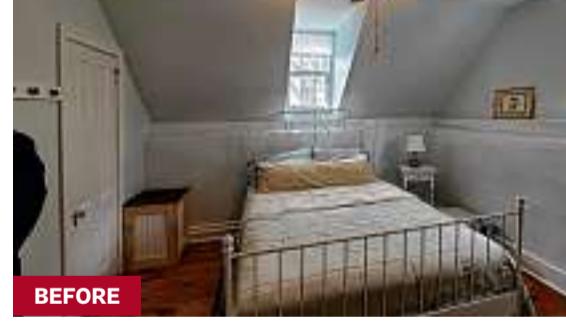
after an injury.

While the surgery must be performed quickly to save the patient's life, the reconstruction requires precision to insert an implant, restoring the removed bone. The doctors who trained her

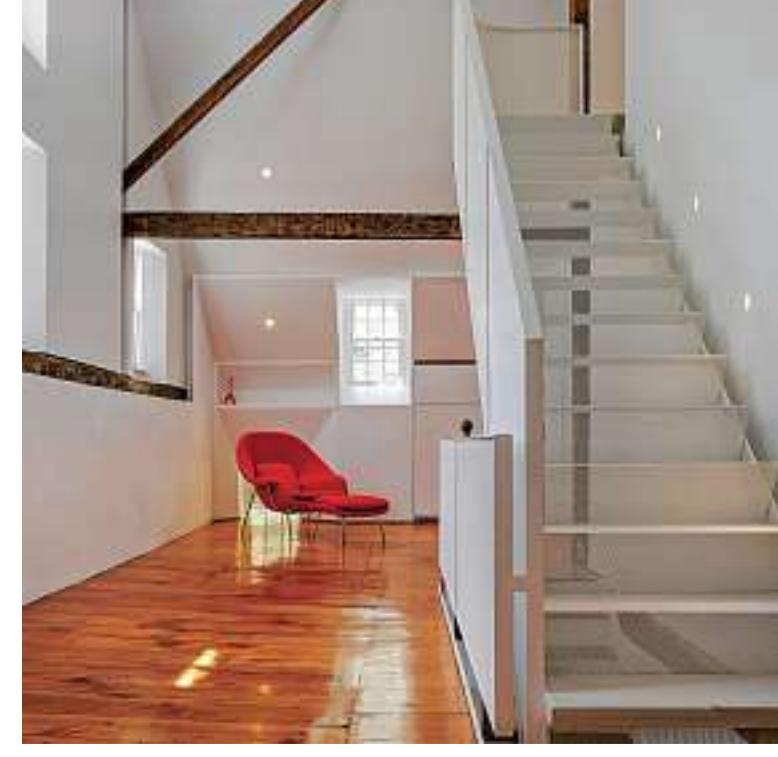
aimed to create a near-exact replica, preserving the patient's original appearance.

"It has instilled in me a deep respect for aesthetics and the protection of each person's unique identity," she says.

A window and french doors. right, provide views of the trees and river outside. Below right, a modern steel stairway appears to float.



BEFORE





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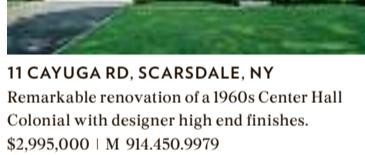
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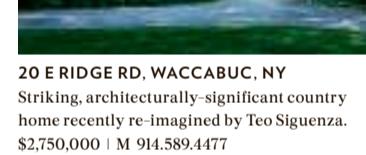
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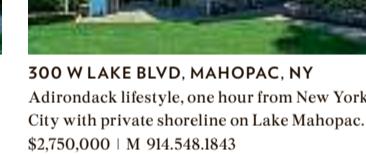
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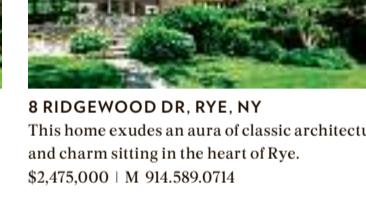
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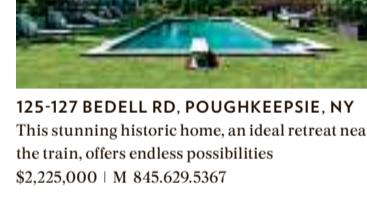
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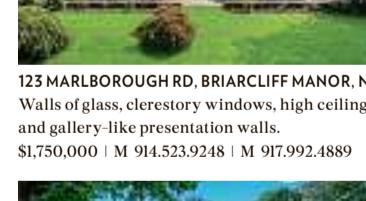
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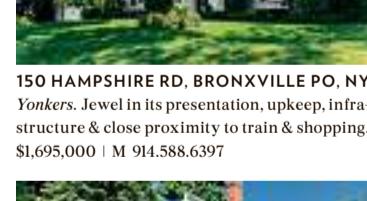
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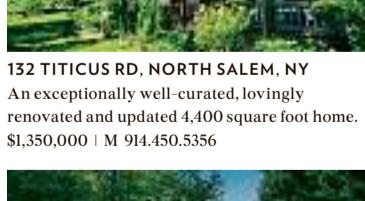
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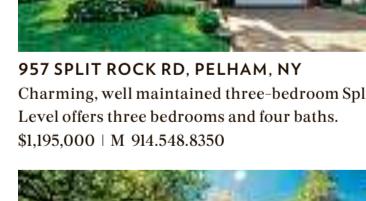
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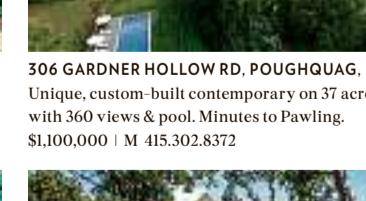
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## MANSION



The 720-square-foot Dungeness coastguard lookout, which Fiona Naylor and Peter Marlow bought in 1997.



## From Relics To Homes

*Continued from page M1*  
U.K.) once had a national chain of lookout stations for its staff to monitor ships within British waters.

Technological advances have now rendered these lookouts obsolete, and the stations have slowly passed into private hands since they began being decommissioned in the 1960s. They provide inventive house hunters with the raw materials to create some truly singular homes.

In 1996, the Magnum Photos photojournalist Peter Marlow was working on a story in Dungeness, a windswept coastal headland on England's south coast. While he was there, he noticed that an odd-looking tower was being cleared out and asked what was going on.

Marlow returned to London and told his partner, Fiona Naylor, about the 720-square-foot former coastguard lookout which was being closed down. She decided to make the roughly 70-mile trip to the south coast of England to see it for herself. She decided it would make the perfect family seaside getaway.

"I am the kind of person that is attracted to things that do not conform to the norm," said Naylor, 62, designer and a founding partner of interior-architecture company Johnson Naylor. "I just loved the idea of the challenge of it."

The couple bought the lookout in 1997 for an undisclosed sum, and Naylor decided to keep the 1960s building intact. "It is a very honest piece of architecture," she said.

She converted the ground floor into a kitchen, put a bedroom above that, a living room on the third level, and the principal bedroom in the old lookout room right at the top. Once the lookout conversion was completed in 1999, Marlow began to use it as a part-time studio with Naylor and their three sons, now aged 30, 25, and 20, visiting on weekends and school holidays.

By 2006, the family had outgrown the two-bedroom lookout, and Naylor and Marlow bought a second piece of Dungeness real estate. The Experimental Station, as it was known, is a roughly 1-acre compound beside the coastguard lookout, where light buoys, fog horns, and lighthouse equipment had once been built and tested.

Naylor set about converting the 2,000-square-foot, 1960s main building into a three-bedroom second home for the family. Reluctant to sell the lookout, she and Marlow, who died in 2016, decided to keep it and make it a short-term vacation rental. Rates start at \$875 for two nights.

Naylor now spends around half her time at her home in London's Clerkenwell neighborhood, and the rest in Dungeness. Being perched right on the coastline has



Fiona Naylor, in the Dungeness coastguard lookout. The couple bought The Experimental Station, below, 2006.



After being empty for more than a decade, The Little Lookout, in the English seaside town of Littlehampton, has been converted into a holiday home by Cal and Leila Leach, shown here with their two sons.

its challenges. "Dungeness is a place of extremes, which is what I love about it," she said. "Sometimes it is still and calm, and sometimes you can hardly stand up because of the wind. People often say it is bleak. To me it is magnificent."

To gain building permits to convert Torr Head, its new owner will have to clear a series of hurdles, said planning consultant Grant Leggett, executive director of Boyer London, which acts for developers and private individuals trying to navigate the U.K. planning-permit system. They must persuade the County Antrim authorities that the building is no longer needed as a coastal defense—likely to be a moot point since it has not been in use for years—and there is not an alternative community use for it. Planning permission would also be needed for any alterations to the building, with particular scrutiny of its proposed exterior appearance, said Leggett.

This process is unlikely to move fast. "The U.K. planning system is under-resourced and therefore quite slow," said Leggett. "It could take a year, easily."

Leila and Cal Leach had to negotiate a similar set of hurdles after taking on another unloved former coastguard building—a 1930s-built coastguard lookout in the town of Littlehampton, some 60 miles south of London.

"It was an absolute wreck," said Leila, 40, of the three-story red-brick building topped with a glass-fronted lookout room. "Inside ceilings had partially collapsed, the roof was leaking, it was completely falling down. But my husband loves a project, and a challenge."

The building, which the couple have named The Little Lookout, had been empty for more than a decade when the couple first looked at it in 2019, said Leila. Its seafront position meant it had been battered by strong winds and salt water for all of that time without any routine maintenance.

Cal, 38, runs a real-estate development company. In 2019, the company bought the building for around \$133,000.

Before renovation could start, Arun District Council, the local planning authority, had to be approached for permission for the building's conversion into a one-bedroom house, with new windows and doors and a spiral staircase leading up the tower. "The council was supportive," said Leila. "It is a prominent site on the seafront and they were keen to see it used."

Work began in 2020. "We stripped it down to four bare brick walls and also dug down so we could create a fourth floor in the building," said Leila. "Everything inside is new—the plumbing and electrics, the walls. It cost a lot more to renovate than it did to buy."

Work on the 645-square-foot lookout was completed in the summer of 2021. Its compact size and four flights of stairs mean it

Please turn to page M10



## MANSION

## LISTINGS



**Helmsdale, Scotland**  
Offers over \$504,000

When its current owners bought it in 2011, The Old Coastguard Station in Helmsdale, a fishing village on Scotland's northeast coast, was little more than a semi-dilapidated hut dating from the early-20th century and unused since the 1970s. It has now been converted into a contemporary three-bedroom house with panoramic water views and a courtyard backyard. Agent: Monster Moves



*Continued from page M9*  
would not be suitable as a full-time home, said Leila, but she and Cal, plus their two sons, aged 7 and 4, vacation at the lookout a couple of times per year.

"The boys love visiting it and I think that as they get older they will appreciate it more," said Leila.

When the family is not around,

the lookout is rented as a holiday home with Host Unusual, which specializes in unusual rentals, with rates of around \$225 per night during the high season in August.

"It ticks along as a holiday rental, and I hope it will be a nice little pension fund for the future," said Leila.

A spokesman for the Maritime

and Coastguard Agency said that when the U.K.'s coastguard service was founded in 1822, it employed some 3,000 men to man scores of lookouts around the U.K. The exact number is not available.

Since the 1960s, there has been a switch from coastal watches to remote monitoring of ships via radio, radar and satellite. Instead of individual lookouts, the agency



**Porthleven, England**  
Guide price: \$928,000

This stone tower was built as a lookout in the fishing port of Porthleven, in the county of Cornwall in southwest England, in 1866, according to the Porthleven Museum. It was decommissioned in the 1950s, later used as a hotel, and subsequently converted into homes. The property has three bedrooms over three stories, incorporating the original watch tower, with a roof terrace overlooking Porthleven's harbor and the Cornish coast.

Agent: Christopers



now has larger regional maritime rescue centers.

Torr Head is a fairly early example of a British coastguard station. It was built in the 1880s, said McAlister, and was used by the coastguard and Lloyd's of London, the insurance and reinsurance firm, as part of its global network of signal stations used to communicate with cargo and pas-

senger boats.

Although it is not known how long it has been empty, it has certainly been long enough for this landmark on the Antrim skyline to have fallen into total disrepair.

"It is going to be a lot of hard work to do something with it," said McAlister.

"But just for the views alone it is worth a try."

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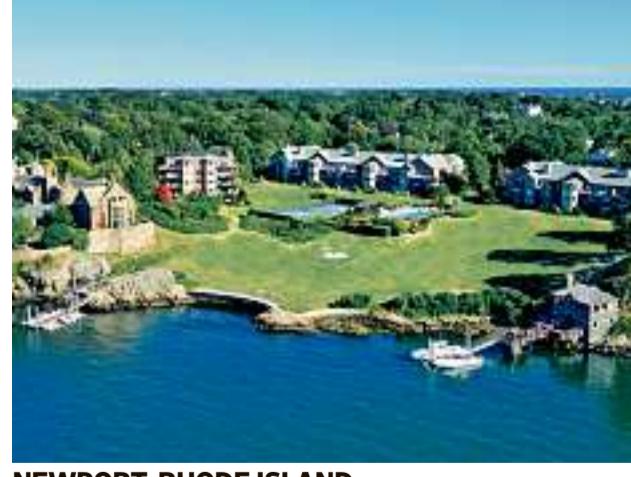
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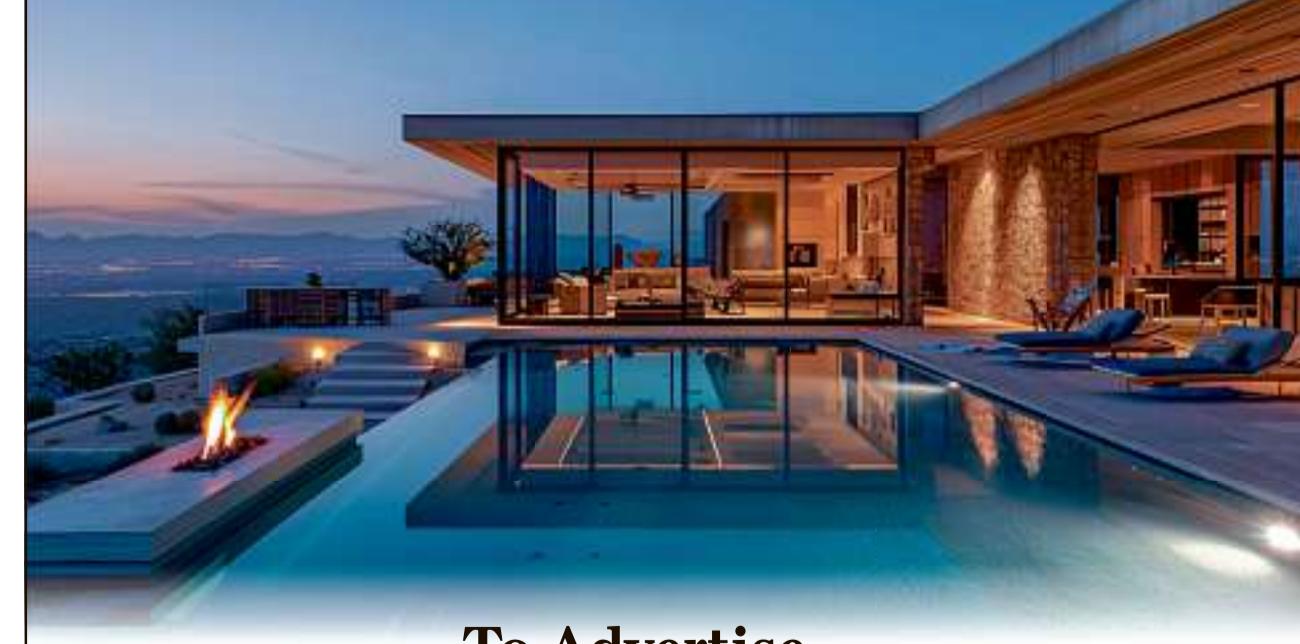


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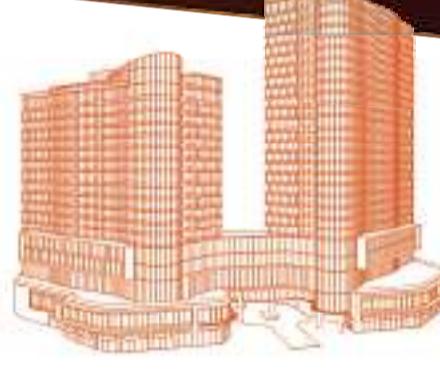
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## MANSION

HOUSE CALL | JUSTINE LUPE

## She Found Her Comfort In Front of the Camera

The 'Nobody Wants This' and 'Succession' actress on trading theater for film and running lines with her dad

**THE MOST MEMORABLE** interactions I had with fine art as a child came from going to work with my dad. He was an exhibition specialist at the Denver Art Museum.

I was focused on being with him, not so much on the art itself. But being around my parents, my father's artwork and storytelling at home shaped how I related to the world.

I was born in New York, where my dad, John, was a visual artist who did freelance work for publications such as New York magazine. But creating art and earning a living to raise children was challenging.

Soon after I was born, my par-

ents moved to Bailey, Colo., but the area was too rural for them. We moved into Denver, where my dad worked at the museum.

When I was about 8, we moved into a ranch house painted a soft, sweet, buttery yellow. My father continued to create abstract

pieces that went up on our walls, transforming our home into a gallery of sorts.

My mom, Katherine,

worked as a social worker at a halfway house for boys and then as a therapist for abused children. Later, she created after-school care. Her entire life has been devoted to helping people.

My younger brother, Colin, and

then as a therapist for abused children. Later, she created after-school care. Her entire life has been devoted to helping people.

My younger brother, Colin, and



Lupe in L.A. in 2023. Below left, Lupe with her brother, Colin; mother, Katherine; and father, John, in a wig, in 1993.

little black box theater and held summer camps. I loved acting immediately.

My maternal grandmother, Kay, who was a prominent civic leader, helped start the Denver School of the Arts, a tuition-free magnet middle and high school that's still

around today. From sixth to 12th grade, I attended the DSA instead of a traditional high school. My audition monologue was Joan of Arc begging for her life.

I joined a thespian troupe that competed, and I won a scholarship for a couple of monologues. This recognition was the first real validation I had outside of my family's encouragement.

Before my Juilliard audition, a theater teacher at DSA, Moss Kaplan, said, "No one gets into Juil-

liard, but I think maybe you could." I was shocked when I did.

My Juilliard training was all about theater. I had no awareness of what film acting meant aside from auditioning-for-film classes. After graduating, I was cast in David Chase's drama film "Not Fade Away" and was instantly more comfortable in front of a camera. The art of film felt like a familiar fit in a way that theater hadn't been. I felt more honest.

"Succession" was a breakthrough after I was cast in 2017. I finally felt financially safe.

Today, I live in East Los Angeles with my fiancé, Tyson, a visual artist, and our baby daughter. We're on top of a hill, our ceilings are high and there's plenty of light. We have a deck with a view of the San Gabriel Mountains.

I break down scripts by drawing little pictures above words. Then I run the lines with my fiancé or my friend Zoe, but mostly with my dad. He has been doing it for years, and it's the sweetest gesture.

—As told to Marc Myers

*Justine Lupe, 35, is an actress known for her roles in "Succession" and "The Marvelous Mrs. Maisel." She co-stars in the Netflix series "Nobody Wants This."*

EMILY KNECHT; JUSTINE LUPE (FAMILY PHOTO)

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# Curators of the unique.

An industry CEO on why off-market listings are not good for the market

**Guest Letter****Gavin Swartzman**

President and CEO,  
Peerage Realty Partners  
Senior Partner, Peerage Capital  
gswartzman@peeragerealty.com

**T**rust is the ultimate form of capital. As with all capital, once trust has been depleted, it is tough to rebuild. This is a challenge facing the real estate business. A lack of confidence in our industry's transparency by a group of sellers drove the recent class-action lawsuits against the National Association of REALTORS® (NAR) and a wide range of brokerages. In the wake of the ensuing settlement, changes to policies and customs are happening.

But a new behavior by some brokerages and agents is of great concern: the proliferation of off-market listings. These "exclusives," which are not displayed on an area's multiple listing service (MLS) and therefore not discoverable by agents using that MLS, were once the purview of high-profile

clients who wanted privacy, or for unique properties with limited potential buyers. But in a bid to profit from representing both sides of every transaction, some agents and brokerages are aggressively encouraging many sellers to list privately, or "off the market." Since off-market properties are known only to agents within the brokerage that has the listing, the buyer is almost always a client of that brokerage. No one else would know about these listings.

Limiting the exposure of a seller's property by keeping it off the MLS, which maximizes the pool of potential buyers and almost always generates a higher sales price, is not in the best interest of most sellers. If you owned a valuable painting, and your art dealer told you their friend could buy it directly from you instead of it

being offered for open auction, would you not be suspicious of whose interests were being served?

Any lack of transparency — or even the perception of a lack — further erodes trust in our industry. We need to communicate honestly with *all* clients and focus on the long-term values of integrity and transparency rather than short-term gains.

Trust is more important than anything.

*Gavin Swartzman*

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## MANSION

COUNTING HOUSE | ROBYN A. FRIEDMAN

# Do You Have Enough Insurance?

Many people think their policy limits are enough to cover a full replacement of their home. Many of them are wrong.

**A**re you confident that if your home sustained damage from a fire or hurricane, your homeowners insurance policy would provide sufficient funds to rebuild?

The devastating property damage from Hurricane Helene is casting a spotlight on that question, and the answer isn't always what homeowners expect.

"Many homeowners don't understand what they're covered for," said Spencer Houldin, an insurance broker in Washington Depot, Conn., with 33 years of experience advising clients on homeowners policies.

Houldin said that about 35% of new clients who walk in his door are underinsured and lack sufficient replacement coverage to rebuild their homes.

A 2022 survey by the American Property Casualty Insurance Association, a trade group, found that only 30% of insured homeowners had increased their coverage to compensate for rising building costs, and only 40% updated their insurance after completing renovations or a remodel.

On average nationwide, the costs of construction materials and labor increased by 40% and 16%, respectively, between 2019 and 2023, according to real-estate data firm CoreLogic.

"Many people got a little complacent," said Jeffrey Burns, a senior global real-estate adviser with Premier Sotheby's International Realty in Sanibel, Fla.

"They thought that getting just-enough insurance would be okay and they would be covered."

Burns, who works in an area devastated by Hurricane Ian, which made landfall on the west coast of Florida in September 2022 as a Category 4 storm, said



that a large percentage of his clients over the past two years have been local owners who opted to sell their damaged homes because they didn't have enough insurance to rebuild.

If you're in the market for homeowners insurance, or want to ensure you are adequately protected, here are some things to consider.

#### Set policy limits correctly

Houldin said many buyers believe

that their house should be insured for its market value—typically the price they paid. But that price may be more or less than the actual cost of rebuilding the home.

Insurance agents use computer models to arrive at a replacement-cost estimate and then set policy limits accordingly. But those models may not reflect upgrades in the home that would cost more to rebuild.

In addition, while insurance policies include inflation-guard

protection that automatically increases the coverage every year, that increase—usually 7% to 10% per year—may still not be enough to rebuild due to fluctuations in replacement costs.

If your policy won't pay enough to rebuild your home from the ground up—at today's costs—as well as to replace your personal property, such as furniture and clothing, then you are underinsured.

Meet with your insurance agent

at least once a year to update limits and to notify the agent of any remodeling or updates completed during the year.

#### Look into replacement-cost coverage

While most homeowner insurance policies include replacement-cost coverage for personal property, that may not apply to the dwelling itself. Insurance companies that cater to a high net-worth clientele already include guaranteed replacement-cost coverage for the dwelling in their standard policies. The premiums may be higher, but the policies are more comprehensive. These types of policies will cover the cost of rebuilding a home in full even if that cost exceeds the policy limit. Those without guaranteed replacement-cost coverage can purchase an endorsement to their policy to add extended replacement-cost coverage. This provides an additional cushion, typically 25% or 50% above your dwelling limit, depending on the carrier. This coverage is especially important if there is a disaster that damages many homes at once, resulting in a shortage of labor or materials and soaring costs to rebuild.

#### Confirm that your condo association is properly insured

If you purchase a condominium, be sure to review the governing documents of the association to determine the extent of your responsibility to rebuild if there is a casualty loss. Typically, unit owners are responsible for rebuilding the interior of their units, while the condominium association will rebuild the structure of the building. Make sure the association has adequate insurance, and reserves, to do so.

MAR HERNANDEZ

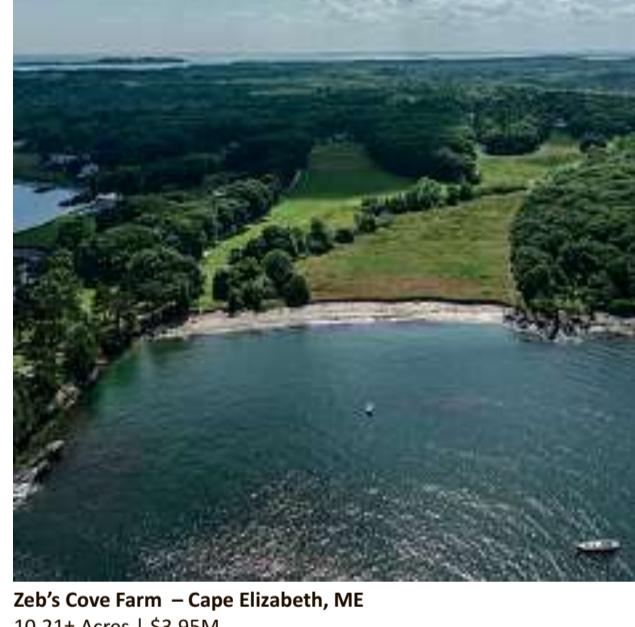
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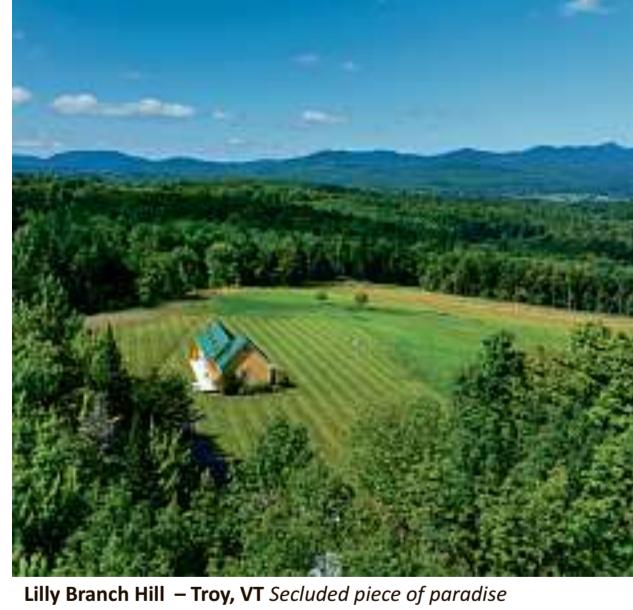
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