

THE WALL STREET JOURNAL.

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EURO \$1.0474

YEN 154.55

What's News

Business & Finance

◆ An American investor with a history of dealmaking in Russia has asked the U.S. government to allow him to bid on the sabotaged Nord Stream Pipeline 2 if it comes up for auction in a Swiss bankruptcy proceeding. **A1**

◆ Shares of Temu parent PDD fell almost 11% after the Chinese e-commerce giant missed third-quarter sales and earnings expectations. **B1**

◆ DirecTV has decided to walk away from its proposed merger with rival Dish Network, abandoning a tie-up that the two satellite-TV companies have attempted several times. **B1**

◆ Huawei plans to roll out its most advanced domestically made phone chip, people familiar with the matter said, showing how it is able to make strides in semiconductors despite U.S. sanctions. **B1**

◆ Gap increased its sales outlook for the year after reporting market-share growth across its brands in the third quarter, sending shares up in after-hours trading. **B1**

◆ BJ's Wholesale Club raised its earnings guidance after the bulk retailer said it would increase its annual membership fee and would add more fresh food to its shelves. **B3**

◆ Workers at France's cognac distilleries plan to go on strike next week over fears that the industry could relocate its bottling business to China to circumvent import tariffs. **B3**

◆ SEC Chairman Gensler will step down at the end of the Biden administration. **A2**

◆ The Dow rose 11% on gains at Salesforce and IBM, while the S&P 500 and Nasdaq added 0.5% and 0.03%, respectively. **B9**

World-Wide

◆ Trump has chosen former Florida Attorney General Pam Bondi to run the Justice Department, after Matt Gaetz withdrew from consideration under a cloud of sexual-misconduct allegations. **A1, A4**

◆ The transition team was blindsided by the latest details to emerge about a 2017 sexual-assault allegation against defense secretary pick Pete Hegseth. **A4**

◆ Trump has floated picking financier Kevin Warsh as Treasury secretary, then later naming him Federal Reserve chairman. **A2**

◆ The International Criminal Court said it has issued arrest warrants for Israeli Prime Minister Benjamin Netanyahu and former Defense Minister Yoav Gallant, along with top Hamas military leader Mohammed Deif. **A1**

◆ The Illinois Supreme Court overturned the conviction of Jussie Smollett, finding the actor was unjustly prosecuted when charges were previously dropped. **A3**

◆ The father of the 14-year-old suspect in a Georgia school shooting pleaded not guilty to second-degree murder. **A3**

◆ Russia fired an intermediate-range ballistic missile capable of carrying nuclear warheads at Ukraine for the first time in the war. **A6**

◆ A senior North Korean general was wounded in a recent Ukrainian strike in Russia's Kursk area. **A6**

◆ Brazilian federal police accused former President Jair Bolsonaro and 36 of his allies of plotting a coup. **A8**

◆ Gunmen opened fire on vehicles carrying Shiite Muslims in Pakistan, killing 38. **A6**

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Gaetz Is Out, Bondi Picked for DOJ

Trump chooses former Florida attorney general after withdrawal

BY SADIE GURMAN
AND C. RYAN BARBER

WASHINGTON—Donald Trump has chosen former Florida Attorney General Pam Bondi to run the Justice Department, announcing his pick hours after Matt Gaetz withdrew from consideration under a cloud of sexual-misconduct and drug-use allegations.

Trump told Bondi she was his choice Thursday evening

at Mar-a-Lago. She has long been a vocal defender of Trump, and he had considered Bondi for the role of attorney general during his first term.

Gaetz's withdrawal hours earlier was an embarrassing setback for the president-elect and a sign that he doesn't have unlimited political capital to spend on cabinet nominations. Filling the role of attorney general has been Trump's top personal priority since winning re-election. Bondi, who worked for years as a prosecutor, is a more conventional pick than Gaetz.

Gaetz stepped aside amid indications that Republican lawmakers were prepared to

reject his nomination, a week after Trump said he was the best person to remake the Justice Department.

"It is clear that my confirmation was unfairly becoming a distraction to the critical work of the Trump/Vance Transition," Gaetz wrote in a post on X. "There is no time to waste on a needlessly protracted Washington scuffle."

The move marks the biggest political blow for Trump since his election to a second presidential term and comes as he continues to roll out contentious and unconventional selections for key government posts.

Several other of his choices are under fire or face uncertain

paths to confirmation, including Pete Hegseth as secretary of defense, Robert F. Kennedy Jr. as health and human services secretary, and former Rep. Tulsi Gabbard as director of national intelligence.

Trump's selection of Gaetz, 42 years old, a longtime ally and fierce Justice Department critic, in particular startled lawmakers and members of the conservative legal community. It also sparked immediate objections from senators of both parties, raising doubts about whether he could be confirmed.

Gaetz "was doing very well but, at the same time, did not want to be a distraction for the

Administration, for which he has much respect," Trump wrote on Truth Social. "Matt has a wonderful future, and I look forward to watching all of the great things he will do!"

Trump is looking to bring the Justice Department he has long railed against under closer presidential control. Gaetz had been seen as willing to help bend the institution to Trump's will, echoing the president-elect's criticism that the Biden administration Justice Depart-

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◆ Warsh eyed for Treasury, then Fed..... A2
◆ New details on Hegseth allegations emerge..... A4

In Iceland, a Volcano Roars Back to Life—Again



HOT SPOT: Lava flows across a road in southwestern Iceland after a volcano erupted for the seventh time since December. A fissure opened Thursday, prompting evacuations from about 50 homes and the Blue Lagoon spa, a popular tourist attraction.

U.S. Investor Eyes Russian Pipeline

BY CHRISTOPHER M. MATTHEWS

Russia to end the war in Ukraine and serve U.S. long-term interests.

"The bottom line is this: This is a once-in-a-generation opportunity for American and European control over European energy supply for the rest of the fossil fuel era," Lynch said in a rare interview.

Stephen P. Lynch spent two decades doing business in Moscow and now wants to buy the natural-gas pipeline that runs from Russia to Germany.

He has argued to U.S. officials and lawmakers that U.S. ownership of the pipeline would provide leverage in any peace negotiations with

had been a crown jewel of Russia's petro economy linking its vast gas fields to Europe. It was completed just before Russia's invasion of Ukraine in 2022 and never became operational.

It is owned by a subsidiary of Russia's state-owned gas giant Gazprom, a unit that filed for bankruptcy in Switzerland days after the invasion.

In September 2022, subsea explosions destroyed one of the pipeline's two trunks. The other remains intact but unused.

The Wall Street Journal previously reported that a team of Ukrainians was behind the sabotage.

Lynch sought a license from

the U.S. Treasury Department in February, according to a letter written by his lawyers at WilmerHale and reviewed by The Wall Street Journal. The license would allow him to negotiate for the pipeline with entities currently subject to U.S. sanctions.

The letter said there is a hard deadline in January in the Swiss bankruptcy proceeding for Nord Stream 2 to either restructure its debt,

which the letter says is unlikely, or face liquidation.

Lynch argues that once the war is over it will be tempting for both Russia and its former

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Global Court Files Warrant To Arrest Netanyahu

Israeli premier, former defense chief sought for alleged attacks on civilians in Gaza

The International Criminal Court issued arrest warrants for Israeli Prime Minister Benjamin Netanyahu and former Defense Minister Yoav Gallant, deepening Israel's isolation over the war in Gaza and putting the two men at risk of arrest if they travel to the more than 120 countries under the court's jurisdiction.

By Omar Abdel-Baqui,
Dov Lieber
and Jess Bravin

The ICC's warrants for Netanyahu and Gallant allege they committed war crimes and crimes against humanity during the Israeli offensive in the Gaza Strip, including the use of starvation as a weapon and direct attacks against civilians.

Israel invaded Gaza following the Hamas-led Oct. 7, 2023, attacks that left 1,200 people dead and more than 240 taken hostage. It has been criticized for the level of destruction, shortages of food, and a human toll of around 44,000, according to Palestinian health authorities, who don't say how many were combatants.

The ICC also issued on Thursday an arrest warrant for top Hamas military leader Mohammed Deif, who has been reported killed, on charges of war crimes and crimes against humanity.

Israeli officials and politicians expressed outrage over the arrest warrants, which they

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She Rented a Theater For 'Wicked.' Then Came the Rules.

Fans worry about being able to watch movie in peace; 'no singing will be permitted'

BY JENNIFER CALFAS

Ariane Tyler is expecting over 100 guests at her private viewing of "Wicked." Two people who didn't make the cut? Her children.

That's because her son and daughter, 8 and 5, are likely violators of a rigid set of rules Tyler put in place to weed out anyone who might spoil the experience of watching the film.

Among her guidelines: Cosmetics are required. Loud chewing is unacceptable. Bathroom breaks are a no-no. And don't you dare open your mouth when the music starts playing.

"Unless you have won a Tony," she warned her friends, "no singing will be permitted."

"Wicked" fans flocking to theaters this weekend are tell-

INSIDE



SPORTS

The Lakers' new coach demoted LeBron James—and the team has gotten better. **A12**



MANSION

The lender bailing out luxury homeowners—though some borrowers have regrets. **M1**

Xi's Big Bet: High-Speed Rail

China's massive public works project is becoming a massive money pit

BY BRIAN SPEGELE

On his first day in office, leader Xi Jinping inherited an ambitious road map to build 10,000 miles of high-speed rail to link China's biggest cities. He took those plans and supersized them.

What has emerged 12 years later is one of the biggest public works in history, soon to exceed 30,000 miles of high-speed rail.

For many of its citizens, the vast network is one of the clearest signs of China's progress, especially compared with the U.S., which has struggled to get any high-speed rail going. Let's forget whom to thank, its top-of-the-line trains are named "Rejuvenation," after Xi's promise to restore China's national power.

The build-out encapsu-

lates Xi's vision for China's future, with a focus on advanced technology driven by government spending. Chinese leaders once prioritized lifting individual wealth to keep people happy. Xi's colossal investment in trains is part of a return to the Communist Party's roots by emphasizing collective benefits from the state.

The plan sticks to a well-worn economic model built on maintaining growth through infrastructure spending—even though China already has much of what it needs.

It's becoming a giant money pit. China has spent more than \$500 billion on new tracks, trains and stations in the past five years, while the country's national

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U.S. NEWS



CAPITAL ACCOUNT | By Greg Ip

When Two Economic Goals Collide

Wall Street is glued to "The Apprentice: Treasury Edition." The auctioning for President-elect Donald Trump's Treasury secretary isn't just great theater. Trump's choice will be key to where his economic agenda is headed.

There are two main planks to that agenda: tax cuts and deregulation to bolster economic growth; and tariffs to reduce the trade deficit and bring back factory jobs.

The problem is that these two planks are in conflict. Faster growth and bigger budget deficits boost imports and the dollar, widening the trade deficit and making U.S. manufacturers less competitive. Tariffs dent consumer spending and business confidence and put upward pressure on inflation and interest rates, undermining growth. Trump can make stronger growth or a smaller trade deficit his priority, but not both.

This is where his Treasury pick comes in. The hedge-fund manager Scott Bessent, until recently the front-runner for Treasury, and Howard Lutnick, chief executive of the financial firm Cantor Fitzgerald, nominated to be commerce secretary, have called tariffs a negotiating tool, which presumably means tar-

iffs won't go up that much once other countries make concessions. Former Federal Reserve governor Kevin Warsh is a free trader.

If any of these three were the primary driver of Trump's economic policies, then that favors lower taxes and not much in the way of tariffs. The views of two other candidates—Marc Rowan, chief executive of the private-equity giant Apollo Global Management, and Tennessee Sen. Bill Hagerty—are unclear.

Who would be pressing for higher tariffs? The betting has been on Robert Lighthizer. As trade ambassador in Trump's first term he oversaw the rollout of tariffs, including on China, and negotiated trade deals with Canada, Japan, Mexico and South Korea. He has a deep knowledge of trade law and close ties with legislators in both parties.

But the Trump transition team said Lutnick would oversee trade, leaving it unclear if Lighthizer will have a role. That would leave Trump without his most effective advocate for tariffs. That could be offset somewhat by Peter Navarro, another hawkish adviser said to be in the running for a position.

Markets seem to be betting on the growth agenda, with a

smattering of tariffs on the side. Scott Chronert, equity strategist at Citi, delved into the market rally since Election Day and concluded that investors expect free cash flow growth in the next five years to average 1.2 percentage points faster as a result of Republican control of Congress and the White House.

He attributed about half of that to expectations of the corporate tax rate being lowered to 15% for domestic producers from 21%, and the other half to deregulation and lower household taxes.

Meanwhile, European and Chinese stocks have dropped since Election Day, and the euro and yuan have weakened against the dollar in anticipation of actual or threatened trade war.

But markets don't seem to expect the 60% tariffs on China and 10% to 20% on everyone else that Trump promised during the campaign.

Nonetheless, a stronger dollar and weaker foreign growth would depress U.S. exports (as would retaliation against U.S. tariffs), further undermining Trump's goal of

a smaller trade deficit.

JPMorgan Chase economists assume that Trump will go ahead with a steep tariff on China, but not everyone else. Such a move, they figure, will lower Chinese growth by 0.8 percentage point, and lead to a 10% to 15% drop in the value of the yuan.

The bank expects U.S. growth to slow from 2.8% this year to a still robust 2.2% next year. And it sees the broadest measure of the trade deficit, including goods, services and investment income, widening slightly from just under \$1 trillion this year to a little over that level next year and in 2026.

"Policymakers here are going to have to decide what their priorities are and how to balance things," said Bruce Kasman, chief economist at JPMorgan. "We're generating a dynamic that is hurting foreign and helping U.S. growth and pushing the dollar up. It's not that surprising that you don't get a beneficial effect on trade."

When a country spends more than it earns, it runs a trade deficit that it finances

by selling assets, such as government bonds, to foreigners. So if reduced regulation and taxes boost investment and household spending, imports will rise and the trade deficit will expand, all else equal. Meanwhile, foreigners buying the U.S. bonds that finance the trade deficit will push the dollar higher, further widening the trade gap.

That's what happened in Trump's first term. Despite higher tariffs, the trade deficit grew by 17% between 2016 and 2019. In that time, the dollar also rose, and the Tax Cuts and Jobs Act, which Trump signed into law in 2017, fueled a 68% widening in the federal deficit.

Many of that law's provisions expire at the end of next year, and Trump and congressional Republicans plan to extend them, at a cost of about \$5 trillion over a decade, according to the nonpartisan Committee for a Responsible Federal Budget. Trump has also proposed a raft of other tax cuts and spending increases, bringing the total deficit impact to around \$8 trillion.

The Penn Wharton Budget Model estimates that Trump's plans to extend the 2017 tax cuts, lower the corporate rate and repeal taxes

on Social Security benefits would boost the annual trade deficit by about \$800 billion over the coming decade.

Kent Smetters, the group's head, said foreigners buy about 20% of newly issued U.S. debt. Trump's desire to have a weak dollar is not going to be compatible with extending the tax cuts unless there are pay-fors along the way."

Elon Musk and Vivek Ramaswamy say they can slash bureaucracy and spending. But Congress is notoriously resistant to meaningful spending cuts. Some advisers say Trump can "impound," i.e., refuse to spend, money appropriated by Congress, but that is legally dubious.

That leaves tariffs. But they would have to rise as much as, or more than, Trump has threatened in order to provide meaningful revenue. And the higher the tariff, the greater the hit to consumers and businesses (who pay most of the tariff), and the greater the impact on inflation.

A complete economic team will give some sense of where the balance is struck between tariffs and everything else. But it will be an imperfect guide to Trump's actual policy. That has always been what Trump alone wants it to be.

Warsh Eyed for Treasury, Then Fed

President-elect Donald Trump has floated selecting financier Kevin Warsh as his Treasury secretary with the understanding that he could later be nominated to lead the Federal Reserve when Jerome Powell's term as chair ends in 2026, according to people familiar with the matter.

By Brian Schwartz,
Vivian Salama
and Andrew Restuccia

Trump discussed the potential arrangement with Warsh during a meeting Wednesday at Mar-a-Lago, the president-elect's private club in Florida, some of the people said.

Warsh is a front-runner to lead the Treasury Department, but as of Thursday evening, Trump hadn't decided whom he would choose for the pivotal cabinet position. The people familiar with the matter said

Trump was still weighing how he would approach the Fed vacancy and likely wouldn't make a final decision until closer to when Powell's term as chair ends in May 2026.

Trump is thinking about appointing the investor Scott Bessent to lead the National Economic Council with an eye toward nominating him as Treasury secretary later in his term if Warsh becomes Fed chair, some of the people said.

Trump's aides often caution that he is prone to changing his mind. He could decide not to pick Warsh or Bessent for these roles and instead select one of the other top contenders to lead Treasury, such as Apollo Global Management Chief Executive Marc Rowan.

Trump has been deliberating behind closed doors for days over his choice for Treasury secretary.

Representatives for Bessent,



Kevin Warsh

him a lame duck. During the Wednesday meeting, Trump asked Warsh about his past stance on tariffs, according to one of the people familiar with the matter. Warsh has been a critic of protectionist trade policies. He suggested in a 2018 opinion piece in The Wall Street Journal that Trump's tariff plans could lead to what he called "economic isolationism" for the U.S.

"Mr. Trump's mercantilist rhetoric may prove more than a negotiating tactic, auguring new tariff and trade restrictions the world over," Warsh wrote. "Economic isolationism would do great harm to our economic growth prospects."

Warsh was among the candidates that Trump considered to lead the Fed during his first term. Trump instead chose Powell.

—Nick Timiraos contributed to this article.

U.S. WATCH



WELCOME WATER: Rain finally came Thursday in New York City, above, outside Central Park, and other parts of the Northeast after a prolonged dry spell. New York and New Jersey have seen rare wildfires, and the precipitation could ease the risk of more.

WASHINGTON
SEC Chair to Exit
As Biden Term Ends

Securities and Exchange Commissioner Chair Gary Gensler will step down as Wall Street's top regulator at the very end of the Biden administration, he said Thursday.

Gensler had been coy about when he planned to leave the SEC, but he had been expected to depart before President-elect Donald Trump is sworn into office. He will serve through noon on Jan. 20, when Trump is set to become president.

Gensler's decision to remain until the end of the Biden administration probably disappoints some Republicans who

wanted to see him go sooner. He could try to push through some additional measures, since Democrats will retain a majority on the five-member SEC as long as he stays.

Gensler presided over a hyperactive period in SEC rule-making. Wall Street groups challenged many of the regulations he pushed through, including a rule that would have imposed new transparency requirements on private-equity managers. A court also rejected a regulation that Gensler backed that tried to overhaul how companies do stock buybacks. The SEC also expanded its enforcement campaign against crypto companies during Gensler's reign.

—Dave Michaels

ECONOMY
Fewer File Initial Jobless Claims

Fewer Americans filed for initial jobless benefits last week, according to the Labor Department, extending a stretch of encouraging weekly claims figures.

The week through Nov. 16 brought 213,000 initial jobless claims, compared with 219,000 a week earlier. Economists polled by The Wall Street Journal expected to see 220,000. The number of continued claims, a gauge of the size of the unemployed population, rose to 1.91 million in the week through Nov. 9, compared with 1.87 million the week before.

—Matt Grossman

ALABAMA
Third Nitrogen Gas Execution Occurs

An Alabama man convicted in the 1994 killing of a female hitchhiker cursed at the prison warden and made obscene gestures before being put to death in the nation's third execution using nitrogen gas.

Carey Dale Grayson, 50, was pronounced dead shortly after 6:30 p.m. Thursday. He was one of four teens convicted of killing 37-year-old Vickie DeBleux. She was attacked, beaten and thrown off a cliff. It was the third execution in the U.S. using nitrogen gas, all carried out in Alabama this year.

—Associated Press

Nvidia's net profit for the quarter ending Oct. 27 more than doubled from the year-earlier period. A Page One ar-

ticle on Thursday about the graphics-chip maker's quarterly results incorrectly said profit nearly doubled.

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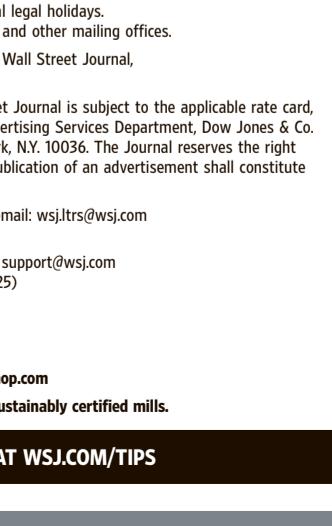
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U.S. NEWS

Existing Home Sales Ticked Up In October

By NICOLE FRIEDMAN

Sales of existing homes rose in October, reflecting a short-lived drop in mortgage rates that improved affordability for buyers and produced the first year-over-year gain in sales in more than three years.

The average rate for a 30-year fixed mortgage slid throughout the summer and reached a two-year low in late September, according to Freddie Mac.

Lower rates lured some home buyers off the sidelines and sparked some hope among real-estate agents that a boost in activity during the fall could salvage another slow year for sales activity.

U.S. existing-home sales in October rose 3.4% from the prior month to a seasonally adjusted annual rate of 3.96 million, the National Association of Realtors said Thursday. Economists surveyed by The Wall Street Journal had estimated a monthly increase of 2.9%.

U.S. median existing-home price, change from a year earlier



Note: October 2024 is preliminary.

Source: National Association of Realtors

October sales rose 2.9% from a year earlier, the first year-over-year increase in sales since July 2021.

Homes typically go under contract a month or two before the contracts close, so the October data largely reflect purchase decisions made in September and August when rates fell on their way to a low of 6.08%.

But rates have started rising again and stood at 6.84% this week, potentially stalling some of the market's momentum.

"People are accepting that the mortgage rates, the new normal, is not going to be 3% or 4% or 5%," said Lawrence Yun, NAR's chief economist.

Home sales in 2024 are still on track to hit the lowest level since 1995.

Christie and Mark Seeley jumped into the market in September when they found a three-bedroom home in Olympia, Wash., on 9 acres of land. The home had been sitting on the market since July and the price had been reduced. The Seeleys offered the asking price and asked the seller to contribute to their closing costs, and their offer was accepted.

They bought the home in October with a 5.875% mortgage rate, after paying extra to their lender to reduce their mortgage rate.

"It was the perfect timing for us, because now I know rates are way higher," Mark Seeley said. "We were very fortunate."

The recent increase in mortgage rates has reduced expectations for home-buying activity in 2025. Many first-time buyers are priced out of the market at current rates and prices, and homeowners with low rates on their current mortgages are reluctant to give them up by selling and moving.

Mortgage rates would need to fall below 6% for sales to pick up, said Odeta Kushi, deputy chief economist at First American Financial.

"Any improvement in mortgage rates is welcome," she said. But "people want a 5 on the left-hand side of that decimal point."

The national median existing-home price in October was \$407,200, a 4% increase from a year earlier, NAR said.

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Froot Loops Become Political Football

Prospect of dye critic RFK Jr. as top U.S. health official raises pressure on Kellogg

By JESSE NEWMAN

They are a half-inch across, rainbow-hued and crunchy—and at the center of a political food fight.

Froot Loops maker WK Kellogg has been under fire for months over artificial food dyes. Now high-profile critic Robert F. Kennedy Jr. has been tapped to become the country's top health official, and has vowed to target artificial dyes in cereal that he says contribute to health problems, particularly in children.

"They get brighter colors in Froot Loops, but it's literally poisoning our kids," Kennedy said on Fox News in September. Kellogg said the dyes have been deemed safe by scientific bodies around the world.

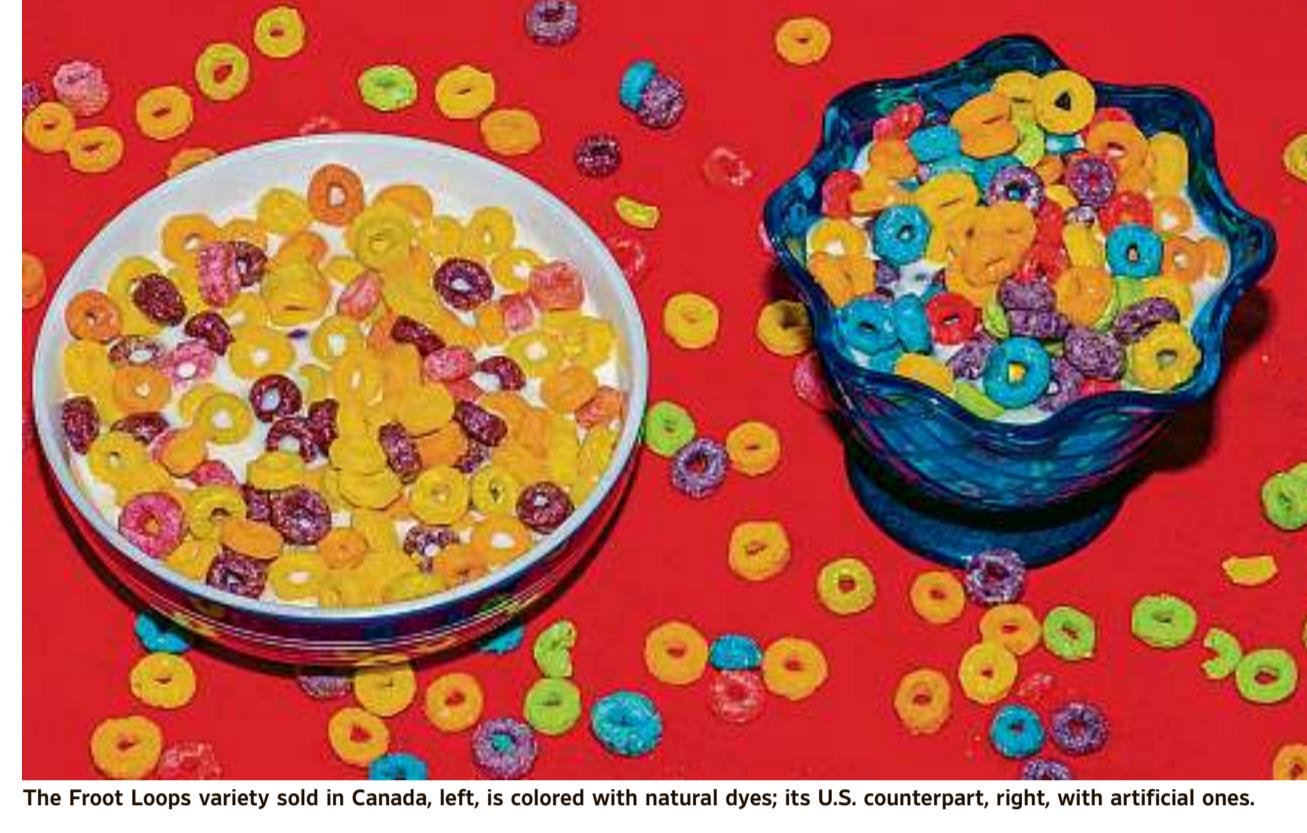
President-elect Donald Trump has nominated Kennedy to serve as Health and Human Services secretary, offering a platform to pursue his stated mission of combating chronic disease in the U.S. by ridding the country's food supply of harmful chemicals and ingredients. Kennedy says companies know artificial dyes are problematic but use them anyway because they are cheaper than natural alternatives.

Artificial dyes appear in nearly every aisle of U.S. grocery stores. They give foods like Froot Loops, Skittles and M&M's their vibrant colors, and help enliven the appearance of items from pickles to pie crusts and processed meat.

Many companies over the years have sought to shed additives to appease consumers' desire for simpler ingredients. But U.S. shoppers have sometimes revolted when food makers switched.

Some companies sell dye-free versions of U.S. products in other countries, some of which restrict the use of certain food dyes.

Kennedy's views on public-health matters have been controversial. His critics in the food and health industries say



The Froot Loops variety sold in Canada, left, is colored with natural dyes; its U.S. counterpart, right, with artificial ones.

many of his opinions lack a scientific basis, and some say there are more important issues to focus on than artificial dyes, such as the heavy use of sugar in processed foods.

Consumer advocacy groups, however, broadly support Kennedy's mission to strip artificial colors from food, especially products marketed to children. California recently passed two laws prohibiting certain food additives including dyes, and other states have proposed similar legislation.

The U.S. Food and Drug Administration has approved nine synthetic color additives in food, and said they are safe when used in accordance with FDA regulations. The FDA said the totality of scientific evidence shows that most children experience no adverse effects, though some evidence suggests certain children may be sensitive to the additives.

Kellogg said its products and ingredients comply with all relevant laws and regulations. The company said more than 85% of its sales come from cereals that don't contain colors from artificial sources.

Kellogg Co., which split into

two separate companies last year, said in 2015 that it was working to remove artificial colors and flavors from its branded cereals by the end of 2018. But the North American cereal business, called WK Kellogg, still sells cereal that contains the ingredients.

Froot Loops sold in the U.S., for instance, are made with Red 40, Yellow 5, Yellow 6 and Blue 1. In Canada, Kellogg's original Froot Loops are colored with juice from carrots, watermelon and blueberries. A Kellogg spokeswoman said that the company offers alternate versions because consumers' preferences differ across markets, and that its dyes are permitted in Canada.

Calls for WK Kellogg to remove artificial colors from all of its cereals began mounting earlier this year. Jason Karp, a hedge-fund manager turned food entrepreneur, in March accused it of marketing "inferior, toxic cereals for Americans while safer versions are sold abroad."

In September, Karp joined food activist Vani Hari at a Capitol Hill roundtable on American health and nutrition.

They opened two boxes of Froot Loops, one sold in the U.S. and one in Canada, and asked why children in the U.S. shouldn't get the safest version.

Hari, Karp and Calley Means, a former food lobbyist who advises Kennedy on health policy, traveled to Kellogg's headquarters in Battle Creek, Mich., last month.

Flanked by protesters carrying "ditch the dyes" and "stop poisoning us" signs, the activists said they delivered petitions urging the company to remove artificial ingredients.

Sarah Gallo, senior vice president at the Consumer Brands Association, which represents food manufacturers, said regulation should be based on science. "When political ideologies are used to create fear and disregard the role of science, it undermines public trust in food safety," Gallo said.

Some food giants vowed nearly a decade ago to remove dyes from their U.S. products, but have since abandoned or reversed those promises.

General Mills rolled out an all-natural version of Trix colored with radishes, purple carrots and turmeric in 2016,

but the next year reintroduced the original after consumers complained. General Mills' food scientists said at the time that the fruit and vegetable juices produced bland colors and changed the taste.

Mars pledged in 2016 to remove artificial colors from all of its food. Its scientists spent hundreds of hours testing whether radishes and red cabbages could be used in red Skittles instead of Red 40. Purple carrots left Skittles spotted. Mars halted its plan in 2021, saying it found that many consumers weren't actually concerned about artificial colors. The company said it would continue efforts in Europe.

Now, some food companies are again working to remove artificial dyes to comply with California's new laws.

Food-brand consultant Jeff Grogg, a former Kellogg R&D director, said many companies are taking a wait-and-see approach to the new Trump administration.

"The food industry likes clarity," he said. "All the hype and bluster is a distraction."

—Kristina Peterson contributed to this article.

Father of Georgia Shooting Suspect Pleads Not Guilty

By ALYSSA LUKPAT AND NICHOLAS HATCHER

The father of Colt Gray, the 14-year-old suspect in a Georgia high-school shooting earlier this year, pleaded not guilty Thursday to second-degree murder and other charges.

Colt Gray is accused of letting his son possess a weapon despite knowing the teen was a

danger to himself and others. He is one of an increasing number of parents being charged in connection with shootings that their children are accused of carrying out.

Colt Gray was charged with committing a mass shooting in September at Apalachee High School in Winder, Ga., that left four people dead and nine injured. It was the deadliest

school shooting in more than a year. He was charged with felony murder and faces life in prison. Because he is under 18 years old, Colt Gray isn't eligible for the death penalty.

In addition to second-degree murder, Colin Gray was charged with involuntary manslaughter and child cruelty in connection with the September shooting. Colin Gray was ar-

rested a day after the shooting. His maximum penalty is 180 years in prison, a judge said at an earlier hearing.

A lawyer for Colin Gray entered the not-guilty plea on his behalf in Piedmont Circuit Superior Court.

Gray's lawyers didn't return a request for comment.

Legal experts say it can be difficult to prove that parents

are directly responsible for a child's deadly rampage. Still, some parents of accused shooters have been convicted in recent years.

Local authorities were aware of Colt Gray before the shooting. Authorities haven't said the younger Gray's motive or the exact gun he used, saying only that the teen had an "AR-platform-style weapon."

Actor Smollett's 2021 Conviction Overturned By Illinois High Court

By JOSEPH DE AVILA

The Illinois Supreme Court overturned the conviction of Jussie Smollett, who was found guilty in 2021 for lying to police and staging a hate crime, finding the actor was unjustly prosecuted when charges were previously dropped against him.

The state's top court said in its ruling issued Thursday that the state was bound by the agreement it made with Smollett when prosecutors originally dropped the case in 2019. A special prosecutor reopened the case later that year.

"We are aware that this case has generated significant public interest and that many people were dissatisfied with the resolution of the original case and believed it to be unjust," the Illinois Supreme Court said in its ruling. "Nevertheless, what would be more unjust than the resolution of any one criminal case would be a holding from this court that the State was not bound to honor agreements upon which people have detrimentally relied."

Nenye Uche, a lawyer for Smollett, said his client is pleased with the ruling. "This was not a prosecution based on facts, rather it was a vindictive persecution and such a proceeding has no place in our



Jussie Smollett in September

criminal justice system," Uche said.

Smollett continues to maintain his innocence, Uche said.

Dan Webb, the special prosecutor in the case, said he was disappointed in the state Supreme Court's ruling, saying it "upends long-standing Illinois precedent." Webb had argued to the state Supreme Court that the agreement by local prosecutors to drop the case against Smollett didn't preclude him from pursuing charges.

"Make no mistake—today's ruling has nothing to do with Mr. Smollett's innocence," Webb said. "The Illinois Supreme Court did not find any error with the overwhelming evidence presented at trial that Mr. Smollett orchestrated a fake hate crime and reported it to the Chicago Police Department as a real hate crime."

Smollett was the star of the hit show "Empire" when he told Chicago police that two men used racist, antigay language and a pro-Trump slogan before hitting and kicking him and placing a noose around his neck in 2019.

He was originally charged in 2019 with 16 counts of disorderly conduct for allegedly lying to police, but the case was dropped after he agreed to surrender his bail money and do community service.

But a special prosecutor was later named amid outcry from notable figures including then-Chicago Mayor Rahm Emanuel and then-President Donald Trump. A grand jury would charge Smollett with six counts of disorderly conduct, leading to his conviction.

Abimbola Osundairo and Olabinjo Osundairo were originally arrested as suspects in the case but later became the special prosecutor's star witnesses. The brothers testified at the trial that they believed a \$3,500 payment from Smollett covered diet and fitness training, and the staging of a fake hate crime. The brothers said the motive for the fake hate crime was that the producers of "Empire" weren't taking hate mail Smollett received prior to the attack seriously enough.

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U.S. NEWS

Gaetz Quits Bid to Lead The DOJ

Continued from Page One
ment targeted Trump for political reasons.

Before his selection of Gaetz, Trump had been pondering a number of candidates including state attorneys general and conservative legal minds.

Gaetz had resigned from the House last week on the day Trump announced him as the attorney general nominee. The former lawmaker, who represented a district in the Florida Panhandle, had been under the cloud of a long-running investigation by the House Ethics Committee into allegations that he used illicit drugs and had sex with a minor while he was in office. The committee had been prepared to make its report public, but Gaetz's departure blocked its release, as he was no longer under the panel's jurisdiction. The panel deadlocked Wednesday on whether to release it anyway and will meet again in

early December.

Gaetz was on Capitol Hill Wednesday to meet one-on-one with senators in a bid to salvage his nomination. GOP senators have avoided publicly criticizing any of Trump's picks while saying they had a responsibility to vet them, pushing back against Trump's demand that they let him appoint some nominees directly and bypass Congress.

Following the sit-downs with Gaetz, many Republican senators had acknowledged that he faced a tough road to confirmation but indicated that they wanted the process to play out and got no indication he had been planning to pull his name. On Wednesday evening, an upbeat Gaetz said he was looking forward to his hearing. "It's a great day of momentum for the Trump-Vance administration," he said.

Sen. Cynthia Lummis (R., Wyo.) said on Thursday Gaetz "must have gotten some signals" during his meetings with senators. Sen. John Kennedy (R., La.) said Thursday he was surprised when someone showed him Gaetz's withdrawal statement. "I asked the gentleman who showed me, 'Double check it and make sure' it is real, he said.



Matt Gaetz faces sexual-misconduct and drug-use allegations.

Gaetz's political future is unclear. He was recently re-elected to his House seat, and when he resigned from the current Congress he also said he didn't intend to sit in the new Congress. His name has been floated in the past for a possible run for governor.

Trump has long hoped to make the Justice Department more fully into an arm of his agenda. For years he has clashed with the department as it investigated him and his

allies, and often expressed regret over his attorney-general choices in his first term, Jeff Sessions and William Barr, who resisted some of his most extreme demands. He has been searching for an attorney general who would be more willing to do his bidding as he has threatened to seek retribution against his political rivals.

That approach would be a stark break from the traditional arm's-length relationship between the White House and

the attorney general, who has historically shielded investigations from political influence.

From his former perch on the House Judiciary Committee, Gaetz had expressed sympathy with rioters who stormed the Capitol on Jan. 6, 2021, as lawmakers were certifying Joe Biden's presidential win.

Gaetz has called the Justice Department "corrupt and highly political," and said the agency shouldn't be "some unelected 4th branch of government, aloof to the administration's vision and direction."

The department had investigated whether Gaetz engaged in sex-trafficking a minor, a probe that began during Trump's first term and ended last year without criminal charges. The former lawmaker denied wrongdoing.

Trump's selection of Gaetz stirred alarm inside the Justice Department. Career officials had been deeply worried by the prospect of his leadership, and some had begun seeking other jobs. Some legal conservatives who had hoped for jobs in the Trump Justice Department were rethinking whether they wanted to join.

—Alex Leary, Lindsay Wise and Siobhan Hughes contributed to this article.

Bondi Has Prosecutor Experience, Close Ties To Trump

By SADIE GURMAN
AND C. RYAN BARBER

In choosing former Florida Attorney General Pam Bondi to lead the Justice Department, President-elect Donald Trump is seeking to install a fierce defender with prosecutorial experience to lead an institution he wants to bring under more direct presidential control.

"Pam will refocus the DOJ to its intended purpose of fighting Crime, and Making America Safe Again," Trump said on Truth Social. "I have known Pam for many years—She is smart and tough, and is an AMERICA FIRST Fighter, who will do a terrific job as Attorney General!"

Hours earlier Trump's first pick to be attorney general, former Rep. Matt Gaetz of Florida, stepped aside amid indications that Republican lawmakers were prepared to reject his nomination.

Bondi, a 59-year-old Republican who worked for years as a prosecutor, is a more conventional pick than Gaetz. She has had a close relationship with Trump for years and served on his legal team during his first impeachment. She has led the legal arm of the Trump-tied America First Policy Institute and worked as a partner at Ballard Partners, the lobbying firm that once employed Trump's incoming chief of staff, Susie Wiles. She frequently appears on Fox News, including as a guest host for "The Five."

Trump told Bondi she was his choice for attorney general on Thursday evening at his Mar-a-Lago home. If confirmed, Bondi would become the third woman in the role.

In contrast with Gaetz, Bondi immediately drew praise from Senate Republicans after being named as Trump's attorney general pick. Sen. Mike Lee (R., Utah) said he looked forward to supporting her confirmation. In a social media post, Sen. Lindsey Graham (R., S.C.) called Bondi a "grand slam, touchdown, hole in one, ace, hat trick, slam dunk, Olympic gold medal pick."

With the selection of Bondi in place of Gaetz, Trump puts a less divisive loyalist in position to hold the cabinet post. Bondi appeared frequently as a surrogate during Trump's latest campaign, and spoke at one of his final campaign rallies. She emerged as a vocal critic of the criminal cases against Trump and the prosecutors behind them, accusing them of weaponizing the legal system.

As Florida's attorney general, Bondi endorsed Trump a day before the Florida presidential primary in 2016, favoring him over Sen. Marco Rubio, a fellow Floridian whom Trump has now chosen to be secretary of state. The backing attracted scrutiny to a \$25,000 donation Trump gave in 2013 to a political committee supporting Bondi's re-election to attorney general.

The contribution came just days after news reports that she was reviewing allegations in a New York lawsuit that alleged the now-defunct Trump University was a sham. Bondi ultimately declined to join the lawsuit against the school, and has denied any connection between the donation and the decision.

Trump has turned to the ranks of his own criminal defense team for other top Justice Department roles. Last week, he named his lawyer Todd Blanche as his pick for deputy attorney general and selected Emil Bova and D. John Sauer for other posts.



Pam Bondi



Defense-secretary nominee Pete Hegseth made the rounds on Thursday on Capitol Hill, a day after a report was released detailing a sexual-assault allegation.

New Details on Assault Allegation Emerge

Trump team was surprised by release of report on defense nominee Hegseth

Members of President-elect Donald Trump's transition team were blindsided by the latest details to emerge about a 2017 sexual-assault allegation.

By Lara Seligman,
Vera Bergengruen
and Nancy A. Youssef

tion against Pete Hegseth, increasing their frustration with the man nominated to lead the Pentagon, people familiar with the matter said.

The transition team, which hadn't been told about the original allegation before announcing Hegseth, was surprised again late Wednesday when the Monterey, Calif., city police released a report about the 2017 allegation. The heavily redacted report details a boozey night at a hotel in California, a poolside argument and two conflicting versions of what ultimately took place inside Hegseth's hotel room.

The Monterey police said a redacted version of the report had been released to Hegseth on March 30, 2021. The transition team wasn't told that a copy of the police report had been released to Hegseth previously, the people familiar with the discussions said.

"This is another instance of people being blindsided, so I think there's rising frustration there," said a person familiar with the transition. While the president-elect is still behind Hegseth, "if this continues to be a drumbeat and the press coverage continues to be bad,

particularly on TV, then I think there is a real chance that he loses Trump's confidence."

Hegseth said Thursday after meetings with senators that "the matter was fully investigated and I was completely cleared." Through his lawyer, he has acknowledged the sexual encounter but said it was consensual, while the woman who made the allegation hasn't spoken publicly.

This report corroborates what Mr. Hegseth's attorneys have said all along: The incident was fully investigated, and no charges were filed because police found the allegations to be false," Karoline Leavitt, a spokeswoman for Trump's transition team, said.

The details about the incident are likely to draw renewed scrutiny to the allegations. Hegseth was already bracing for a bruising confirmation hearing next year amid questions about the alleged sexual misconduct and his qualifications for the job.

‘Strong nominee’

Sen. John Barrasso (R., Wyo.), who will become the No. 2 Senate Republican in January, called Hegseth "a strong nominee" after their morning meeting. "Pete pledged that the Pentagon will focus on strength and hard power—not the current administration's woke political agenda."

"I think he can explain a lot of the situations. I think he's going to be just fine," Sen. Markwayne Mullin (R., Okla.) said about the allegations. Regarding the police report, he said, "If you read it, you can clearly see that it was two people flirting with each other."

Hegseth's lawyer, Timothy

Parlatore, said: "This police report confirms what I have said all along that the incident was fully investigated and police found the allegations to be false, which is why no charges were filed."

The 22-page report cites video-surveillance footage, text messages and interviews with witnesses, offering a detailed, lurid portrayal of the events leading up to the alleged assault on Oct. 7, 2017. It also reveals

that the police involvement was sparked by a request from the woman for a sexual-assault examination at a clinic four days after the encounter.

At the time, the woman told

the nurse she thought something had been slipped into her drink before the incident.

No charges were ever filed against Hegseth, who at the time was a rising star at Fox News. In 2020, fearing that a lawsuit would end his job at the network, Hegseth paid the woman as part of a nondisclosure agreement, Parlatore told The Wall Street Journal.

The investigation started on Oct. 12, 2017, after the woman, identified in the report as Jane Doe, went to the clinic requesting the sexual-assault exam, prompting a nurse to contact the police.

Both Hegseth and the woman said they attended a party following a conference held by the California Federation of Republican Women at the Hyatt Regency Monterey Hotel and Spa. Hegseth, then a Fox News commentator, had

given the keynote address. After the party, she went to the hotel's Knuckles Sports Bar with a group of women, she told police.

"That's when things got fuzzy," she said, according to the report.

Police later found video-surveillance footage showing the woman, Hegseth and another woman walking into the lobby toward the bar before midnight. The three didn't appear inebriated, the report said.

At the bar, the woman told police she witnessed Hegseth acting "inappropriately," including rubbing women on their legs. After leaving the bar, the two got into an argument about Hegseth's behavior toward women at the conference, she said.

The argument was apparently loud enough to spark a complaint from other guests about a disturbance near the pool, according to a hotel employee interviewed by police. When the employee went to respond, Hegseth began to curse, saying he had freedom of speech, and the woman intervened, apologizing for Hegseth's actions, according to the report.

The employee told police that Hegseth was "very intoxicated," while the woman was "standing on her own and was very coherent." Hegseth told police that he was "buzzed" but not intoxicated.

Hegseth and the woman went to his hotel room. From there, the accounts diverged. The woman told police that

Hegseth says he was 'completely cleared' after the police investigation.

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Hegseth asked her who she was texting and took her phone. The police report showed she was texting her husband, who was staying at the hotel with her and their small children, until around 2 a.m.

Disputed encounter

When she tried to leave the room, Hegseth blocked the door, she told police. She recalled saying "no" repeatedly, but didn't remember much else, according to the report.

Hegseth, who was in the midst of getting a divorce from his second wife after fathering a child with a producer at the network, told police that it was a consensual encounter and that they had both acknowledged it was something they shouldn't be doing. She told him she would tell her husband she had fallen asleep in another hotel room, Hegseth recounted to police.

Her husband told the police that when she stopped responding to texts and calls, he went to look for her, but went back to their room after he couldn't find her. The woman returned to their hotel room in the early morning hours, according to her and her husband.

She didn't remember the interaction with Hegseth until days later, she said. Her husband told police she told him that she had been sexually assaulted three days after the incident, and that she suffered nightmares and "out of the blue" she would cry.

Hegseth was back in his seat at "Fox & Friends" the following week, and on Oct. 23 attended a private dinner in the White House with Trump.

—Vivian Salama contributed to this article.

Pam Bondi

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WORLD NEWS

Russia Fires New Missile at Ukraine

Intermediate-range ballistic missile appears to have more range, speed: experts

Russian President Vladimir Putin warned the West against further escalation after Moscow fired an intermediate-range ballistic missile capable of carrying nuclear warheads at Ukraine for the first time.

*By Matthew Luxmoore
Jane Lytvynenko
and Alan Cullison*

On Thursday, Putin said Russia used a new type of missile, called Oreshnik, to strike a major Ukrainian defense plant. The missile, which carried a conventional, nonnuclear warhead, appeared to have greater range and speed than previous weapons Russia has used in the war, said weapons experts.

Putin, speaking on television, said Russia has the right to use its weapons on other nations that allow their weapons to be used against Russia. Moscow warned of a response to Ukrainian strikes against its territory using long-range Western arms this week, including U.S.-made ATACMS and British-supplied Storm Shadow missiles.

"If anyone doubts that we're ready for any development, then they're mistaken," Putin said.

In Washington, U.S. officials called the missile a new intermediate-range experimental model, one that was fired by Moscow as part of its continuing effort to deter the West from helping Ukraine.

"This is signaling," said a senior administration official, who added that Moscow has few of the new type of missiles in its arsenal. "This is not something that is particularly jarring. Everyone knows that Russia has longer-range missile systems."

Moscow notified Washington of the missile firing in advance, U.S. officials said.

Stepped-up fighting in



Vladimir Putin says Russia used a new type of missile to strike a major Ukrainian defense plant.

Ukraine is prompting criticism from the team around President-elect Donald Trump that the Biden administration is stoking problems with the Kremlin in its waning days in office. John Ulyot, a former National Security Council spokesman during Trump's last presidency, said Wednesday that President Biden

'These are missiles that could reach targets inside Europe.'

flew just above 5,500 kilometers, which is the technical definition of an intercontinental ballistic missile.

Ukraine used the Army Tactical Missile System, known as ATACMS, for the first time this week to hit an ammunition-storage facility in Russia's Bryansk region. Ukraine

fired 10 British Storm Shadow missiles for the first time on Wednesday, striking in the Kursk region. On Tuesday, Putin signed changes to Russia's nuclear doctrine that lowered the

threshold for a nuclear strike, in a long-anticipated move that appeared timed to send a warning to the West over providing long-range missiles to Kyiv.

Video posted online from Ukraine early Thursday appeared to show several warheads striking targets in quick succession, and in proximity to each other—something analysts say is characteristic of an intercontinental- or intermediate-range missile. The video was verified by Storyful, which is owned by News Corp., the parent company of The Wall Street Journal.

Both intermediate-range and intercontinental-range missiles can carry several warheads called Multiple Independently-Targetable Re-entry Vehicles, known as MIRVs,

capable of striking various targets independently to limit the number of launches needed to cause maximum damage.

Thursday's launch came as part of a Russian barrage that included nearly a dozen ballistic and cruise missiles. Kyiv said it shot down six of the missiles. Ukrainian authorities said two people were wounded and several buildings, including an industrial facility, were damaged in Dnipro, a city of nearly one million people in eastern Ukraine.

"Obviously, Putin is using Ukraine as a testing ground," Ukrainian President Volod-

myr Zelensky said in a video Thursday. "Obviously, Putin is terrified when normal life simply exists next to him."

Use of intermediate- or intercontinental-range missiles against Ukraine makes little sense militarily at this stage of the war, defense experts said. The weapons have ranges of thousands of miles, significantly exceeding the distance required to hit Dnipro. Built to deliver nuclear warheads that are designed to destroy a vast area, they are less precise and far more expensive than other ballistic missiles Russia has used against Ukraine.

"The signal is directed against Europe," said Pavel Podvig, a Russian expert on nuclear weapons at the U.N.'s Institute for Disarmament Research. "These are missiles that could reach targets inside Europe."

Thursday's strike appeared to be targeted at the Yuzhmash plant, which is officially called Pivdenmash. The Dnipro facility is a famed rocket-engine construction plant that the U.S.S.R. used to revive its defense industry in the 1950s. A hub for the Soviet ballistic-missile industry for decades, it was considered so strategic that the entire surrounding city was closed to foreigners. The plant came under the control of the independent Ukrainian state after 1991.

Kyiv didn't confirm that the Yuzhmash plant was hit, but an unusual exchange at a Russian Foreign Ministry briefing Thursday appeared to indicate it was a target. During the briefing, Russia's Foreign Ministry spokeswoman Maria Zakharova was interrupted by a phone call. The caller, whose voice was picked up by her microphone, asked her not to comment on the ballistic missile attack on Yuzhmash.

After Zakharova warned that she was in the middle of a public briefing, the caller said, "The attack on Yuzhmash with ballistic rockets—we're not commenting at all," she responded: "Yes, OK, thanks."

Attack By Kyiv Hit Korean General

By MICHAEL R. GORDON

WASHINGTON—A senior North Korean general was wounded in a recent Ukrainian strike in Russia's Kursk region, Western officials said Thursday.

It is the first time that Western officials have said a high-ranking North Korean military officer has become a casualty in the escalating Russia-Ukraine conflict.

More than 10,000 North Korean troops are deployed in Kursk as the Kremlin tries to repel Ukrainian troops who mounted an offensive there in August, U.S. officials say.

The White House has condemned Moscow's use of North Korean soldiers, and warned last month they could be targeted by Ukrainian forces. Kyiv launched at least 10 British-supplied Storm Shadow missiles into Kursk on Wednesday, according to Ukrainian and Western officials.

Western officials didn't disclose how the senior North Korean officer was wounded or his identity. North Korea's mission to the United Nations didn't respond to a request for comment on the strike, which has been described in Western intelligence reports.

Pyongyang has sent a senior officer, Col. Gen. Kim Yong Bok, to Russia to oversee the North Korean effort to coordinate with the Russians.

Russia President Vladimir Putin enlisted the support of North Korean troops because Russian forces have been stretched thin as they grind forward in eastern Ukraine, while pushing back on the Ukrainian forces in Kursk, military analysts say.

—Jane Lytvynenko in Kyiv contributed to this article.

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WINTER SPORT: Child and sled making the slow trip uphill in Aviemore, Scotland, on Thursday.

PAKISTAN

At Least 38 Shiites Killed in Shooting

Gunmen opened fire on vehicles carrying Shiite Muslims in Pakistan's restive northwest on Thursday, killing at least 38 people, including six women, and wounding 20 others, police said. Clashes between majority Sunni Muslims and minority Shiites—about 15% of the country's 240 million population—have killed dozens of people in the region in recent months.

No one immediately claimed responsibility for the attack. It came a week after authorities reopened a key highway in the region that had been closed for weeks following deadly clashes.

Local police said several vehicles were traveling in a convoy when the shooting began. One witness said he saw four gunmen emerge from a vehicle and open fire, and that others may have been firing from a nearby field, in an attack that lasted 40 minutes.

—Associated Press

MALI

Government Frees Mining Employees

Resolute Mining said its Chief Executive Terence Holohan and two unnamed employees have been released from detention in Mali and have left the country, safe and well—days after Resolute, which owns a gold mine in Mali, agreed to pay the government \$160 million to settle any outstanding claims.

Mali's ruling junta last year adopted rules designed to allow it a greater share in the country's mineral riches. Holohan was in the capital, Bamako, on Nov. 8 for talks with authorities about business practices when he and the two others were detained.

Also Thursday, the junta appointed a new prime minister, Gen. Abdoulaye Maiga, the Associated Press reported. His predecessor, Choguel Maiga—no relation—a civilian who criticized the junta for postponing an election, had been removed Wednesday.

—David Winning

IRAN

U.N. Atomic Agency Censures Tehran

U.N. atomic-agency members backed a censure resolution Thursday against Iran over its nuclear activities, a step the country has pledged to hit back against.

The resolution, pushed by Britain, France and Germany and backed by the U.S., represents the first significant step in a process that Western diplomats say could end with reimposing international sanctions lifted under a 2015 nuclear deal. President-elect Donald Trump's incoming administration has said it will tighten sanctions on Iran.

Iranian officials said this week they would take immediate steps on its nuclear program if a censure was passed. After a previous International Atomic Energy Agency censure resolution was approved in June, Iran started to install or operate hundreds of additional centrifuges at its nuclear facilities.

—Laurence Norman

RUSSELL CHEYNE/REUTERS

WORLD NEWS

Court Seeks Arrest of Netanyahu

Continued from Page One
said ignored Hamas's culpability in the war. Israel has repeatedly said it has facilitated deliveries of food to the Gaza Strip and has complied with its obligations under international law.

"No outrageous anti-Israel decision will prevent us—and will not prevent me—from continuing to defend our country in every way," Netanyahu said. "We will not succumb to pressure."

Gallant called the ICC's decision outrageous, saying it equated Israel with the U.S.-designated terrorist organization Hamas and that he was proud of his tenure leading the armed forces. Netanyahu fired Gallant this month after months of disagreement over Israel's handling of the wars in Gaza and Lebanon.

The warrants pose a challenge for Israel's efforts to rally support on the world stage and place many U.S. and Israeli allies who are under the court's jurisdiction in a bind. The warrants also put the ICC's reputation on the line, with the U.S. and Israel criticizing it for investigating a democratic nation that was responding to an attack by a U.S.-designated terror organization.

The court's internal workings are currently under scrutiny, after its governing body said last week it would commence an external investigation into allegations that ICC chief prosecutor Karim Khan sexually harassed a female ICC employee. Khan has denied any inappropriate behavior and said he welcomed an investigation.

A spokesperson for the U.S. National Security Council said the court doesn't have jurisdiction and said the U.S. "fundamentally rejects" the decision.

The U.S. vetoed on Wednesday a United Nations Security Council resolution calling for an unconditional cease-fire in



MOHAMMED SABER/BPA/SHUTTERSTOCK

A Palestinian boy walked among the rubble of houses destroyed in the Israel-Hamas conflict, in the Al Bureij refugee camp in central Gaza Strip on Thursday.

Gaza. U.S. officials said the resolution failed to require an immediate release of hostages held by Hamas.

In Washington, meanwhile, the Senate rejected resolutions introduced by Sen. Bernie Sanders (I., Vt.) that would curb arms sales to Israel over alleged human-rights violations.

Republicans opposed the measure, while Democrats were divided, with at least 17 votes for each of the three resolutions.

Neither Israel nor the U.S. is a party to the Rome Statute, which puts countries under the ICC's jurisdiction, and Netanyahu and Gallant aren't at risk of arrest in either country.

But European and Latin American countries that are parties to the court, as well as Canada, South Korea and Australia, are obliged to detain officials who face arrest warrants.

In Europe, Ireland said it would carry out an arrest and the Netherlands said it might do so. A number of other coun-

tries, including France, Italy and Sweden, said they would follow the court's decisions but didn't spell out explicitly what they would do. Hungary, the Czech Republic and Austria criticized the decision.

While parties to the statute are obliged to comply with ar-

rest warrants, political considerations can create complicated choices, said Brian Finucane, a former attorney for the State Department and now a senior adviser at International Crisis Group.

"It's going to present the countries of Western Europe with a real conundrum."

Yuval Shany, a senior fellow at the Jerusalem-based Israel Democracy Institute who served on the United Nations Human Rights Committee, said the arrests would acceler-

ate Israel's growing isolation on the international stage.

The court's prosecutor sought the warrants in May, drawing praise from many countries but sparking outrage from the Biden administration and much of Congress, as well as officials in Israel. The full contents of the arrest warrants are classified as secret.

The ICC on Thursday withdrew warrants it sought in its May application for Hamas leaders Ismail Haniyeh and Yahya Sinwar, who have been confirmed to have been killed by Israel.

Many U.S. politicians and Israel had criticized Khan this year for moving ahead with a request for the warrants while his staff was still preparing for a week of meetings with Israeli officials to hear their ex-

planation of the country's conduct during the war. Khan's office has said it gave Israel ample opportunity to respond.

Sen. Chris Coons of Delaware, a Democrat who has been critical of Netanyahu's conduct of the war, said on Thursday the ICC's action was a mistake.

Sen. Lindsey Graham (R., S.C.) was harsher still. He called the ICC a "rogue and politically motivated organization" and said the arrest warrants set a precedent for the court to pursue the U.S. in the future.

If the charges against Netanyahu and Gallant are ever adjudicated, the court would have to work through tricky issues of the right of self-defense in the law of war and the rights of civilians under international humanitarian law, said David Scheffer, former U.S. ambassador-at-large for war-crimes issues.

Hamas said it welcomed the arrest warrants and called on countries to cooperate with

the court's orders. The group didn't comment on the arrest warrant issued for Deif.

The ICC is an independent tribunal, focused on individuals, located in The Hague. It is separate from the International Court of Justice, a United Nations tribunal that hears disputes between governments. That court is hearing cases regarding Israel's occupation of Palestinian territories and accusations brought by South Africa of Israel committing genocide in Gaza, which Israel vehemently denies.

—Alexander Ward, Jared Malsin, Laurence Norman and Saleh al-Batasi contributed to this article.

The prime minister could be targeted in more than 120 countries.

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 Scan this code for a video on the ICC's move to issue arrest warrants.

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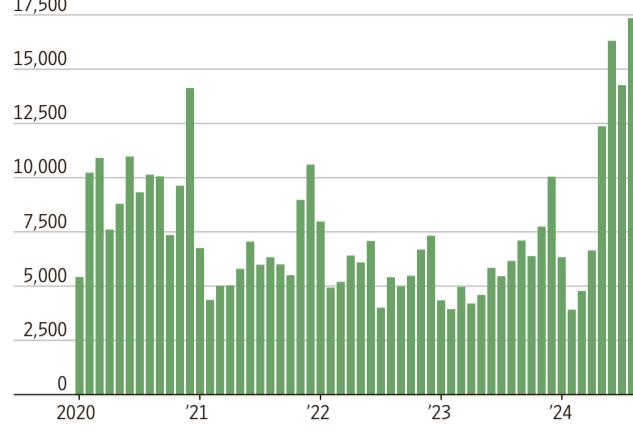


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WORLD NEWS

Personnel punished in China for 'formalism' offenses, monthly



Source: Central Commission for Discipline Inspection

China Looks To Peel Back Its Red Tape

Beijing aims to lift economic growth by trying to slash its vast bureaucracy

By CHUN HAN WONG

When China's top leaders pledged this summer to act more aggressively to stimulate economic growth, they rounded off their remedies with a political order: Slash red tape.

There were promises to revitalize the world's second-largest economy by boosting household incomes, consumption and bank lending to businesses. But plans will be hobbled, the Communist Party's elite Politburo warned in July, if front-line officials remain bogged down by busywork.

In the months since, policy-makers have avoided unleashing a massive stimulus to get

the economy roaring back to life, disappointing economists and investors who had hoped for more. The call for a renewed crusade against red tape had offered a clue. Chinese leader Xi Jinping is committed to his master plan and wants the party to unshackle its roughly 100 million members to make it work.

The directive to supervisors: Hold fewer meetings and make them shorter. Cut superfluous paperwork. Don't burden the "grassroots"—local-level government workers—with cumbersome and unproductive tasks. Stop using phone apps to track staff and bombard them with instructions. Don't overwhelm them with performance reviews, lest they focus on pleasing their bosses rather than getting work done.

Many local bureaucrats are required to submit weekly, monthly and quarterly re-

ports, sapping their time and energy, said the official Xinhua News Agency, which took up the campaign. Excessive inspections also were cause for complaint.

Then there is the overreliance on digital devices to monitor workers. Officials often are glued to their phones, replying to their bosses and submitting reports on countless apps.

As one municipal party office put it: officials encumbered by busywork are "stepping hard on the accelerator without shifting into gear."

Xi has called "formalism and bureaucratism"—party speak for box-ticking behavior that favors form over substance—a "major enemy" of the party and the people.

He has taken swings at the problem before. In 2019, Beijing launched a national campaign to ease bureaucratic burdens on local officials and

free them to do real work.

But formalism, the Politburo said, remains a stubborn scourge that requires great efforts to eradicate.

Xi's leadership style hasn't helped, with centralized decision-making, and demands for fealty from the party's rank-and-file. Under Xi, the party has punished officials deemed to have deviated from, or neglected, Beijing's goals—often discouraging the economic experimentation that had powered China's rapid growth in past decades.

Some front-line officials don't adapt Beijing's directives to suit local conditions for fear of being punished for missteps, said Li Daokui, an economics professor at Beijing's Tsinghua University and a former adviser to China's central bank.

"They spend too much energy pretending they are im-

plementing policies," Li said. "Centralization is good for political decisions. However, for economics, you do need certain kinds of chaos."

To reinforce the message, the party's Central Commission for Discipline Inspection has ramped up a crackdown on bureaucracy-related offenses this year. It also named and shamed some officials, including those accused of perpetuating a problem that represents one of China's economic challenges: wasting money on prestige projects to score political points.

In September, the CCDI punished a municipal tourism official in the eastern province of Shandong for rushing out a project under Xi's campaign to develop rural areas.

The official got three villages to invest 2.4 million yuan, equivalent to about \$332,000, in grape cultivation, skipping

feasibility tests and defying residents' wishes, the CCDI said. But the soil and groundwater proved to be unsuitable—something the official should have checked—and the project failed. In July, the official was censured and demoted.

Party and government agencies across China have started running seminars to teach staff the regulations.

The "formalism" way of life often reaches beyond bureaucracy. Some Chinese social-media users recently expressed bewilderment about a rise in online sales of empty milk cartons and dry pen-ink chambers. A cottage industry had emerged, it appeared, catering to parents who wanted to help their children meet recycling quotas set by their schools.

State-run magazine China Comment denounced the practice, calling it "an example of a good thing going sour."

Xi Jinping, center, who visited a vegetable farm in central China this month, said 'formalism and bureaucratism,' are a scourge.

YAN YAN/XINHUA/ZUMA PRESS

Bolsonaro Is Accused in Coup Plot

By SAMANTHA PEARSON



Jair Bolsonaro was president of Brazil until December 2022.

2026 presidential elections. While Brazil's electoral court has banned Bolsonaro from running for public office again until 2030, his supporters have vowed to overturn that decision with the help of the country's right-leaning Congress.

The accusations come as the election in the U.S. of Donald Trump, a close friend of Bolsonaro, has buoyed conservatives over the possibility of a comeback by the right in Latin America's biggest country. It also has deepened concerns among the left about the urgency to hold Bolsonaro and his allies accountable for what they say are crimes against democracy, political analysts said.

Bolsonaro and his supporters have faced a barrage of legal measures since thousands of them stormed Congress, the presidential palace and the Supreme Court on Jan. 8, 2023, a week after da Silva took office. Those attacks have sparked sweeping investigations by Brazil's Supreme Court, largely led by Justice Al-

exandre de Moraes, who has ordered the arrest of more than 1,000 people, mainly antigovernment rioters, in the name of safeguarding democracy.

Police also have accused Bolsonaro in separate cases involving allegations that he embezzled jewelry he received as gifts from foreign leaders while president, and for allegedly falsifying public records to make it appear he received a Covid-19 vaccine. He has denied wrongdoing in both cases.

Bolsonaro's supporters accuse the Supreme Court of targeting him in a bid to censor the country's conservatives, arguing that de Moraes is using his wide-ranging legal powers to favor da Silva's leftist government.

The plan to kill da Silva also involved a plan to kidnap and possibly execute de Moraes, says a court document authorizing the arrests. "I have to be very thankful to be alive," da Silva said at an event at the presidential palace on Thursday.

and gas giant following the dissolution of the Soviet Union, but the empire was dissolved after Khodorkovsky fell out with Putin.

The idea to bid on Yukos assets came to Lynch as a "spontaneous combustion idea," he said in 2018 deposition taken in connection with the U.K. court case. Many would-be bidders stayed away from the auction, believing only those with political connections could win.

Lynch said in the deposition he believed the bidding would be competitive and assets could be bought cheaply.

Lynch and his partners ultimately purchased more than \$2 billion worth of Yukos assets at a steep discount, and sold virtually all of it to Deutsche Bank. State-owned giant Rosneft eventually swallowed up most Yukos' assets.

Some of Lynch's friends said he has cultivated relationships with Russian officials, and that it would have been impossible to be a successful and openly gay businessman in Moscow without them. But the friends said they aren't aware of anything to suggest Lynch has worked to further the interests of Putin or his inner circle.

—Alan Cullison contributed to this article.

Climate Summit Focuses On a 'Developing' Issue

By MATTHEW DALTON

should channel \$100 billion a year to the developing world through 2025, after which the funds should increase.

Diplomats gathering in Baku are negotiating a new, larger target at this year's conference. Officials from developed and developing countries agree that more than \$1 trillion a year is needed to finance poorer nations' response to climate change—but not on who should pay up.

The U.S. and Europe want wealthier countries in the developing bloc to contribute—along with assurances that the funds would flow to countries that really need it, not China or Saudi Arabia.

Additional contributions have become even more important since Donald Trump's election victory. His campaign has vowed to pull the U.S. out of the Paris agreement, and the Trump presidency is likely to slash climate financing for poorer nations. That would leave a big hole in funds available for the developing world.

The U.S. has long struggled to scrape together climate funds because of opposition from Republicans, but the Biden administration says it lived up to a pledge to provide more than \$1 billion in climate finance this year.

"Europe, which has been responsible for the majority of international climate funding to date, can't do this alone," said Joe Thwaites, a climate-finance expert at the Natural Resources Defense Council, a U.S. environmental group.

"It will need all rich countries to step up to fill any gap left by the U.S."



Anatoly Maltsev/Shutterstock

Deal Eyed For Russia Pipeline

Continued from Page One
customers in Germany and Europe to turn on the pipeline, regardless of who owns it.

Lynch has had success buying Russian assets on the cheap, earning him a reputation as one of the few U.S. investors able to navigate the country's fraught business and political scenes. He was given a license by the Treasury Department to complete the acquisition of the Swiss subsidiary of Russia's Sberbank in 2022, after the U.S. sanctioned the parent company.

Questions have been raised about Lynch's ties to the Russian government.

A civil fraud suit accused Lynch and a group of foreign investors of participating in a rigged auction in 2007 for assets belonging to former oil giant Yukos, which was broken up by Russia after the company was charged with tax evasion. Managers of Yukos's

Dutch subsidiary alleged the investors conspired with Russian state officials to predetermine the sale of their company at a fixed price. Lynch and the other investors denied the allegations.

A U.K. judge dismissed the charges against Lynch and the other investors in 2019, writing that the defendants didn't "indicate any dishonesty" during a 25-day court proceeding.

Lynch has told people that he thinks he can buy Nord Stream 2, which has been valued at around \$11 billion, for pennies on the dollar, according to people familiar with matter. He has said many investors won't bid because of the complex geopolitics tied to the conduit, and the other bidders are likely to include Russian proxies, Chinese entities or others at odds with U.S. interests.

A group of U.S. senators as well as officials at the Treasury and State departments have been briefed or informed about Lynch's plan, the people said.

A representative of the Treasury Department didn't respond to a request for comment. A spokesman for the State Department declined to comment.

Businessmen and former government officials with experience in Russia said Lynch's

plan faces hurdles but could gain momentum if it can be used as a chip to negotiate Ukraine peace once Trump is in office. The president-elect has promised to end the war.

Lynch gave more than \$300,000 to Trump-aligned committees and the Republican National Committee during the most recent election.

Lynch, 57 years old, lived in Moscow for two decades, remaining there after many foreigners left as President Vladimir Putin of Russia consolidated power. Lynch, his husband and their children moved to Miami in 2019 because of concerns about Moscow's social environment and the increasing challenges for U.S. citizens to do business as sanctions tightened, a person familiar with the matter said.

After two years with Peace Corps in Russia, Lynch got his M.B.A. from Wharton in 1998.

When Russia fell into a financial crisis in 1998, Lynch founded Monte Valle Partners to acquire distressed real-estate assets there.

He sold most of his stake in a large project to Russian partners in 2007, just as the Yukos liquidation began unfolding.

Billionaire Mikhail Khodorkovsky built Yukos into an oil

and gas giant following the dissolution of the Soviet Union, but the empire was dissolved after Khodorkovsky fell out with Putin.

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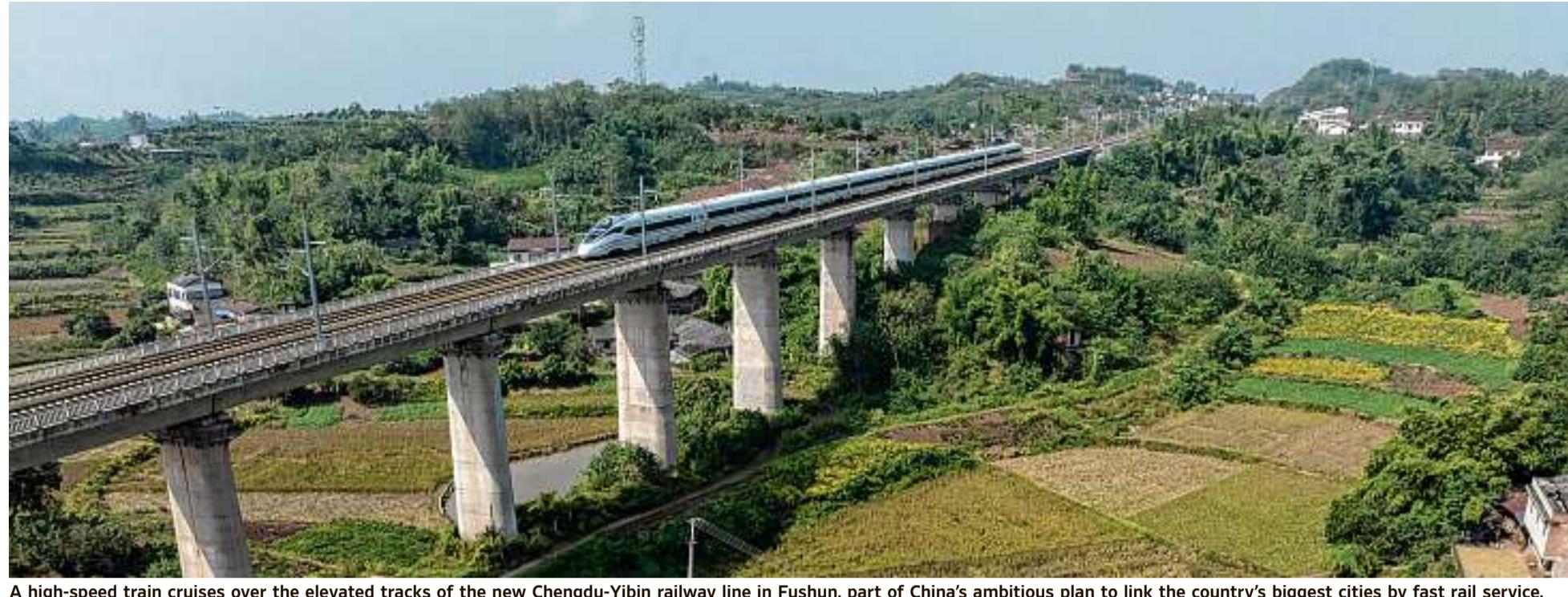
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—Alan Cullison contributed to this article.

FROM PAGE ONE



A high-speed train cruises over the elevated tracks of the new Chengdu-Yibin railway line in Fushun, part of China's ambitious plan to link the country's biggest cities by fast rail service.

Xi Bets on High-Speed Rail System

Continued from Page One

railway operator, China State Railway Group, is nearing \$1 trillion of debt and other liabilities. Keeping up with its debt requires \$25 billion annually.

While passenger numbers have rebounded following the lifting of Covid-19 restrictions, raising ridership will be especially challenging in the years to come as China's population is projected to shrink by around 200 million people in the next three decades. Some of the newest lines are in effect duplicating older ones.

The expansion now stretches into quieter corners of inland China, such as central Sichuan province's Fushun County, where the population of 700,000 mostly rural residents has been shrinking for years. It got its first high-speed trains in 2021, and there are now at least 12 high-speed rail stations within a 40-mile radius in the county and its surrounding areas.

On a recent afternoon, Fushun Station itself was practically deserted, with around 20 travelers milling about in a cavernous waiting room with seats for 1,000. Another even newer station a few miles up the road was similarly empty. In the plaza outside, 50-year-old Liu Chuanfu was selling chilled rice cakes for 40 cents a bowl.

Liu roamed China for decades as a construction worker, including on a high-speed rail station in a wealthy coastal city. As the economy sagged, Liu's pay fell 40%. He recently moved back home to Sichuan, where his expenses are cheaper.

Like many other Chinese, Liu praised the high-speed rail system overall for its convenience. Then he questioned how much more the country should build.

"We're already saturated," he said.

Growth story

China's nearly 30,000 miles of high-speed rail is already more than enough to circle the globe. China State Railway envisions adding nearly 15,000 miles more by 2035, costing hundreds of billions of dollars.

Such massive spending is a feature of China's growth

story, with investment making up about 42% of its gross domestic product, compared with 26% globally.

"If you want to get rich, first build the roads," Xi has said to justify spending on transportation, including high-speed rail—no matter the cost.

The U.S., by contrast, has only very limited service on the East Coast that could plausibly be considered high-speed rail. A 500-mile line from Los Angeles to San Francisco under construction has grappled with costs spiraling to more than \$100 billion and a still-uncertain completion date. While definitions vary, high-speed trains typically run anywhere from 125 to more than 220 miles an hour.

The challenge for China is that high-speed trains are far more costly than traditional trains or buses, which many economists believe are sufficient for much of the country.

High-speed rail makes the most financial sense in densely populated areas where travelers will pay a premium to reach their destination more quickly.

The line connecting Shanghai and the tech hub of Hangzhou, home to Alibaba, drew an average of around 100,000 passenger trips every day during its first decade between 2010 and 2020, according to state media.

A similarly sized section running through Fushun County has reported only about 9,000 daily trips on average since opening in 2021, though that included a period until late 2022 when China was under strict Covid-19 controls.

All told, China State Railway's liabilities grew to a record of about \$860 billion as of September. The total debt tied to China's rail expansion is even higher, since cash-strapped local governments are being required to bear many of the costs for new projects. Over time, maintenance costs will add up.

There's little risk the railway operator will default, given its strong backing by China's government. And proponents of China's build-out say the fast trains create positive knock-on effects, such as cutting pollution from gas-powered cars, shortening travel times for business trips and promoting urbanization.

Yet as the government pursues trophy projects that symbolize its status as a leading power, at the individual level, many citizens are feeling poorer and their futures less secure. The rail investments

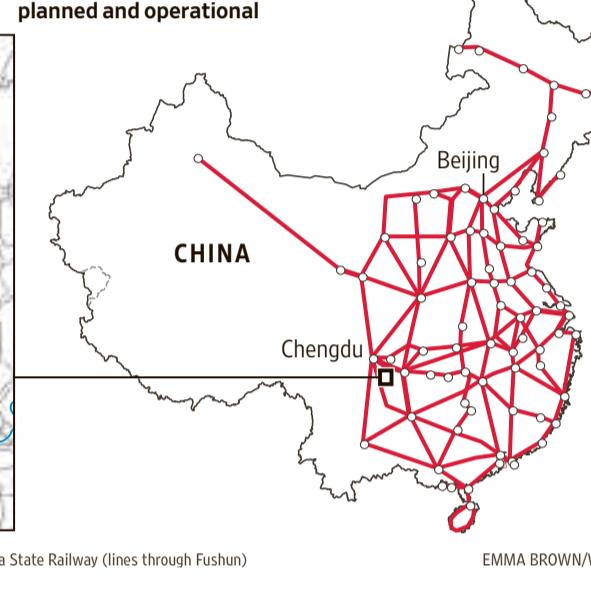
China's high-speed rail build-out includes a main network with many smaller branches.

High-speed rails through Fushun



Sources: SinoMaps Press (core high-speed lines); China State Railway (lines through Fushun)

Core high-speed rail lines in mainland China, planned and operational



EMMA BROWN/WSJ

also divert resources away from initiatives such as building a stronger social safety net that economists say China needs to help its aging population and increase domestic consumption over time.

Zhao Jian, a scholar at Beijing Jiaotong University who's critical of the high-speed rail build-out, has argued in commentaries that China is turning a blind eye to the system's financial perils. He has said the country would have been better off only building a few thousand miles

of high-speed rail in its most densely populated areas.

Hundreds of billions of dollars could have instead been invested in traditional railways that can also handle

freight, as well as on more research in areas like advanced chips.

Promise of jobs

State media focuses on new trains as feats of Chinese engineering that create well-paying jobs. At work sites as high as 14,000 feet above sea level, one of China's priciest rail projects is taking shape, linking Tibet's capital of Lhasa with the central city of Chengdu in Sichuan, at a cost of more than \$50 billion.

"Our village has over 30 people working for their rice at the railways," a janitor at one station in Tibet along the new line told state media.

While not technically high-speed rail, the trains would run at around 100 miles an hour

over the 13-hour journey. That's still far longer than the 2½ hours it takes to fly from Chengdu to Lhasa, with plentiful daily options. Flights can go for as little as \$50 one way, making it tough for the trains to compete.

China says it can make its railways more economically viable. Over the past decade, Beijing pursued a series of reforms to make its railroads operate more like businesses, abolishing government departments that had long run the nation's

trains and then launching China State Railway in 2019.

A drive to slash overhead helped China State Railway turn a roughly \$460 million profit last year after losing close to \$25 bil-

lion from 2020 to 2022 during the pandemic. Its results last year were boosted by more than \$1 billion in "other income," a line item in China that typically includes state subsidies.

Some of its two dozen major operating units are facing serious difficulties. Its biggest subsidiary, based in Sichuan, lost \$1 billion in 2023 as it expanded in rural areas and smaller cities inland.

China State Railway and the Ministry of Finance didn't respond to requests for comment. The company's chief accountant has previously said that it takes its debt issues seriously and that the financial risks are manageable, highlighting the quality of its assets.

Efforts to boost profitability are constrained by a desire

to keep ticket prices low, which builds goodwill for Xi and the government. A study by Chinese academics last year found that prices for high-speed rail tickets in China were less than a quarter of the average cost of such tickets globally.

National pride

The trains have become a point of national pride for many people, including Zhang Jianbo, who emerged from Fushun Station on a recent morning after a business trip with his wife to Chengdu. Had he driven, his \$13 ticket for the trip of over 130 miles wouldn't have covered the highway tolls, let alone pay for gas.

Many Chinese resist higher ticket prices, viewing the network as a public service. When China State Railway announced price hikes of as much as 20% for a few lines earlier this year, a torrent of online criticism followed.

Altogether last year, travelers took 3.7 billion trips on the nation's railways, including both high-speed and traditional slower trains.

Zhao, the Beijing-based scholar, has said many lines in China were running fewer than 16 pairs of trains daily in both directions, a fraction of their capacities. While China State Railway reported rider-

ship growth of 18% in the first half of 2024 compared with a year earlier amid a domestic tourism boom, its operating revenues were practically flat over the same period.

The early build-out of high-speed rail, under Xi's predecessor Hu Jintao, sought to link China's biggest cities, using technologies imported from

Japan and Europe. The Beijing-to-Shanghai route, opened in 2011, has thrived. A listed unit of China State Railway running service between the cities had profits of more than \$1.5 billion last year.

China is now practically duplicating some routes. High-speed trains have operated for years between the inland cities of Chongqing and Kunming, a journey that takes about five hours. China State Railway says a new \$20 billion line being built between the cities, following a different path, will cut travel time to about two hours, while supporting the regional economy and promoting national unity.

That route will soon bring high-speed trains to Sichuan's Gao County, south of Fushun, for the first time. In the county seat, property developers are erecting new apartment blocks in a district that will be home to its high-speed rail station.

Gao County's population of about 375,000, including many pig farmers and grain growers, has shrunk nearly 10% since 2019 as locals sought work elsewhere. Per capita economic output is two-thirds of the national level.

The area doesn't lack connectivity. High-speed trains run through the city of Yibin, 40 minutes north. The 20 million-person metropolis of Chengdu is reachable in about two hours.

The bigger issue for Gao County, and the residents of its 200 villages, is a lack of jobs.

"If you're hardworking and want to make more money, you've got to find work on the outside," said one villager whose home and plot of farmland sits in the shadow of the new line's elevated tracks.

In nearby Luojia Village, the line's construction has hastened the community's decline, residents said, as the government requisitioned land for tracks and for another infrastructure project upgrading the local waterworks.

"More and more people have gone elsewhere," said 62-year-old Hu Mingqun, who runs a village health center with her husband. "Those who stay at home to farm don't make much money because their land has shrunk."

Still, Hu said she enjoyed taking the high-speed rail to visit her daughter in another province, and trusted that the system would ultimately make life in China better.

—Zhao Yuebing contributed to this article.

Rules for 'Wicked' Watching

Continued from Page One

members singing along to "Popular" and "Defying Gravity" have prompted some "Wicked" fans to seek less traditional avenues to see the film.

Tyler, a 39-year-old special education teacher in Granite City, Ill., originally thought her theater rental for 9:15 a.m. this Saturday would just be for her and a dozen or so friends. But news of her plans quickly spread, with 115 people planning to attend. She created a private Facebook group to post her rules—and she's texting them to friends who aren't on Facebook.

"This is not something to joke about," said Tyler, who grew up doing theater and has

seen more than half a dozen touring productions of "Wicked." "I'm so serious when I talk about these rules."

If anyone violates them, Tyler plans to politely tell them to knock it off. Two pregnant friends are the only attendees with permission to use the bathroom during the 2-hour and 40-minute movie. (She told them to choose aisle seats.)

Fans of plays and musicals are accustomed to a stricter theatergoing experience, where ushers on Broadway enforce rules about cellphones and singing along will grant audience members dirty looks.

Even etiquette in Broadway theater is dwindling. Sabrina Edwards, an actor based in Chicago, said fellow audience members at "Moulin Rouge" on Broadway were singing aloud during a recent show.

"I was turning and looking at them like, are you kidding?



'Wicked' fans are heading to the film version of the Broadway musical.

debate over etiquette.

Young said she plans to follow the lead of others in the theater when she sees "Wicked" Thursday. She has been playing the soundtrack for her 4- and 6-year-old children.

"If people are getting angry because of other people's joy in singing," she said, "maybe they should do some self-reflection."

Zach Olson, a 23-year-old executive assistant in New York City, has tickets for "Wicked" opening weekend. Some friends have admitted they might not be able to stop themselves from singing along. But Olson won't stand for it.

"Literally no," Olson recalled telling his friends. "You're just going to have to bite your tongue."

At AMC theaters, a 30-second video with clips from the movie is airing before the film with reminders: "No talking. No texting. No singing. No

wailing. No flirting. And absolutely no name-calling."

Alamo Drafthouse began airing PSAs starring Erivo and Grande asking audience members to be quiet and not use their phones. "Our guests are trained," said Chaya Rosenthal, chief marketing officer at Alamo Drafthouse Cinema.

But the theater chain is also offering the complete opposite experience: designated "Movie Party" showings of "Wicked," where singing is encouraged and guests get props like green-tinted glasses and pink bubbles. "We do label our shows very carefully," Rosenthal said.

Singalong screenings of "Wicked" will also be coming to more than 1,000 theaters across North America on Christmas.

Tyler's screening in Illinois now has a wait list. But friends and family who didn't make it this time may have another shot.

"I'm already thinking about doing it next year for Part Two," she said.

ARTS IN REVIEW



FILM REVIEW | KYLE SMITH

Swords, Sandals, Snooze

Ridley Scott's 'Gladiator II,' a muddled drama set in Ancient Rome, is a halfhearted sequel to his Oscar-winning epic

My favorite aspect of "Gladiator II" is the presence of Derek Jacobi. Twenty-four years after "Gladiator," and 48 after "I, Claudius," he still looks stately in a toga, returning as Rome's Senator Gracchus. Mr. Jacobi decided to stop aging about 30 years ago and he's a model to us all. Who else is still doing the same things he was doing when Gerald Ford was president?

Apart from one briefly stirring moment near the climax, though, other high points are scarce in Ridley Scott's follow-up to his own Oscar-winning smash. Mr. Scott seems content to restage story beats and action scenes from the first film. Most cold-case sequels aren't very good, and maybe there's a reason for that.

Stepping into some sandals after the death of Russell Crowe's Maximus is Paul Mescal as Lucius, a military leader in the province of Numidia, on the North African coast. His homeland is attacked by troops under the command of Roman general Marcus Acacius (Pedro Pascal) in A.D. 200. The styling at first appears to be clean enough: Captured, shackled and made to work as a gladiator by his new owner, the wily schemer Macrinus (Denzel Washington), Lucius seeks revenge against Acacius. The main difference from the first film is that Lucius, after the obligatory training scenes,

fights different beasts (giant monkeys and also a rhinoceros). The monkeys look pretty nasty, but the hand-to-paw combat never gets especially exciting. A filmmaker of Mr. Scott's stature doesn't have to do retreads, and shouldn't.

The movie is exasperatingly coy about Lucius' background, but finally gets around to establishing his bloodline. His mother is Lucilla (Connie Nielsen, the only leading member of the "Gladiator" cast who returns) and his heritage is supposed to double his lust for vengeance against Acacius, who is now closely allied with Lucilla. A scene in which Lucius is pointed to his father's tomb and takes up the armor and sword that decorate it is the emotional high point.

Otherwise, things are a muddle. Stepping away from the revenge plot, the story takes a halfhearted turn into "Spartacus" territory, with Lucius delivering a couple of two-minute speeches that we're supposed to believe could cause a mass uprising after years of corrupt rule by fraternal twin emperors, Geta (Joseph Quinn) and Car-

calla (Fred Hechinger). Both of them are about as frightening as Pee-wee Herman as they giggle incessantly under their clownish makeup. Moreover, Macrinus' development from a subsidiary figure to a major character is unconvincing. Mr. Washington's American accent (most of the others sound British) and his modern way of

speaking seem at odds with what everyone else is doing—he gives much the same performance as he did when he played a drug lord in Mr. Scott's "American Gangster"—and he lacks the ruthless edge the role demands. At times Macrinus is simply obtuse, as when he repeatedly wastes his energy trying to plunge his sword through a

the original film.

The script, by David Scarpa, who also wrote "Napoleon," oscillates between portraying this hero as silently determined and the class clown of gladiators. Occasionally Mr. Mescal gives a hint that he is thinking of how a wry young Mel Gibson might have played the role, but it never lasts. According to Macrinus, Lucius' defining feature is anger, but this doesn't come across at all. Mr. Mescal seems pained rather than volcanic.

Not that he is solely to blame. Every element in "Gladiator II" says, "How about we try the same things we did before, only not as well?" Mr. Scott wants to be thrilling, but the effort is more palpable than the results, such as in a scene in which the Colosseum becomes a venue for water sports, with squads of oarsmen and gladiators fighting it out in gigantic boats that look like toys in a bathtub. Beneath the surface, a shark swims around irrelevantly. Some franchises jump the shark; this one is content to float over it.



Denzel Washington, right; Connie Nielsen and Joseph Quinn, far right.



TELEVISION REVIEW | JOHN ANDERSON

The Birth of a Medical Miracle

When Louise Brown was born 46 years ago, the blessed event was breaking news: The first baby had been born through in vitro fertilization. Louise's arrival had been the subject of religious hand-wringing, scientific skepticism, moral outrage and predictions of calamity. For her parents, however, there was joy, which became the baby's middle name and the title of Ben Taylor's very likable light drama.

We aren't told how Louise was fed as an infant, but there's a good deal of formula in "Joy," which begins in 1968 and charts the 10-year journey of trial, error and more trial and error by an odd trio of pioneers: Bob Edwards (James Norton), a biologist and true-believer in the possibilities of IVF; Patrick Steptoe (Bill Nighy), a surgical obstetrician who is less than convinced but can be; and Jean Purdy (Thomasin McKenzie), a nurse who signs on as Bob's assistant and, as

we learn, has her own agenda regarding infertile women. (Edwards received the 2010 Nobel Prize in Medicine, his partners having passed away.)

Jack Thorne's screenplay massages the IVF medical story into a personal one, mostly about Jean, who is portrayed as a critical member of the team and the one whose life reflects the social uproar over the mission—giving childless women a choice about becoming mothers. (A postscript notes that more than 12 million IVF babies have been born since Ms. Brown.) Jean's own

mother (Joanna Scanlan) refuses to see her daughter; their church "disinvites" Jean, unless she atones for the outrages she is helping to perpetrate and which the English press is turning into a scandal. Edwards, who keeps going on TV and messaging up the messaging, is otherwise at a bit of a distance from the public uproar, and Steptoe couldn't be

bothered by gnats buzzing about what he knows to be right. (Mr. Nighy has never been drier, or more delightfully so.) It is the understanding and sympathetic Jean who gets the backlash, but also knows best how to deal with the women who enter their research program, having begged for relief, i.e., a baby.

Ms. McKenzie is terrific and carries much of the film, and director Taylor ("Sex Education") seizes every opportunity to adorn it with period flavor, portraying Manchester and a Manchester hospital as they were 50 years ago. He also employs enough period pop hits that we get

▲ Bill Nighy in the Netflix drama, written by Jack Thorne and directed by Ben Taylor.

the point: The general mood is buoyant, or at least content, and a cure for the plight of childless women is really not what the public wants to wrap its head around.

Nobel laureate James Watson (Nicholas Rowe), formerly of Watson and Crick, becomes one of the trio's more prominent critics on scientific grounds and all manner of damnation is forecast, though "Joy" takes the position that Edwards was always right. Critics of the film

will point out that very little of the medical details are dealt with—the disposal of fertilized embryos, for instance, though in "Joy" they aren't viable, many women are disappointed en route to a workable IVF process, and there is much more pain and failure than success. "Joy" will have its detractors, no doubt. But it will also have its fans. Perhaps 12 million or so.

Joy
Friday, Netflix

Mr. Anderson is the Journal's TV critic.



PARAMOUNT PICTURES (4)

NETFLIX

ARTS IN REVIEW

THEATER REVIEW | CHARLES ISHERWOOD

New York
'DEATH BECOMES HER'
may be one of the funnier new musicals to splash down on Broadway, in a nearly blinding glare of sequins, in recent seasons. But perhaps none of its ample array of gags, whether low, high or occasionally borrowed, is quite as ingenious as the joke supplied by Megan Hilty, one of the show's two bright-burning female stars.

Flip to her biography in the program and you will learn that she is the humble recipient of some 21 Oscar nominations and three wins, among other awe-inspiring achievements.

Ms. Hilty, actually the star of the Broadway shows "9 to 5" and a recent revival of "Noises Off," as well as the TV series "Smash" (soon itself to be a Broadway musical), is not, of course, listing her own accomplishments but those of the woman who played her role, the preeningly egotistical actress Madeline Ashton, in the 1992 movie from which the musical is adapted. Namely Meryl Streep, in case you haven't been keeping score of her trunks full of awards.

It's a winning, winking joke that befits this splashy and spirited if hardly brilliant musical comedy about two best frenemies—Madeline and the aspiring novelist Helen Sharp, played by the terrific Jennifer Simard—whose career and personal rivalries lead them to a desperate undertaking, namely the ingestion of a magical elixir promising antidotes to aging.

The movie, which co-starred Goldie Hawn as Helen (easily outshining her co-star, who has always seemed strained in comedy, at least to this viewer), was a messy fantasy that received middling-to-dismissive reviews. But it has become a cult favorite among gay audiences, a development not lost on the musical's creators, book writer Marco Pennette, composer-lyricists Julia Mattison and Noel Carey, and director and choreographer Christopher Gattelli.

In a somewhat superfluous opening number, Michelle Williams, playing the mistress of the vital potion, Viola Van Horn, sings an advertisement for her youth-guaranteeing products and ministrations. The musical then kicks into high gear as Ms. Hilty's Madeline, performing in a show called "Me! Me! Me!" belts an exuberantly funny song called "For the Gaze." It doesn't take a doctorate in double-entendres to glean that by "gaze" Madeline really means gays—who seemed to constitute the heavy majority of the audience at the performance I attended.

As with virtually all celluloid-to-stage adaptations,

The musical version of 'Death Becomes Her' arrives on Broadway with boisterously funny performances



"Death Becomes Her" dutifully follows the basic contours of the original story. Madeline instantly bewitches the mousy Helen's fiancé, the earnestly nerdy plastic surgeon Ernest (Christopher Sieber), when the couple visits her backstage; soon wedding bells are chiming—for Madeline and Ernest.

The glossy, spirited show largely hews to the story of the original film.

Later, at a party for Helen's debut novel, the neurotic Madeline sees that her friend has undergone a striking transformation—the timid, unprepossessing mouse has blossomed into a glamorous beauty! Madeline's insecurities drive her to seek out the mysterious Viola, and gulp down the potion that Viola promises will guarantee remarkable changes—although she doesn't let on that in addition to a svelte figure and wrinkle-free skin the benefits of the glowing liquid

also include immortality. Both Ms. Hilty and Ms. Simard, a two-time Tony nominee, are powerhouse musical-comedy performers, with supple and strong voices matched to glittering comic timing. The rapaciously narcissistic Madeline has the larger share of the prime comic material. When her assistant Stefan (Josh Lamont, bear-hugging his role as a sour-bitchy gay stereotype) reminds her that she has an appointment to meet with a Make-a-Wish kid—the charity helps seriously ill children fulfill their desires—Madeline says, "Can't we put that off a week?"

But Ms. Simard has plenty of choice material too. Madeline, in the song "Tell Me, Ernest," quizzes him about how many of her movies he has seen: "The roms? The coms? The rom-coms? The dramas? The comedies?" Snipes Helen: "The straight-to-DVDs?"

Mr. Sieber, heaven help him, does his best to enliven his bland role. Ernest, confused, manipulated and cowed by both of the women, makes a dubious prize for these two strong-willed schemers to be fighting over with sharpened nails and, eventually, fantastic acts of violence. Ms. Williams, meanwhile, once a member of the R&B group Destiny's Child (which gave rise to the mighty Beyoncé), is plainly out of her depth as an actress, stiffly slinking through her role to minimal effect. Nor does the score, traditional Broadway songs that are pleasant and perky but not likely to enter the annals of musical-theater history, flatter her voice.

Paul Tazewell's costumes—glitter-bedewed red-carpet-ready gowns for the principal women and

Megan Hilty and Jennifer Simard in the show, directed by Christopher Gattelli.

flesh-baring or flesh-colored bodysuits for the chorus—might be an homage to Bob Mackie, or more broadly TV variety shows or specials of the 1970s led by women: Cher, Liza Minnelli, Mitzi Gaynor, take your pick. They are, however, a suitable fit for Mr. Gattelli's choreography, which evokes the same campy-nostalgic aesthetic.

As the plot grows more ludicrous and convoluted, the fun peters out like a slowly deflating helium balloon sagging to earth. And if the show intended to make any pertinent commentary on the uselessness or dangerousness of chasing after one's vanishing youth, it is swallowed up in the glossy production.

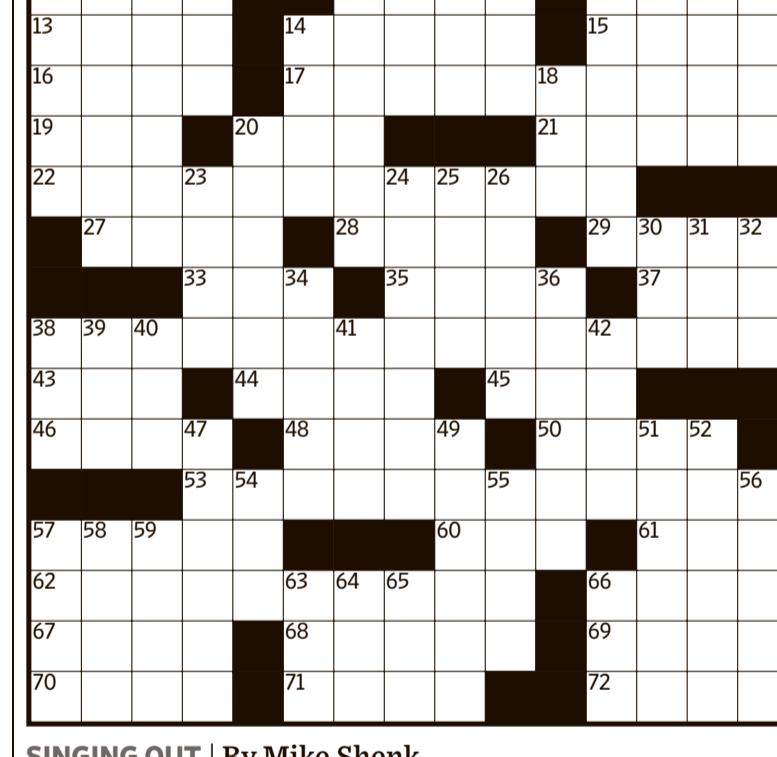
Ms. Hilty and Ms. Simard are sufficiently seductive performers to hold our attention and affection through their witty work.

Their final duet, an anthem of ax-burying solidarity, "Alive Forever," brings the show to a musically satisfying climax. But while the heroines may achieve eternal life, the musical itself is much closer to forgettable than immortal.

Death Becomes Her
Lunt-Fontanne Theatre, 205 W. 46th St., New York, \$49-\$199, deathbecomesher.com

Mr. Isherwood is the Journal's theater critic.

The WSJ Daily Crossword | Edited by Mike Shenk



PUZZLE CONTEST

- 25 At any time
- 26 Track divisions
- 30 Thurman of "Kill Bill"
- 31 Cargo unit
- 32 Lawn makeup
- 34 Indian honorific
- 36 Warning
- 38 Tom Hanks movie
- 39 As done by
- 40 "Treasure Island" author's initials
- 41 Closer's success
- 42 Monologuist Mort
- 47 President follower?
- 49 Stadium part
- 51 NBA Hall of Famer Karl
- 52 Talent seekers
- 54 "That's so cute!"
- 55 Plus
- 56 Divided peninsula
- 57 Miles away
- 58 Baja resort, familiarly
- 59 Hawaiian port
- 63 Music genre
- 64 Through
- 65 Not just wonder
- 66 The sibs and 'rents

SINGING OUT | By Mike Shenk

The answer to this week's contest crossword is a singer of a sort.	22 "Be Yourself" singer	57 Blessing preceder	9 Hurtle
	27 Place for pullets	60 Landon who lost in 1936	10 Wedding symbol
	28 Cher or Beyoncé, e.g.	61 Head for a pub?	11 Notion
	29 Enthusiastic devotees	62 "Incomparable" singer	12 Hex sign holder
	33 Month, in Mexico	66 See 16-Across	14 List-shortening abbr.
	35 Monthly check	67 Up to the task	18 Business card info
	37 Jersey greeting	68 Botch	20 Eleventh day gifts
	38 "People" singer	69 Cost of cards	23 Mummy's place
	43 Looking sick	70 Suite spot	24 Person who wrongly insists that Obama was born in Kenya
	44 Persian monarch	71 Symbols of sturdiness	
	45 Yoga venue, perhaps	72 Plateau's kin	
	46 Betray surprise	73 Fill the tank	
	48 "The Unanswered Question" composer	74 Insect egg case	
	50 Units of resistance	75 Silently acknowledges	
	53 "Set the Night to Music" singer	76 Flock female	
		77 Web banner, often	
		78 Word before cow, horse or lion	
		79 Adm.'s org.	
		80 DDE's predecessor	

► Email your answer—in the subject line—to crossovercontest@wsj.com by 11:59 p.m. Eastern Time Sunday, Nov. 24. A solver selected at random will win a WSJ mug. Last week's winner: Tonia Teasley, Apple Valley, MN. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)



SPORTS

LeBron James Takes on a Supporting Role

The key to the Lakers' success has been taking the ball out of the hands of the NBA's all-time leading scorer



By ROBERT O'CONNELL

When JJ Redick took over as the head coach of the Los Angeles Lakers this summer, he knew just the player he wanted to build around—one of the singular athletes in the sport's history, a two-way marvel of blocked shots, rebounds and rim-rocking slam dunks.

Here's the twist: It wasn't LeBron James.

Ever since James packed his bags and headed for Hollywood in 2018, he had been the Lakers' unquestioned leader. But James will turn 40 years old in December, and in two of the last three seasons, L.A. has failed to win a single playoff series.

So when Redick took the reins of the NBA's most glamorous franchise, he did something drastic: He gave the greatest player of his generation a demotion.

This season, it has been Anthony Davis, not James, at the heart of the Los Angeles attack.

"It's our job to empower him on both sides of the basketball," Redick said of Davis, "to have a monster year."

Over his first six years in Los Angeles, James was the ultimate boogeyman for Lakers opponents, piling up points en route to becoming

the NBA's all-time leading scorer.

But this season, it's Davis, a 31-year-old center, who leads the Lakers in scoring, Davis also leads the team in shots attempted, rebounds and blocks. His 30.7 points per game are the second-most in the entire NBA, entering Wednesday's games.

Which means that more and more, James's primary job is simply to pass the big man the basketball.

"We lean on AD every night," James said after a recent win over the San Antonio Spurs. "The ball goes through him, not only the first option but also the second option."

The upshot is that James is now occupying a role he's never held before: a complementary piece. His 23.5 points per game are the fewest he has put up in more than half a lifetime—since he was an 18-year-old rookie with the Cleveland Cavaliers.

But the most astonishing thing about asking a man nicknamed "The King" to play second fiddle is how well it's working.

With Davis as their cornerstone, the Lakers sit at 10-4. Their offense, which graded out as average last season, is suddenly one of the most potent in the entire NBA, powered by Davis' hook shots and alley-oop slams.



With Lakers coach JJ Redick in charge, it has been Anthony Davis, not LeBron James, at the heart of the Los Angeles attack this season.

It helps that James is the rare all-time great known for his willingness to play a supporting role, on occasion, for the good of the team.

Michael Jordan played his entire career as the lead option on his teams, and Kobe Bryant kept chucking shots even when his ability to

make them waned.

James, to the contrary, has flourished by taking fewer opportunities to score.

Recently he tallied a triple-double in four consecutive games—the first such stretch of his decorated career.

"That's what makes LeBron one

of the great ones," said Robert Horry, a Lakers analyst who, as a player in the 2000s, won three championships with the franchise. "He doesn't care what happens, as long as the game is played the right way."

Redick's plan to turn LeBron James into sidekick began well before the first game of this season. In fact, it started years before anyone had any inkling that he would ever coach the Lakers. After retiring as a player in 2021, Redick worked for several years as a pundit and podcaster, offering his fixes for various teams—a certain purple-and-gold franchise included.

Before the 2022-23 season, he gave his take on the Lakers. They were a capable team, Redick explained, but they had a problem: Their superstar wasn't quite the league-destroying force he once was. They would reach their potential only if Davis took over the lead role from James.

"This Lakers team becomes a Tier 1 team to me," Redick said, "if Anthony Davis is A-1."

Redick had good reason to believe this was the case.

For all of his age-defying abilities, James is just six months younger than his new coach—and Redick knew firsthand how the bruises and sprains of a long NBA career can slow a player down.

Davis had also proven that he could take on a greater share of the workload, giving James room to pick his spots and maximize his opportunities.

There had been just one year of the James-Davis partnership when the latter had averaged more points than the former.

That was the 2020 season—which ended in the Lakers lifting the Larry O'Brien championship trophy.

When Redick signed on to coach the Lakers, he inherited a team that graded out in the middle of the NBA in offense, and that lacked the draft picks and cap space to add any notable players over the offseason. If the Lakers were going to improve, then, it was going to require thinking outside of the box and managing the resources already on hand better.

The fix was as fast as it was counterintuitive. Redick simply asked one of the greatest players of all time to give up the ball.

OLE BURSTEN/GETTY IMAGES; MARCIO JOSE SANCHEZ/ASSOCIATED PRESS

The Rain-Soaked Race That Put Verstappen On the Brink of a Title

By JOSHUA ROBINSON

FOR THE FIRST TIME IN YEARS,

Max Verstappen was looking a little ragged. And the longer the most chaotic season of his career dragged on, the more he began to resemble the petulant rookie he'd been at 17, not the polished world champion he'd become.

In Budapest, he raged at his own race engineer over the radio. In Austin, Texas, he ran his closest rival straight off the road. And in Mexico City, he cut across a corner so brazenly that officials had no choice but to dock him time.

Verstappen, who had grown used to untouchable dominance, was completely furious. For four months, he just couldn't buy a win.

So when he landed in Brazil earlier this month, Verstappen responded in dramatic fashion. Instead of buckling under the pressure, he delivered the drive of his life—through traffic, in the rain, and out of his skin.

"It was a master class from Max," Red Bull team principal Christian Horner said after watching Verstappen come from 17th on the grid to win the São Paulo Grand Prix.

Verstappen, whose previous race victory came in Spain back in June, hadn't gone 10 Grands Prix without a first-place finish since 2020. And during that spell, a host of other challengers had emerged.

Verstappen's Red Bull car, which previously looked like a fighter jet in a field of tricycles, was no longer so unstoppable. Teams such as McLaren and Ferrari were suddenly closing the gap and British driver Lando Norris had turned

himself into a title contender.

But by stamping his authority back on the season, Verstappen did more than put himself on the brink of a fourth consecutive world championship. He also reminded the world why he is already one of the sport's all-time greats. All he has to do this weekend in Las Vegas is cross the finish line ahead of Norris and he will become just the fifth man ever to be crowned a four-time F1 champion.

"We made all the right calls again, stayed calm, and executed when we needed to," Verstappen said. "Honestly crazy."

Verstappen has delivered plenty of dominant performances in his career, usually starting on the front row and building unsailable leads before anyone had a chance to do anything about it.

What set Brazil apart was that, this time, Verstappen started a long way from the front. A bizarre, aborted qualifying session, combined with a penalty for taking a new engine, had landed him in 17th place out of 20 on the grid. Verstappen knew that slicing through the field would require every ounce of the elbows-out racing skill that he's possessed since his first-grade go-kart days.

Once the race began, he wasted no time getting to work. The moment the start lights went out, he charged his Red Bull through the spray and round the outside of the first two corners. By the end of lap 1, he was up to 12th place. By lap 5, he was ninth. And soon, he was in seventh. The rain, however, wouldn't let up. Which left Verstappen and his race engineer, Gianpiero Lambiase, with a big deci-



Red Bull's Max Verstappen celebrates after rallying from 17th on the grid to win the São Paulo Grand Prix.

sion to make on strategy.

While others ducked into the pits for different tires, the two men agreed over the radio to trust Verstappen's wet-weather touch—or possible disregard for his own safety—and hold off.

"S-, it's a lot of water," Verstappen told him. "Let's try a lap."

"Just keep it on track, mate," Lambiase replied.

Before he knew it, Verstappen was up to fourth and wrestling his car around the slippery surface with only a fraction of the grip that F1 drivers are accustomed to. That's when he caught a stroke of luck. Following a crash behind

him, officials waved a red flag to stop the race temporarily, allowing Verstappen to make a free pit stop without losing track position. The gamble to stay out had paid off.

Then, on lap 43, Verstappen made his advantage count for good. In a single ice rink of a corner, he took the lead from Esteban Ocon while Norris slid off the track behind him. Norris, who

needed to outscore Verstappen to keep his championship hopes alive, would finish sixth.

When Verstappen finally took the checkered flag, he became one of only six drivers in Formula One

history ever to win a Grand Prix from as far back as 17th place—and the first to pull it off since Kimi Raikkonen in 2005. More surprising still was the sight of the most gifted racer of his generation fighting his way through the middle of a pack, something that had become all too easy to forget as he cruised through the 2022 and 2023 seasons. Over those two campaigns, Verstappen racked up 34 victories in 44 races.

"It's been a long time coming, mate," Lambiase told him as they celebrated the victory. "But boy was that worth the wait. You are the man."

MARK THOMPSON/GETTY IMAGES

OPINION

The Lessons of Gaetz's Withdrawal



POTOMAC WATCH
By Kimberley A. Strassel

Donald Trump's pick for attorney general, former Florida Rep. Matt Gaetz, withdrew on Thursday, barely a week after being nominated.

There are lessons here, ones the gung-ho Trump team could benefit from internalizing as it continues filling out key posts.

Gaetz defenders are already attempting to blame this flameout on smears, or on hard feelings over Mr. Gaetz's ouster of Speaker Kevin McCarthy, or on Republican spinelessness. Mr. Gaetz in his withdrawal statement insisted he was "unfairly" targeted. Whatever the Trump team says publicly, it would be unwise for it to fall for those excuses privately. Mr. Gaetz's liabilities were all his own, and it was those liabilities that burnt down his confirmation.

The biggest was obviously the recently concluded House Ethics Committee investigation into a long list of allegations against Mr. Gaetz, including (from a June committee statement) "sexual misconduct and/or illicit drug use, shared inappropriate images or videos on the House floor, misused state identification records, converted campaign funds to personal use, and/or accepted a bribe, improper gratuity, or impermissible gift." The claims weren't limited to the allegations of sexual trafficking pre-

viously investigated by the Justice Department.

Mr. Gaetz looks to have convinced Mr. Trump that these probes were no different from the partisan Democratic allegations and lawsuits aimed at the former president—or, as Mr. Gaetz wrote this week, his own "Steele dossier." That claim was always ludicrous.

Even if one is to buy that a broad team of career prosecutors were plotting to take down Mr. Gaetz (a plot that failed spectacularly, as they never brought charges), the House probe was conducted by Republicans and Democrats on a panel known for its reluctance to throw stones—given that its members live in the same glass House. Yet bits of the Ethics Committee report were starting to leak out, and everything pointed to its findings' being ugly.

And so, Lesson No 1: Not all allegations against Republicans are partisan shams. That's surely hard for Republicans to swallow in light of bush hunts against Mr. Trump and Brett Kavanaugh, but the GOP as the law-and-order party has a duty to make careful distinctions.

The Trump transition team might have also read the insider room. Republicans are well versed in defending their brethren against nonsense attacks—even their unpopular brethren. There was a reason few if any Republican members rushed to Mr. Gaetz's defense: They know him. Congress is a close space, and most all members had seen or heard something unpleasant

enough to make them suspect fire accompanied the smoke. Ergo, Lesson No. 2: Take your lead from people who know, not MAGA Twitter insurgents.

The name of the Trump nominations game is clearly "shakeup"—and that's to be applauded. Few doubt that Washington is in desperate need of some rattling. But note Lesson No. 3: The Gaetz fiasco

If Trump wants to shake up the Justice Department, he needs someone serious.

is a reminder that there remains a bright line between a candidate who is aggressive, committed and professional and one who is unthinking, partisan and a liability.

Mr. Trump has chosen a solid lineup of the former, from Linda McMahon (Education) and Marco Rubio (State) to Chris Wright (Energy) and Brendan Carr (Federal Communications Commission). Mr. Gaetz was always clearly the latter—big on bravado, short on ideas and temperament. While not as discussed as the ethics question, it's also an important reason his nomination was destined to fail.

Every politician faces a tension between party loyalty (confirming a president's nominees) and constitutional principle. For all that Mr. Trump has rightly complained about Justice Department politicization and the need for change,

his team underestimated how seriously senators take that problem and how focused they are on this vital opportunity to turn things around. They want someone serious and aggressive, but also someone who can command the respect necessary to rebuild trust among all voters in the department.

The temptation may be to pick another loud candidate made popular by catering to the base, rather than one with a true commitment—and plan—for restoring the Justice Department's fealty to the Constitution and the rule of law. But such a pick won't reassure senators who are truly eager to rally behind a rock star with a unanimous vote.

And of course it's possible to tap a candidate able both to shake things up and to promote professionalism. The Republican firmament is teeming with past or current state attorneys general, former prosecutors and other legal heavyweights—many who also have knowledge and experience of the Justice Department's structure, its problem staff, and potential barriers to reform. Mr. Trump has four short years and a lot of fixing to do. He needs an attorney general who is already sprinting on Day One.

And the country deserves it. A Justice Department that is doing its job is a department that isn't leading every headline, that isn't the source of nonstop drama. Starting with a drama-free nominee would be a great start toward that future.

Write to kim@wsj.com.

Trump Can End Religious Discrimination

HOUSES OF WORSHIP
By Nicole Stelle Garnett and John Meiser

Donald Trump talked a good game on religious liberty four years ago. "We don't punish prayer. We don't tear down crosses. We don't ban symbols of faith. We don't muzzle preachers and pastors," he said in his 2020 State of the Union address. "In America, we celebrate faith, we cherish religion, we lift our voices in prayer, and we raise our sights to the Glory of God."

Yet as a federal judge recently observed: "Time and again the First Amendment rights of American citizens have been the subject of litigation. . . . Organizations must continually sue to keep the federal government from infringing on basic and well-settled rights to freedom of religion." As Mr. Trump assumes office, he can change the status quo with a simple action: He can announce that Washington will stop discriminating against religion.

That might sound superfluous. The First Amendment squarely prohibits government from disfavoring people and groups because of their religious character and commitments. The Supreme Court has made clear that when governments cooperate with private groups to advance public goals—such as education, poverty alleviation, or healthcare—they may neither exclude religious organizations nor require them to secularize in order to participate. Yet over the years Congress and federal agencies have put

in place an immense number of statutes and regulations, across a range of federal programs, that do exactly that.

Many of these regulations limit the religious liberty of faith-based schools by denying federal assistance to those that remain faithful to their religious commitments. Federal law, for example, requires that federally funded supplemental-education services for disadvantaged children be "secular," even when provided in or by religious institutions. The same goes for professional-development programming for teachers. Ditto for services that assist English language learners. Publicly funded services provided to students with special needs by religious schools must be secular.

The federal government's discrimination against religious organizations extends well beyond the education context. The Health and Human Services Department provides grants to support private groups that offer substance-abuse programs—but only if those programs are secular. Private organizations may receive federal assistance to help reduce poverty and revitalize low-income communities, provided that they do so through activities that aren't religious. So too for organizations that help expand child-care options for working parents.

Some religious exclusions are simply bizarre. Religious colleges and universities may offer students part-time jobs through federal work-study programs but not if those jobs involve performing maintenance on buildings where religion is taught. Every Martin

Luther King Jr. Day, the government funds privately hosted service projects in honor of King—a Baptist minister—so long as those projects don't support "religious activities."

The federal Administration on Aging advises that community-service organizations receiving federal grants to feed vulnerable elderly populations not lead any prayer of thanksgiving beforehand.

A simple executive order on Day One to enforce court rulings that protect faith.

Varied as they might be, these exclusions share one thing: They are unconstitutional. Each reflects an outdated understanding of the First Amendment that assumes the Constitution requires the exclusion of religious expression from public life and programs.

The Supreme Court has in several instances affirmed that this is backward. As the court explained in *Trinity Lutheran v. Comer* (2017), *Espinoza v. Montana Department of Revenue* (2020) and *Carson v. Makin* (2022), the government needn't subsidize such private activities as education, healthcare and social services.

But once it does so, it can't disqualify otherwise eligible activity solely because it's religious. The court has also put to bed an overly aggressive reading of the Establishment Clause, which made many government officials afraid to

do—or offer support to—anything that might associate them with religion.

Yet the court's constitutional corrections aren't self-enforcing. Other political branches must now take on the vital work of giving practical effect to the justices' judgments. Mr. Trump's administration can take the lead with two simple methods:

First, on day one, make clear that unlawful religious discrimination won't be enforced in federal programs. The executive branch is charged with taking care that federal law and the Constitution are faithfully executed. It should do so by making clear that federal programs conform to the First Amendment.

Second, root out all instances where religious discrimination is on the books. This treatment is so widespread because it has crept into federal law quietly and incrementally, across administrations, over many decades. The president could direct every department to conduct an audit of the programs they administer to unearth discriminatory provisions that lie buried beneath the mountains of federal laws, regulations, rules, handbooks and guidance documents.

In so doing, Mr. Trump has the chance to end a wasteful cycle of litigation and restore our first freedom where it matters most: not in the courtroom but in the daily life of citizens and communities across the country.

Ms. Garnett and Mr. Meiser are law professors at Notre Dame Law School.

Crisis and Compassion at 38,000 Feet

By Bob Greene

The flight started unremarkably enough, if you forgot that traveling vast distances at great speeds inside a metal tube miles in the air once seemed an impossible notion. Southwest Airlines Flight 1749, New York LaGuardia to Chicago Midway International, departure right on time. Quiet flight, smooth air, and then something happened.

There was a stir near the front of the cabin. You can tell when something is amiss. A flight attendant hurried to a row on the left side.

The woman seated by the window had lost consciousness. I was two rows behind, on the aisle, and could see all of this and hear most of it.

The flight attendant—I would learn later that her name is Nissa Sebok, and that

she has worked for Southwest for 24 years—was the same one who had greeted passengers cheerily as we boarded.

Now her face was serious. She was calm, professional, fully focused. She knelt, speaking to the woman as she regained consciousness. She then hit the call button above the seats.

A midflight medical emergency brings out the best in the crew and passengers.

In response, one of her colleagues hastened to her side. He made an announcement on the public-address system: "Will any medical professionals on board please come to the front of the plane?" A crew

member retrieved the plane's emergency medical kit.

Within seconds, a fellow passenger, a physician, was on his knees, taking the woman's pulse and going through a checklist of medical queries. She was able to answer.

Another man quickly joined him. "I'm an EMT," he said to Ms. Sebok. Seeming satisfied that the physician had things under control, he said: "I'll be back at my seat if you need anything."

Thirty-eight thousand feet in the air a stranger was in trouble, and these people, without an instant's hesitation, were stepping up to help. In this allegedly fractious world of ours, none of them knew or cared about the others' political beliefs. The woman who fell ill, the flight attendants, the physician, the EMT were of different ethnicities, they had never met—that

mattered not at all. We live in litigious times, but it seemingly didn't occur for a moment to the two medical men that it might have been easier not to get involved. Someone needed them.

The woman by the window stabilized, and the physician spoke quietly to Ms. Sebok before returning to his seat. As the flight continued, Ms. Sebok periodically checked on and comforted the woman.

When things go wrong in this world, it makes the front pages. When things go right—when people come through for each other—it's not considered news. Flight 1749 landed in Chicago and we all disembarked, into an America that we are constantly told is angry and full of distrust.

Mr. Greene's books include *"Once Upon a Town: The Miracle of the North Platte Canteen."*

BOOKSHELF | By Alex Belth

Portrait of a Funny Man

Carson the Magnificent
By Bill Zehme with Mike Thomas
Simon & Schuster, 336 pages, \$30

Comedians ruled television's first golden age: Milton Berle, Lucille Ball and Jackie Gleason were among its biggest stars, but no one would have a more lasting impact on comedy and broadcasting than Johnny Carson. From Ed McMahon's indelible introduction, "Heeeere's Johnny!" to the golf-swing pantomime that concluded each opening monologue, Carson turned "The Tonight Show"—pioneered by Steve Allen (cerebral, funny) and Jack Paar (erudite, emotionally volatile)—from a ratings success into a national institution.

Carson emerged a fully evolved version of a late-night talk-show host. Like Willie Mays or Frank Sinatra in their realms, Carson perched at the apogee of his craft and made everyone who followed possible: so-called rivals (Dick Cavett, who had written for Carson; Joan Rivers, a longtime fill-in host); his spiritual children (David Letterman, Jay Leno); and grandchildren (Conan O'Brien, Stephen Colbert, Jimmy Kimmel, et al.).

All this from a polite Nebraskan who hustled up the ladder during TV's nascent years, hosting the popular ABC afternoon game show "Who Do You Trust?" before taking over "The Tonight Show" in 1962, brimming with Camelot-era energy and Scotch-and-soda wit, and with a permanent twinkle in his eye.

His on-air charm—and private agonies—are on display in Bill Zehme's "Carson the Magnificent," an impressionistic, besotted

portrait that has the obsessiveness of your favorite deep-dive podcast. The book bounces back and forth in time and is at its best on Carson's first decade with "The Tonight Show," when it was taped in New York.

Carson distinguished himself from his predecessors with his abiding cool disposition, perfect for what Marshall McLuhan called the "cool medium" of television. Adept at sleight of hand (magic was his first and abiding love), Carson achieved more with less and shared an intimate, almost conspiratorial connection with the viewer. "He's great by omission," said Ray Stark, Carson's "Tonight Show" producer during the early years. Or, as Carson's longtime partner McMahon put it: "Johnny packs a tight suitcase."

A reactive comedian, Carson stood just outside of a joke in case it tanked—and he could play off of that, too. It's an ideal quality for a man tasked with listening; Carson sparkled as a conversationalist but never pretended to be smarter than he was.

He loved comedians, and his generosity of spirit helped revolutionize the stand-up world, establishing a platform for the craft of comedy and creating star after star—from Don Rickles to Drew Carey, a good appearance on "The Tonight Show" could change a comedian's life overnight.

Carson stayed on the air for almost 30 years, his supremacy in the ratings never challenged except, during his final years, by Arsenio Hall. By then Carson was his jaundiced father-knew-best, carrying the scars from four marriages. "He never met a wife he didn't like," cracked Dean Martin.

If Carson's failings made him more relatable, he remained aloof; Orson Welles once called him "the only invisible talk host."

These two versions of him—the public icon and private man—vie for attention in "Carson the Magnificent," a celebratory biography that doesn't shy away from the unhappiness of Carson's personal life. We see Carson's blackout drinking, the accompanying verbal—even physical—abuse he dished out, followed by shameful recriminations and a constitutional inability to say, "I'm sorry."

"Unlike Sinatra," the former "Tonight Show" writer Michael Barrie says, Carson "was not an exciting guy living life in big bold strokes; instead, he was—like I need to tell you—the ultimate Interior Man, large and lively only when on camera."

Carson knew how to stand outside of a joke in case it tanked. He sparkled in conversation and didn't pretend to be smarter than he was.

Such a complicated life presents a daunting challenge for a biographer, and Zehme leans into Carson's incongruities with unconcealed pleasure. Zehme made his reputation writing about celebrities for Rolling Stone and Esquire with discursive brio and high style. He specialized in comedians—his authorized biography of Andy Kaufman is one of the weirdest show-business biographies ever written—perhaps because he had natural sympathy with anyone blustering through the gaping chasms of fear and failure.

Zehme profiled Mr. Letterman and Mr. Leno numerous times but didn't get to sit down with Carson until his interview for Esquire in 2002. That led to a book deal; though Carson died in 2005, Zehme spent eight years on the project before being diagnosed with colon cancer. He lived until the spring of 2023, his magnum opus only two-thirds finished.

Mike Thomas, a journalist who once worked as Zehme's assistant, concludes the book briskly. He makes the wise decision not to try to emulate Zehme or cover ground that the author didn't get to. But that means we miss out on how Zehme would have expounded on the late-night wars that surrounded Carson's exit from "The Tonight Show," or Garry Shandling's brilliant "The Larry Sanders Show," or McMahon's ubiquity as a pitchman, or Steve Martin's performance as "The Great Flydini" during Carson's farewell tour. Zehme, whom I interviewed for Esquire in 2016, meant for this book to be his crowning achievement; it's not that—yet it's a small miracle that the book exists at all. Incomplete though it might be, "Carson the Magnificent" is a tribute to Zehme's winking, deeply imbricated style—both gregarious and taciturn.

"Carson the Magnificent" is an ode to an inscrutable man, a thoughtful appreciation for how Carson's televised presence reassured a nation as he sent us off to dreamland, reinventing himself every night in a performance as his best self—like us, a rapt audience to his TV guests.

Mr. Belth is the author of "What Makes Sammy Jr. Run? Classic Celebrity Journalism, Vol. 1."

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OPINION

REVIEW & OUTLOOK

The ICC's Assault on Israel—and the U.S.

The International Criminal Court in The Hague issued arrest warrants Thursday for Israeli Prime Minister Benjamin Netanyahu and his former defense chief, and this legal assault isn't only against Israel. The precedent will harm the ability of all democracies to defend themselves against terrorist groups or states.

The White House came out against the ICC's decision, but it might have been able to prevent it. The Republican House passed a bipartisan bill in June to sanction the ICC. Chuck Schumer, on directions from the President, has held up sanctions in the Senate for nearly six months. This is the same Sen. Schumer who loves to tell Jewish audiences that he's their *shomer*, or guardian, in Congress.

On Israel, the ICC has twisted the law and the facts. It has ignored the cloud over the court's prosecutor, who is under investigation for possible sexual harassment, and who changed the course of his Israel investigation days after learning about the allegations threatening his career. No problem, said the court.

First, the law: The ICC only has jurisdiction over its member states, but Israel isn't a member and Gaza isn't a state. The court nonetheless conjures a State of Palestine. It then deems the state's borders to include Gaza and lets the Palestinian Authority sign for the territory Hamas has controlled since 2007. International "law" is malleable when it targets Israel.

Second, the facts: Hamas started the war on Oct. 7 by sending death squads into Israel, then pledged to use its Gaza fief to repeat the massacre "again and again." Israel went to war in self-defense with the legitimate objective of destroying Hamas.

This is about more than Israel, whose military may have achieved the lowest ratio of civilian-to-combatant deaths in the history of urban warfare. The effect of the ICC warrants is to disarm any Western democracy that is responding to atrocities from terrorists and rogue states. This precedent will be used against the U.S., which, like Israel, never joined the ICC.

The ICC indict Mr. Netanyahu and former Defense Minister Yoav Gallant for allegedly using starvation as a method of warfare and several other crimes against humanity. The politicization begins with the list of the accused. It includes only two of the three members of Israel's then-war cabinet, leaving out Benny Gantz, who was the hope of

The court sacrifices its standards and future to join the war on Israel.

those who want to oust Mr. Netanyahu.

The charge of deliberate starvation is absurd. Israel has facilitated the transfer of more than 57,000 aid trucks and 1.1 million tons of aid, even though Hamas's rampant theft means Israel is provisioning its battlefield enemy, something the law can't require.

This is why President Biden said on Oct. 18, 2023, that if Hamas steals the aid, "it will end." The President broke that promise, and Israel has exceeded its aid obligations.

The international Famine Review Committee found on June 30 that famine isn't occurring in Gaza—Hamas attributes 41 deaths in the entire war to malnutrition—but that elevated risk of famine will persist as long as the war goes on. Especially when the world backs Egypt's decision not to allow refugees out of Gaza, trapping civilians in the war zone.

Using Palestinian civilians as political weapons is the essence of Hamas's strategy, which the ICC now vindicates. Hamas cheered the ICC warrants on Thursday in a statement that "international justice is with us and against the Zionist entity."

Third, the consequences: Messrs. Biden and Schumer will no longer be able to protect the ICC, which conveniently waited to grant arrest warrants until after the U.S. election and before Donald Trump returns to the White House.

But Rep. Mike Waltz, the President-elect's pick for national-security adviser, says action is coming. Republican Sens. Lindsey Graham and Tom Cotton plan to press Mr. Schumer to hold a vote on the House bill in the lame duck Congress. If Mr. Schumer refuses, a vote is certain in the next Congress. Mr. Graham is also planning to introduce a bill that goes further and sanctions groups and nations that aid and abet those like the ICC that harm the security of the U.S.

President Trump sanctioned some ICC officials in 2020 for lawlessly investigating U.S. troops, and the court backed down. Mr. Biden revoked the sanctions in 2021. Cutting off the ICC and, say, its top 100 officials from the U.S. banking system via sanctions—with all that means for European bank accounts as well—could cripple the court.

The court's self-immolation is one more consequence of a Biden foreign policy that has too often put the authority of international institutions above the U.S. national interest. It's also a reason he soon won't be President.

Gensler Gets Hit by the Law Again

Securities and Exchange Commission Chair Gary Gensler on Thursday suffered another court defeat on his way out the door. Moments before Mr. Gensler announced his plans to step down at the end of the Biden presidency, a federal judge vacated his dealer rule.

Like so many of Mr. Gensler's regulations, this one sought to expand the commission's power over markets without Congressional authorization. The rule redefined dealer under the securities laws to include any person whose trading activity "regularly" has the effect of "providing liquidity" to the market including asset managers, hedge funds and even day traders.

"As now defined, many of the world's largest, most prominent market participants, including the Federal Reserve, may have been operating unlawfully as unregistered securities 'dealers' for 90 years without anyone—including the Commission—having previously noticed," Judge Reed O'Connor noted. "Operating as an unregistered dealer under the Exchange Act is a felony."

Trump Cuts His Losses on Matt Gaetz

Matt Gaetz on Thursday dropped out of consideration to be Donald Trump's new Attorney General, and readers as far west as Topeka might have heard the whooshing noise, as Senate Republicans in Washington sighed in collective relief. Mr. Gaetz was an awful choice for many reasons, and the question is what lesson Mr. Trump draws from this mistake.

In a Truth Social post, Mr. Trump said Mr. Gaetz "did not want to be a distraction for the Administration," but that he "was doing very well." He wishes. On Wednesday the House Ethics Committee declined to release a report on Mr. Gaetz's alleged misconduct, but Democrats said they'd try to force a floor vote, and lawyers for Mr. Gaetz's accusers have been talking to the press anyway.

Give credit to the Republican Senators, including John Cornyn of Texas, who made clear that even under a GOP President they planned to take seriously their constitutional duty of vetting cabinet nominees. South Dakota Sen. Mike Rounds told CNN that seeing the House report on Mr. Gaetz could speed confirmation hearings. "If it's not available and we have to recreate it ourselves," he said, "that would delay our ability to make a decision."

Instead Mr. Trump cut his losses on a bad nomination, and in the end this will help him. Mr. Gaetz's confirmation by the Senate was seriously in doubt. Although he denies wrongdoing, the hearings would have included claims that Mr. Gaetz had sex with a 17-year-old in 2017, an embarrassing and damaging spectacle

But will he apply the same logic to other unappealing picks?

for Mr. Trump. A yes vote by GOP Senators in swing states would have been thrown back at them in attack ads in 2026 or 2028.

Does Mr. Trump recognize now that the Republican Senate is going to give his cabinet nominees a fair hearing, but not a complete pass? Maybe he does.

On Thursday night Mr. Trump went a different direction, announcing that his new AG nominee is Pam Bondi, who was Florida's Attorney General from 2011-2019. "Pam was a prosecutor for nearly 20 years, where she was very tough on Violent Criminals," he said on Truth Social. "Then, as Florida's first female Attorney General, she worked to stop the trafficking of deadly drugs."

In Florida Ms. Bondi was among the state AGs who sued to block ObamaCare. She's a serious lawyer, unlike Mr. Gaetz, and the President-elect may trust her because she was part of his impeachment defense team in 2020.

Mr. Trump wants loyalists but he also needs competent deputies who won't distract from his second-term goals. On that score he should be weighing whether to stick with Pete Hegseth as Defense Secretary and Tulsie Gabbard as Director of National Intelligence. For Labor Secretary, he's considering Rep. Lori Chavez-DeRemer, who supports the union giveaway Pro Act.

There are plenty of smart, determined conservatives to fill a cabinet, so there is little for Mr. Trump to gain by trying to strong-arm Republican Senators into taking hard votes on ill-qualified nominees. Political capital is a terrible thing for an incoming President to waste.

LETTERS TO THE EDITOR**The State, the Market and a Transgender Wave**

As one who is sympathetic to so-called "common-good conservatives," I found Barton Swaim's op-ed "Markets Foiled Transgender Ideology" (Nov. 15) compelling. He correctly identifies transgender extremism as being "promoted by activists in the nonprofit sector, by public school and university administrators, and by public-sector busybodies."

But what if all the above are so interwoven with government power as to be virtually indistinguishable from it? In California, for instance, Gov. Gavin Newsom is promising to "Trump-proof" the state and sounding more like George Wallace by the day. Mr. Newsom's law forbidding school districts from requiring teachers to notify parents of changes to their children's "gender identity" will surely fall under the umbrella of his "Trump-proofing."

Mr. Swaim must appreciate the predicament of those of us who, stripped of our rights as parents, await the blunt instrument of federal power to liberate us from state-sponsored trans tyranny. Free markets won't save us. Maybe a strong executive branch will.

KURT HOFER
Los Angeles

Mr. Swaim does a cruel disservice to our country's tiniest and most disadvantaged minority group. Transgender isn't an ideology; it's a medical diagnosis.

He lists a half-dozen "promoters" of this "ideology." How could he miss

two key participants: parents, desperately seeking help, and the doctors caring for their children? By casting these efforts as a "culture war," Mr. Swaim invokes the specter of relentless advance, when gender dysphoria affects less than 1% of our children.

Recognizing the reality won't increase the incidence. It isn't a "lifestyle choice." Ask yourself: Who would choose to be transgender in today's America?

Women, blacks, gays: The smaller the numbers, the longer it took to emerge from the shadows. Now comes this tiny slice of our society, asking: Please, let us get the healthcare we need. This isn't an ideology. It's simple humanity.

BRUCE L. REYNOLDS
West Bend, Wis.

Transgenderism is this era's civil-rights struggle because white saviorism on the left requires that every era has one. After working their way through women, gays and illegal immigrants, progressives need new victim groups to regenerate the thrill of saving people.

If rescuing tiny slivers of the population doesn't offer the same satisfaction as rescuing millions, there's a solution: Grow the constituency. The left has done that through mass media, social media and the schools. A once-rare disorder is now a social contagion.

MICHAEL SMITH
Georgetown, Ky.

The Politics of RFK Jr. and the Nation's Health

Although I agree with most of President-elect Donald Trump's nominations for his administration so far ("How RFK Jr. Sees the World," Review & Outlook, Nov. 16), I do have one reservation: Robert F. Kennedy Jr. Having him serve as the head of the Health and Human Services Department is, in my opinion, the equivalent of having Greta Thunberg serve as the head of the Energy Department.

JOHN FALKOWSKI
Maynard, Mass.

Another good idea from RFK Jr. ("Social Prescriptions": A Good RFK Jr. Idea" by Julia Hotz, op-ed, Nov. 20) is to eliminate prescription-drug advertising directly to consumers. Around \$8.1 billion was spent in 2022

DAVE STEELE
Murrells Inlet, S.C.

In "The Democrats Made RFK Jr." (Life Science, Nov. 18), Allyssa Finley identifies the dilemma facing the Democrats with Donald Trump's nomination of Mr. Kennedy. After all the years the Democratic Party used RFK Jr. as a poster child for policies that it supports, how can it now act and speak against him?

STEPHEN HORWITZ
Frederick, Md.

How to Protect the New Republican Majorities

Regarding your editorial "Trump's Recess-Appointment Scheme" (Nov. 15): The U.S. House, Senate and presidency were all controlled by one party in 2009, 2017 and 2021. In each case, a newly elected president overreached and acted as if he had a mandate to force his entire agenda on the American people. In each

case, those in the president's party generally rubber-stamped his agenda.

In each case, the president's party lost control of the House two years later and the Senate four or six years later.

Things will go better for the Republican Party, which will control the House, Senate and presidency in 2025, and for the country, if Congress demonstrates that it will provide a constitutional check on the president.

The Republican Senate might start by making clear that it won't confirm presidential appointees lacking in character, qualifications or both, and that it won't allow such people to take office through a recess-appointment loophole. Otherwise, we can anticipate that the electorate will do its best to balance the power dynamic in Washington.

HOWARD LANDIS
Naples, Fla.

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HOWARD LANDIS
Naples, Fla.

Pepper ... And Salt

THE WALL STREET JOURNAL

Regarding "Notable & Quotable: LaRosa's Progress" (Nov. 19): Why does the unelected First Lady have a press secretary in the first place?

Someone please call DOGE, the Department of Government Efficiency. I have a tip for the hotline.

NICK IVES
Chesapeake, Va.

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OPINION

Blame the Democratic Party for Trump

By Garry Kasparov

I am deeply concerned about what Donald Trump's re-election means for the future of American and global democracy. Not only because Mr. Trump is a dangerous one-man show, but because of the feebleness of the opposition mustered against him.

Voters rejected the woke progressive agenda that Democrats made their centerpiece. Instead, they went with the candidate they believed would act in their interests decisively. Just before the election, I endorsed Kamala Harris. I would have supported almost any Republican other than Mr. Trump over Ms. Harris.

Their weak candidates, identity politics and extremism pushed voters toward the ex-president.

She should never have been the presidential nominee. An earlier withdrawal from the race by Joe Biden, as I urged in these pages in 2023, would have benefited everyone. It would have pushed the Democrats to field a stronger candidate—and the Republicans too. Ms. Harris has never been a skilled political animal—not in 2016, 2020 or 2024. But she was the candidate, and the race was winnable. Mr. Trump was more

vulnerable than ever, with piles of legal baggage and signs of cognitive decline—not to mention a personality repellent to many voters.

But Ms. Harris failed to separate herself from Democrats' bankrupt and alienating status quo. Americans are tired of government waste, lax borders and obsession with diversity, equity and inclusion. Like any demagogue, Mr. Trump inflamed division over such topics as immigration, transgenderism and antisemitism. Ms. Harris failed worse by refusing to give straight answers on them.

On foreign policy, the Democrats have been impotent. They have emboldened dictators through appeasement and weak negotiation. The world sees American power in retreat, Western values under attack, and a growing number of conflicts, hot and cold. Mr. Trump's boasts of how well he gets along with brutal dictators are cold comfort.

Mr. Biden's poor approval rating meant Ms. Harris had to say something new and compelling to the American people. Instead, she sought flashy endorsements from pop stars. That was never going to cut it.

She could have resuscitated her campaign with her vice-presidential pick. Here I will shamelessly say, "I told you so." I argued for Josh Shapiro, governor of the most important battleground state. Besides being more aligned with moderate swing-state voters, Mr. Shapiro is a fighter. Democrats needed to project strength against Mr. Trump, whose



extragovernmental authorities—with no records, no transparency and no accountability. Such a privatization of power feels alarmingly reminiscent of the takeover of the Russian government by oligarchs who were well-connected to Boris Yeltsin and Vladimir Putin.

More than Democratic success in the 2026 midterms will be needed to protect checks and balances. That party must undergo a soul-searching operation—the same test the GOP failed by nominating Mr. Trump three times in a row. Far-left overreach always enables far-right successes. If the left puts forward more Bernie Sanderses and Alexandria Ocasio-Cortezes and continues to pursue identity politics over majority concerns, Mr. Trump's strongman appeal will increase. What is needed are parties that compete to reflect the dreams of the majority of the American people instead of the extremes.

Trump II may turn out to be the nuclear option, a razing of the political ground that allows for rebuilding something better from the ground up. Still, I prefer to fight to preserve and improve the system, not destroy it. I'm always an optimist, but I'm afraid that the only survivors of a nuclear strike against democratic institutions would be cockroaches.

Mr. Kasparov is a co-founder of the World Liberty Congress and chairman of the Renew Democracy Initiative.

manic vigor can be off-putting but overpowering. Neither Ms. Harris nor Tim Walz showed the needed strength.

But it's over, and the U.S. is teetering toward one-man rule. The GOP doesn't seem to have any spine left to oppose Mr. Trump. Can you imagine any Republicans attempting oversight when Elon Musk begins his government-cleansing operation, knowing that his closeness with Mr. Trump, his billions and his social-media clout will be used against them?

Under normal circumstances, one-party control of all three branches of government isn't a threat to American rule of law or security. But there are no precedents for this version of Mr. Trump. His first term can't guide

us—there were then far more voices within the party willing to check his worst impulses. His nominations of the unqualified and unfit Matt Gaetz and Tulsi Gabbard for key cabinet positions—and the push to confirm them without hearings—have confirmed my worst fears.

Those of us from unfree parts of the world will find this danger uncomfortably familiar. We fear that the democratic process is being co-opted by a single person. More disturbing, we fear that lawmaking power may become increasingly privatized. Mr. Musk's new government-efficiency agency could easily become an unaccountable menace. Significant parts of the policymaking process might be handed over to

They Wouldn't Know Inflation if It Bit Them in the Ballot



POLITICAL ECONOMICS
By Joseph C. Sternberg

more than \$10 trillion between early 2020 and today, more than half of that after Mr. Biden took office and the pandemic emergency had abated, and it's still growing.

The \$1.9 trillion American Rescue Plan of March 2021 constitutes the biggest political liability. It passed on party-line votes in Congress when the economy already was recovering. Some liberal economists, such as Larry Summers, warned before its passage that it would be inflationary, and rising prices accelerated shortly after the bill was enacted. Voters appear to have intuited a connection.

Not so, say the revisionists. Representative of the genre is a recent Washington Post op-ed by Peter Orszag, CEO of Lazard and a director of the Office of Management and Budget in the Obama administration. He argues, based on research he conducted with economists from Lazard and the Brookings Institution, that supply-side problems such as supply-chain disruptions accounted for 79% (not 78% or 80%) of the inflation in 2021.

This is part of a growing academic literature attempting to decompose (yes, that's really the jargon) inflation into its contributing factors, mostly

reaching conclusions similar to Mr. Orszag's. As he writes, the fiscal boost to demand played only "a modest role" in the Biden inflation.

Such studies have their uses. But if the overarching question is what caused the Biden inflation, you start to wonder if the eminent dismal scientists writing these papers remember what inflation actually is. We're talking about a change in the general price

Biden-Harris defenders try to 'decompose' the rise in prices, forgetting what inflation actually is.

level, which means one must examine supply and demand in tandem. The "price level," after all, represents that matrix of prices for all goods and services at which aggregate supply and aggregate demand reach balance.

The Bidenomics rear guard is talking about something different: changes in relative prices, such as the jolt to prices for toys that might arise due to a Chinese pandemic lockdown, or the energy price shock

after Russia's 2022 invasion of Ukraine. In the process they beg the most important questions, in the true sense of that phrase—taking as given the phenomenon one ought to be examining.

The obvious follow-up questions after an observation that snarling supply chains pushed up some prices would be: Why and how were consumers able to absorb those higher prices without offsetting declines in service prices? Why did temporary changes in relative prices for some things morph into a large and durable increase in the prices for everything? Mr. Orszag and his co-authors only mention cryptically in the last paragraph of their research note that the supply pressures they describe "inevitably have a demand component."

There's a lot of interesting economics to be done to understand the recent bout of inflation. For instance, what role did monetary policy play in all this? And how and why did a fiscal blowout like the American Rescue Plan stimulate rising consumption specifically? Why not, say, higher household saving or investment via 401(k)s and the like?

On the latter point, the revisionists note there's no clear relationship

between inflation and stimulus spending measured as a proportion of gross domestic product. But an alternative "fiscal theory of the price level," championed by John Cochrane at the Hoover Institution among others, posits that the important link is between new government spending and the existing government debt level. When measured in this way, a robust relationship emerges between faster inflation on one hand and higher government spending relative to existing debt on the other hand.

The intuition is that as households and businesses collectively start to doubt the government's long-term ability to repay a debt-fueled spending binge, incentives develop to consume rather than save and invest. Agree or disagree (I'll profess agnosticism for now), this theory at least tackles the demand half of the inflation equation that the revisionists would rather ignore.

Sometimes conventional wisdom is wrong, especially in economics. But there isn't much evidence the electorate got inflation wrong this time. If the goal is to rebuild trust in Democratic economic management, Bidenomics revisionism is an odd way to go about it.

How to Regulate AI Without Stifling Innovation

By Jason Furman

The biggest challenge with artificial intelligence is that we don't have enough yet. Regulation should aim to help solve this problem. AI could turbocharge the many advanced economies grappling with slow productivity growth. But the technology is still developing, and the European Union's heavy-handed AI rules have impeded progress there. As the U.S. debates regulation, we should avoid those mistakes by following six principles:

First, balance benefits and risks. This may sound obvious, but many regulatory enthusiasts ignore the technology's benefits out of an overabundance of caution and instead support delaying AI until it is proven absolutely safe. Cost-benefit analysis requires regulators to think not only about the risks of AI but also the risks from slower AI development, such as more cancer deaths because of delayed drug discovery, worse educational outcomes because students lack personalized digital tutors, more car accidents because of delays in self-driving cars, and worse climate change because of a slowdown in discovering better materials for

grid-level battery storage.

Second, compare AI with humans, not to the Almighty. Yes, autonomous cars crash—but how do they compare with human drivers? AI may show biases, but how do these stack up against human prejudices? In some cases, it might even be acceptable for AI to perform slightly worse

Rules can't solve every potential problem, and the demand for perfect safety has dangers of its own.

than humans if it offers significant convenience and has greater potential for improvement over time, as we have seen with autonomous vehicles. AI is learning much faster than humans are and the future gains this learning will generate belong on the benefit side of the ledger.

Third, address how existing regulations are hindering progress. The most obvious are permitting and other obstacles to the expansion of data centers and the power sources they will need. A bigger threat over time is the dozens of state laws reg-

ulating AI that have already been passed and the hundreds more that have been proposed. To the degree possible, federal pre-emption with its own framework would help ensure the U.S. remains a digital single market—unlike the fractured EU.

Fourth, where new regulation is warranted, AI should be overseen by existing domain-specific regulators rather than a new superregulator. We don't have separate regulators for computers or linear regression; instead, our regulators specialize in areas where these are used, such as auto safety, stock trading, and medical devices. Existing regulators should focus on outputs and consequences in their domains, not on inputs and methods. This may require more AI expertise and flexibility within agencies. The Food and Drug Administration has come up with procedures to approve AI-based devices that might fall foul of its standard rules.

Fifth, regulation must not become a moat protecting incumbents. His-

tory shows that well-intentioned rules can entrench existing powers, from medieval guilds to hospital certificate-of-need laws. In AI, we risk repeating this pattern. Centralized licensing bodies could easily become gatekeepers stifling competition. A superregulator could be captured by big companies. When tech giants enthusiastically promote regulation, it should raise red flags. Our regulatory framework should nurture a competitive AI landscape, not solidify the dominance of a few early movers.

Sixth, not every problem caused by AI can be solved by regulating AI. I hope this technology will raise wages without hurting employment, with especially large increases for workers with lower-paying skills. Studies have found that less-able workers benefit most from AI-based writing suggestions. But bleak scenarios of swift technological change displacing workers or causing inequality are possible. The answer to this downside risk isn't to have regulators assess whether each technolo-

logical advance is job-replacing or inequality-increasing. Rather, the solution lies in more conventional economic policies like training programs that connect people to jobs, wage subsidies, and a more progressive tax and transfer system to ensure that AI's benefits are shared broadly. As a professor, I wouldn't expect AI regulations to limit plagiarism—it is on us to figure out how to adapt our teaching.

While some AI regulation is warranted, policymakers should proceed cautiously. Well-intentioned efforts could inadvertently slow progress while falling short of their goals. These six principles can help form a balanced and effective approach to regulating AI, one that harnesses its potential while addressing legitimate concerns.

Mr. Furman, a professor of the practice of economic policy at Harvard, was chairman of the White House Council of Economic Advisers, 2013-17.

Judicial Independence: Still a Good Idea

By James C. Ho

Over the past quarter-century, I've seen a radical change in how cultural and academic elites talk about the judiciary. In the past, when people complained about Supreme Court decisions and advocated for reforms like jurisdiction stripping, term limits or judicial elections, the voices of elite reason would intone about the importance of judicial independence and the need to shield the judiciary from politics.

We all dutifully agreed. That was the governing consensus. If you don't like certain rulings, go win some elections, so that you can appoint different judges. But you don't mess with judicial independence simply because you don't like a particular decision.

So that's what we did. We said

that an originalist judiciary was our goal. Because an originalist judiciary simply does what the people tell it to do—through their beloved Constitution, and through the laws they elect legislators to enact. To put it simply, an originalist judiciary isn't a sword, it's a mirror. If you believe in democracy, if you believe in your fellow Americans, then you should believe in originalism.

Fast-forward to the current conversation. If you listen to commentary coming from academic and cultural elites today, the message is that the independent judiciary is no longer to be trusted. That gets things entirely backward. The real message we should draw is that academic and cultural elites are no longer to be trusted to talk about the judiciary.

We've all seen how the recent attacks on the judiciary are based on a

series of double standards. But don't miss the most important part: The double standards aren't inadvertent—they're intentional.

It's a deliberate strategy to create a perverse incentive structure for judges: If you rule the way the critics dictate, you won't be criticized—you'll be celebrated. If you don't, you'll be ostracized. You'll be defamed and destroyed with every tool they have. And they have many tools—the academy, the media, even the Judicial Conference of the United States.

The double standards don't trouble the critics. Because to the critics, this isn't a debate—it's a war.

Judge Ho serves on the Fifth U.S. Circuit Court of Appeals. This article is adapted from his Nov. 14 remarks to the Federalist Society.

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Stop & Shop Grapples With Cyber Incident

By LIZ YOUNG

Stop & Shop, a grocery chain with more than 350 stores across the Northeast U.S., is grappling with product shortages at some locations after a cybersecurity incident nearly two weeks ago led to disruptions in its supply-chain and delivery operations.

Owner Dutch conglomerate **Ahold Delhaize**, whose U.S. unit also owns Food Lion, Hannaford and other grocery chains, said on Nov. 8 that it had detected a "cybersecurity issue" within the U.S. network. The company shut down some technology systems after the disruption, including some pharmacy and e-commerce operations.

Ahold Delhaize said its security team is investigating along with external cybersecurity experts and has notified law enforcement. It didn't disclose details, including whether it was a cyberattack or the revenue impact of the disruption.

The incident affected Stop & Shop's supply-chain operations, leading to shortages of produce, meat and dairy products at some locations in Connecticut, Massachusetts and Rhode Island.

On Thursday, a spokeswoman for Ahold Delhaize said the shortages are ex-

pected to be resolved by the end of this week ahead of the Thanksgiving holiday. E-commerce operations, including grocery delivery and pharmacy services, are back up and running across all its brands, she added.

Companies face a range of cybersecurity threats and disruptions as they increase their reliance on technology for tasks such as managing inventory, filling online orders and scheduling deliveries. Cyber issues in recent years have disrupted supply chains for goods ranging from food and consumer products to medical supplies.

A ransomware attack on meatpacker **JBS** in 2021 knocked out production, pushed up wholesale meat prices and complicated livestock deliveries from farms. Consumer-products manufacturer **Clorox** last year experienced a cyberattack that led to shortages of some products.

Recent cyberattacks are going beyond customer data to target business operations.

Hackers "have decided that, 'Hey, if I go after the supply chain, I'm going to really affect their business, versus just if I go after their consumers,'" said Mark Batchelor, chief technology officer of VeroSint, a cybersecurity platform.

bought a 30% stake in DirecTV in 2021.

EchoStar Chairman Charlie Ergen had planned to shed Dish and its SlingTV service to focus on building a new wireless network operator. The company has said it plans to move forward with those plans regardless of the satellite merger's outcome.

Weeks before a November debt payment threatened to push EchoStar into bankruptcy, Ergen struck the deal to sell Dish to DirecTV.

Holders of Dish's DBS bonds rebuked the offer, which would have forced them to take a roughly \$2.5 billion haircut on their holdings in exchange for more secure debt in the soon-to-be-merged satellite-TV company.

U.K.'s Competition Regulator Plans To Reassess Merger Probes Approach

By EDITH HANCOCK

The U.K.'s Competition and Markets Authority plans to review how it inspects big mergers and whether more can be cleared without forcing businesses to sell assets.

The agency will start exploring its own merger policy next year, Sarah Cardell, the CMA's chief executive, said Thursday.

The CMA's merger investigations, and in particular its review of **Microsoft**'s \$75 billion takeover of videogame company and "Call of Duty" creator Activision Blizzard, have pushed the regulator into the spotlight in recent years.

The review will look at when so-called behavioral remedies, which can involve price freezes or committing to keep running certain services, might be appropriate for a deal to ease the regulator's concerns and to move faster to discussions on remedies, Cardell said.

Regulators are typically more skeptical of behavioral remedies compared with more traditional concessions, such as selling off whole parts of a merged business.

The regulator said it would also set up a new outreach program to hear more feedback from investors and start-



The CMA reviewed Microsoft's takeover of Activision.

ups on its deal reviews.

The CMA has faced criticism in recent years over how it handles high-profile merger reviews, with U.K. Prime Minister Keir Starmer saying a month ago that the country's regulators need to prioritize economic growth.

"We take seriously any concerns that the way in which the regime is applied could chill investment," Cardell said. "This is a unique moment to deliver a new regime that is targeted on driving benefits for the U.K. economy."

Microsoft's President Brad Smith criticized the CMA in 2023 when it originally vetoed

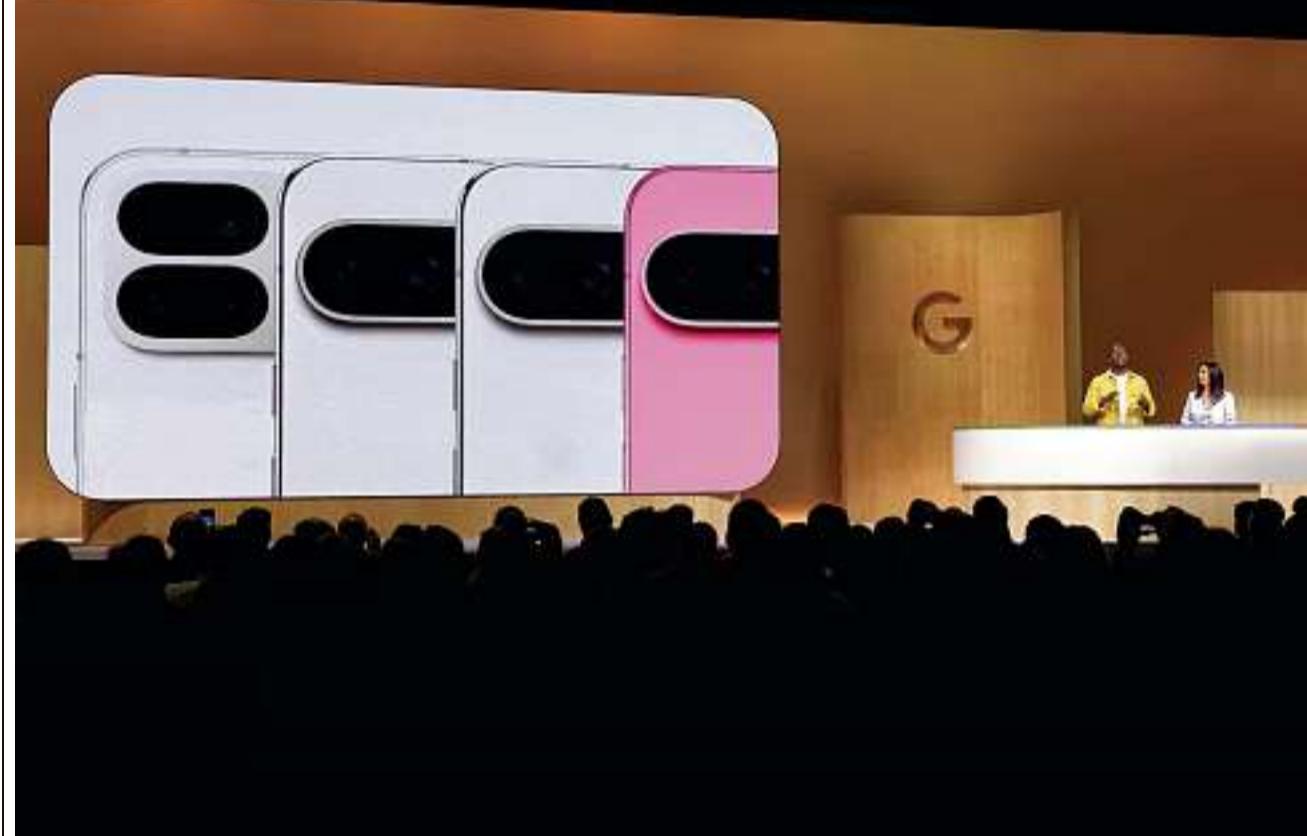
upgrading the merged group's U.K. mobile network and committing to certain contract terms with consumers and wholesale providers.

That plan has worried some telecommunications companies that warned the CMA is taking a risk by accepting those behavioral remedies.

Where it is possible to use remedies to preserve competition while delivering benefits from growth and from investment in infrastructure or technology, the CMA should do that, Cardell said.

"That doesn't mean we should lower the bar to allow any anticompetitive merger to get through because there's a sort of half-baked remedy in place, but we absolutely should be straining every sinew to test whether there is an effective remedy that can deliver those benefits," she said.

Plans for a review of the U.K.'s merger policy come after the country's financial regulator, the Financial Conduct Authority, in July simplified listing rules to encourage more companies to float in London after a string of defections from the City bourse. The overhaul, the biggest in more than three decades, sought to align the U.K. with international market standards.



Google's Pixel phones have also been banned in the country, the Indonesian ministry said. The new Google Pixel phones, above.

Apple Tries To Undo iPhone Ban

Continued from page B1
sets in October after officials said its local unit, PT Apple Indonesia, had not fulfilled an investment commitment required to obtain a license to sell the new iPhone model in the Southeast Asian country.

Apple's other products aren't subject to the ban.

Under an Indonesian policy aimed at supporting domestic industries and reducing dependence on imported products, companies have to meet set requirements for using goods or services sourced from within the country.

This can be done via various means, including manufacturing products, building factories or developing innovations domestically.

Apple has previously chosen the innovation development scheme by building three developer academies, the ministry said Wednesday.

Google's Pixel phones had also been banned for not

meeting the requirement, the ministry said in October.

The ministry noted that Apple phone sales in Indonesia reached 2.61 million units last year, the highest in Southeast Asia. That compares to the 1.43 million units sold in Vietnam.

"Apple's estimated revenue from sales in Indonesia stands at around IDR30 trillion," Febri said when addressing the level of investment needed to develop Indonesia's digital technology economy.

The Ministry of Industry outlined key requirements for Apple to continue selling its products, which include estab-

lishing a much larger research-and-development division in Indonesia and integrating Indonesian companies into its global value chain.

The cellphone market in Southeast Asia's largest economy is a lucrative one, benefiting from a large, growing population with rising disposable incomes.

There are an estimated 354 million devices in active use in Indonesia, according to the ministry.

That compares with a national population of about 270 million, according to World Bank estimates.

Continued from page B1

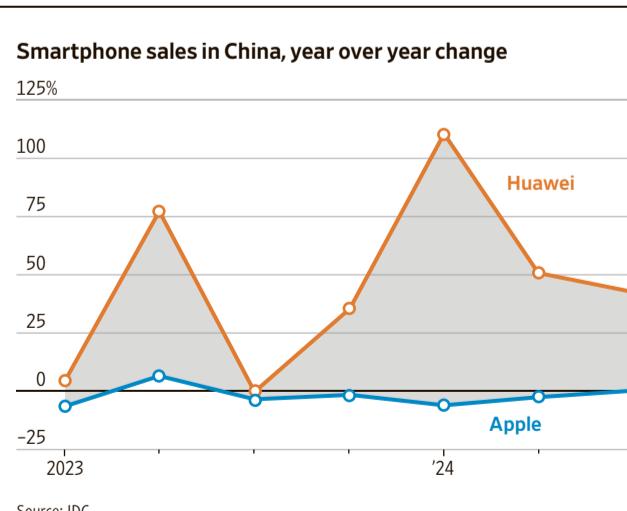
announced on Tuesday.

Huawei hasn't given details of the phones' features or the chips inside them—an area of interest for U.S. policymakers who have sought to hold back Huawei's technology. The company was put on a trade blacklist during the first Trump administration in 2019.

A Huawei representative declined to comment on the chips in the new phones.

The company's ability to continue making incremental advances in semiconductors is both a security concern for the U.S. and a commercial challenge for Apple. Huawei's overall market share in China has risen to 15.3% in the third quarter of this year from 8.6%

Smartphone sales in China, year over year change



in the first quarter of last year, according to industry researcher IDC, and it has been neck-and-neck with Apple in recent quarters. Huawei's fortunes have improved in part because of nationalistic buying by Chinese consumers and because of features including its powerful cameras.

The two companies compete in particular in the high-end market. Huawei's current

difference as long as the user is able to get through the day without having to worry about charging," he said.

Huawei is taking preorders in China for the Mate 70 series and said on its website that around 2.5 million people have clicked a button online saying they intend to purchase the device, although they can change their minds later.

Huawei has sidestepped U.S. sanctions with domestic technology. When Google cut access to some of its Android services on Huawei smartphones, the Chinese company developed its own operating system called HarmonyOS Next. The coming Mate 70 series, which has three models, will use that software, the people said.

In August 2023, Huawei surprised U.S. officials by introducing its Mate 60 series of smartphones with communications capability similar to high-speed fifth-generation phones available in other countries, even though it could no longer access 5G-related technology from the U.S.



Gap is modernizing its marketing approach.

Gap Hikes Outlook For Sales

Continued from page B1

had forecast quarterly sales

of \$3.81 billion. Comparable sales, which adjust for store openings and closings, rose 1%. Meanwhile, online sales rose 7%.

Third-quarter comparable sales rose 5% at Athleta, and 3% at the namesake brand. Comparable sales at Banana Republic fell 1% and Old Navy's were unchanged during the period.

BUSINESS NEWS

French Distillery Workers Plan Strike Over China Fears

By PIERRE BERTRAND

Workers at France's cognac distilleries plan to go on strike next week over fears that the industry could relocate its bottling business to China in a bid to circumvent import tariffs.

The strike, called for Nov. 28 at distilleries Maisons Hennessy, Rémy Martin, Courvoisier and Martell, follows a walkout this week at LVMH's Hennessy after the business disclosed that it intends to test the viability of sending bulk quantities of cognac to China.

Hennessy's move prompted fears that the entire cognac industry could relocate its bottling business to China and potentially to the U.S. in the future, the CGT trade union's Michael Lablanche said on Thursday, referring to possible tariffs that U.S. President-elect Donald Trump could introduce once in office.

In response to duties on European cognac shipments that China put in place last month, Hennessy is considering temporarily entrusting its bottling service to a China-based provider, it said.

Hennessy said it is evaluating all possible solutions and that nothing has been decided, and said it has no plans to relocate production of the alcohol.

Harvesting, distillation and maturation would always be carried out in Cognac, France, the company said.

Rémy Martin owner Rémy Cointreau said it has no plans

937.5M

The dollar value of European Union spirits exports to China in 2023.

causing painful consequences.

The cognac industry employs 70,000 people in France and the surrounding regions, the BNIC said.

The U.S. and China are major destinations for European Union-made spirits and the countries are the bloc's largest and second-largest export destinations respectively, according to industry association spiritsEurope.

In 2023, EU spirits exports to China totaled 889 million euros, equivalent to about \$937.5 million, 90% of which were made up by grape and marc-based spirits, spiritsEurope Director General Ulrich Adam said.

Adam called on both sides to lift tariffs.

Adam called on both sides to lift tariffs.

Pernod Ricard declined to comment and Courvoisier owner Campari didn't respond to a request to comment.

Next week's strike plan comes as the European Union and China face off on trade tariffs.

Last month China imposed provisional tariffs on brandy imports from the European bloc, a decision that followed the EU's move to impose duties on Chinese-made electric vehicles.

The tit-for-tat measures spurred France's cognac decision-making body, the Bureau National Interprofessionnel du Cognac, to call on public authorities to urgently find a solution to what it called a political issue

TECHNOLOGY

WSJ.com/Tech

Altman's Startup Hires Former X Executive

Pickles joins Tools for Humanity in a newly created role as head of policy

By MAURO ORRU

Tools for Humanity named X's former vice president of global affairs as head of policy, the latest executive from what was formerly Twitter to join the startup co-founded by OpenAI Chief Executive Sam Altman.

The San Francisco-based company appointed Nick Pickles as chief policy officer in a newly created role to liaise with governments and regula-

tors as its World Network venture, which scans people's eyes in exchange for cryptocurrency tokens, faces scrutiny. He reports to Alex Blania, co-founder and head of the startup.

The British executive spent a decade at X, becoming the go-to person for heads of state and regulators that took aim at the social-media network over compliance or policy issues. He left Elon Musk's company in early September.

"One of the issues that I dealt with every day at X, and Twitter before that, was how trust in the public conversation is being undermined because of the growing issue of bot-automated accounts,"

Pickles said in an interview. "I could see the acceleration of the problem where people didn't know if they were speaking to another person and how that was damaging online discourse," he said.

Last year, Elon Musk floated the idea of charging users of his X platform to eradicate fake and spam accounts.

Now, Pickles plans to be the face of Tools for Humanity in its bid to develop technology that helps distinguish humans from artificial intelligence while safeguarding their privacy.

Pickles is the latest former X executive to join Tools for Humanity following the ap-

pointments of Rebecca Hahn as chief communications officer and Damien Kieran as head of privacy.

The company said Thursday that Kieran's role, announced in early July, had been expanded to chief privacy and chief legal officer.

Pickles's pivot to the startup comes after Musk escalated his legal feud with Altman's OpenAI and Microsoft, claiming the companies colluded to eliminate competition in an attempt to dominate the development of artificial intelligence.

His addition to the team underscores efforts from the startup to invest in compliance as regulators in some ju-

risdictions cast doubt on claims that its technology can differentiate between humans and bots in the AI age without privacy violations.

Tools for Humanity is behind the 2023 launch of World Network, a venture formerly known as Worldcoin, that lets users download a wallet app with a digital identity known as World ID.

To get their identity verified, users stand in front of a basketball-sized chrome device known as the orb that relies on sensors to scan their irises "to verify humanness and uniqueness." Worldcoin

cryptocurrency tokens are then distributed to users in countries where they are legally available.

However, the company's processing of biometric data raised eyebrows. It has been raided in Hong Kong, blocked in Spain, fined in Argentina and investigated in Kenya.

Earlier this year, the venture agreed to give users the option to have their biometric data deleted permanently following consultations with third-party privacy and security experts in a bid to allay concerns from regulators.

"The reason for creating a chief policy officer role is a direct signal of how seriously we take those conversations," Pickles said. "Whenever you have a new technology, people will always have questions."



Alibaba's domestic e-commerce unit touted 'robust growth' during this year's Singles Day. Subway ads in China for the event.

Alibaba Integrates Its E-Commerce Operations Into Single Business Group

By JIAHUI HUANG

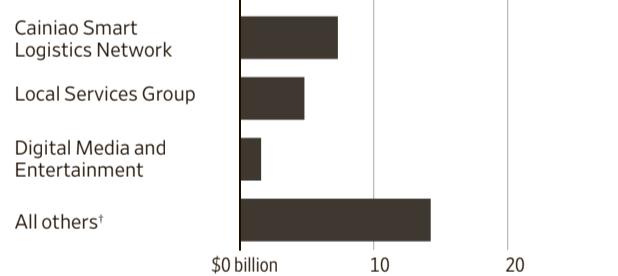
Alibaba Group formed a new business group to integrate its domestic and overseas e-commerce platforms, in the company's biggest restructuring move after it split into six divisions last year.

The company said in a filing Thursday that the new e-commerce business group will include Taobao and Tmall Group, Alibaba International Digital Commerce Group, 1688 Marketplace, Idle Fish and others. Alibaba appointed Fan Jiang as chief executive for the business group, according to the filing.

"E-commerce and AI technology are the most critical development areas for Alibaba Group," Alibaba Chief Executive Eddie Wu wrote in an internal letter Thursday seen by The Wall Street Journal.

The new business group will better leverage the company's e-commerce resources and support small and medium-size companies in expanding in do-

Alibaba segment revenue*



*For the six-month period ended Sept. 30. †Includes unallocated revenue.

Source: the company

mestic and overseas markets, Wu said in the letter.

Once a darling of Wall Street and the dominant player in China's e-commerce industry, Alibaba has faced challenges boosting revenue growth amid a slowing Chinese economy and intensifying competition.

Homegrown upstarts such as PDD Holdings' Pinduoduo e-commerce platform and ByteDance's short-video app Douyin have eroded its market share.

In March 2023, Alibaba split itself into six independently run businesses, effectively dismantling a business empire built

over two decades by entrepreneur Jack Ma.

Alibaba reported lower-than-expected quarterly revenue for the fiscal second quarter. Sales at Alibaba's core domestic e-commerce business, Taobao and Tmall Group, rose 1.4% to 98.99 billion yuan, equivalent to \$13.66 billion, from 97.65 billion yuan a year earlier.

Earlier this month, Alibaba's domestic e-commerce unit said it achieved "robust growth" in gross merchandise volume and a record number of active buyers during this year's Singles Day, China's biggest online shopping festival. The company hasn't disclosed the overall GMV figure, a measure of total online sales, for the monthlong event in recent years.

The company has invested heavily in its domestic and international units in recent quarters, aiming to regain its past market dominance.

—Raffaele Huang

and Tracy Qu contributed to this article.

Baidu Revenue Falls Amid Weak Demand

By TRACY QU

Chinese search-engine giant **Baidu** reported lower revenue for the second straight quarter as advertising demand continued to be weak amid an economy struggling to regain momentum.

The Beijing-based internet company said Thursday that third-quarter revenue fell 2.6% from a year earlier to 33.56 billion yuan, equivalent to \$4.63 billion, roughly in line with analysts' estimates of 33.88 billion yuan.

Net profit rose 14% to 7.63 billion yuan, exceeding the 5.02 billion yuan expected by analysts in a FactSet poll.

Once considered one of China's important technology titans alongside **Alibaba** and **Tencent**, Baidu has been facing pressure on both the profit and revenue lines. China's biggest search-engine operator has been seeking new growth engines in fields such as artificial intelligence, cloud computing and self-driving technology.

It unveiled a number of new AI applications this month, including a text-to-image generation technology. Its Ernie Bot is one of China's most popular ChatGPT-style chatbots.

"Baidu Core's flattish third quarter top line reflected the ongoing weakness in our online marketing business, offset by the growth of our AI Cloud business. Our strong AI capabilities are gaining broader market recognition, as evidenced by increasing adoption of ERNIE," said Robin Li, the company's co-founder and chief executive.

Sales from online-marketing services, which make up more than half of overall revenue, fell 5.8%. Revenue from the company's iQIYI video-streaming service dropped about 10%.

Adjusted net profit, which excludes the effects of share-based compensation expenses, fair-value changes in long-term investments, and disposal gains and losses, among other things, declined 19% to 5.89 billion yuan. Analysts had expected 6.27 billion yuan, according to FactSet.

Alibaba last week reported a roughly 5% increase in revenue for the September quarter, below market expectations. Tencent also posted single-digit quarterly revenue growth, with net profit jumping 47%.

Baidu's American depositary receipts fell 5.9% to \$81.62 each on Thursday.



The search-engine giant displays Xiaodu AI smart glasses.

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BANKRUPTCIES

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

Chapter 11
BIG LOTS, INC., et al.,
Debtors.

NOTICE OF DEADLINES TO FILE CERTAIN CLAIMS

To all persons or entities with claims against the following debtors: Big Lots, Inc. (Case No. 24-11967 (JKS)); ADVIC, LLC (Case No. 24-11980 (JKS)); Big Lots eCommerce LLC, Case No. 24-11980 (JKS); Big Lots F&S, LLC, Case No. 24-11984 (JKS); Big Lots Management, LLC, Case No. 24-11989 (JKS); Big Lots Stores - CSR, LLC, Case No. 24-11976 (JKS); Big Lots Stores - PNS, LLC, Case No. 24-11970 (JKS); Big Lots Stores, LLC, Case No. 24-11973 (JKS); BLBO Tenant, LLC, Case No. 24-11972 (JKS); Broylhill LLC, Case No. 24-11971 (JKS); Closeout Distribution, LLC, Case No. 24-11978 (JKS); Consolidated Property Holdings, LLC, Case No. 24-11986 (JKS); CSC Distribution, LLC, Case No. 24-11974 (JKS); Duran DC, LLC, Case No. 24-11975 (JKS); GAFD, LLC, Case No. 24-11979 (JKS); Great American, LLC, Case No. 24-11985 (JKS); INFER, LLC, Case No. 24-11987 (JKS); PAFD, LLC, Case No. 24-11982 (JKS); and WAFD, LLC, Case No. 24-11979 (JKS) (collectively, the "Debtors"). On September 9, 2024 (collectively, the "Petition Date"), the Debtors each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases") in the United States Bankruptcy Court for the District of Delaware (the "Court").

By order dated November 20, 2024 (the "Bar Date Order"), the Court established claim filing deadlines as follows: (i) all persons or entities with a claim against any of the Debtors that arose prior to the Petition Date, no matter how remote or contingent, **MUST FILE A PROOF OF CLAIM on or before March 10, 2025**; a claim must be submitted **as to be actually received on or before the applicable deadline to be deemed timely**.

Copies of the Bar Date Order, the Debtors' schedules of assets and liabilities, and other documents and information regarding the Debtors' Chapter 11 Cases are available free of charge at <https://cases.ra.kroll.com/BigLots> or by calling (844) 217-1398 (toll-free) or +1 (646) 809-2073 (international). Consult the Bar Date Order for additional details on whether you are required to file a proof of claim, as well as instructions and procedures for completing and filing proofs of claim. Do not contact the Clerk of Court for legal advice.

ANY PERSON OR ENTITY THAT IS REQUIRED TO TIMELY FILE A PROOF OF CLAIM BUT FAILS TO DO SO SHALL NOT BE TREATED AS A CREDITOR WITH RESPECT TO SUCH CLAIM FOR THE PURPOSE OF VOTING AND DISTRIBUTION IN THE DEBTORS' CHAPTER 11 CASES.

BY ORDER OF THE COURT

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PDD Sales Growth Loses Steam

Continued from page B1
geopolitical risks. U.S. legislators and regulators have directed a series of challenges at Temu and Shein as well as at Chinese-owned TikTok. While Temu is growing fast outside the U.S., its downloads have declined from the peak in July 2023, according to Morgan Stanley analysts.

After two years of operation, Temu has 49 million monthly active users in the U.S., or 74% of Amazon's U.S. user base, according to Morgan Stanley.

PDD's third-quarter earnings were 12% lower than forecasts by analysts polled by S&P Global Market Intelligence.

PDD executives cautioned in August that profit would suffer as the company invested to address supply-chain inefficiencies and reduce fees for merchants. Chen said Thursday the company's third-quarter financial results were within the company's expectations.

Over the past year, executives have sought to tamp

down investors' expectations for never-ending profit growth, cautioning about regulatory and compliance uncertainties in global markets where it operates.

"The previous consensus that PDD would continue its fast-growth trajectory has been broken," said Jianguan Li, founder of Momentum Works, a Singapore-based venture consulting firm. "The company probably is seeking to manage investors' short-term expectations in a more delicate way."

In China, a series of stimulus measures Beijing introduced in September to revive the slowing economy have presented both opportunities and challenges for the company, executives said.

After two years of operation, Temu has 49 million monthly active users in the U.S., or 74% of Amazon's U.S. user base, according to Morgan Stanley.

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PDD executives cautioned in August that profit would suffer as the company invested to address supply-chain inefficiencies and reduce fees for merchants. Chen said Thursday the company's third-quarter financial results were within the company's expectations.

Over the past year, executives have sought to tamp

down investors' expectations for never-ending profit growth, cautioning about regulatory and compliance uncertainties in global markets where it operates.

"The previous consensus that PDD would continue its fast-growth trajectory has been broken," said Jianguan Li, founder of Momentum Works, a Singapore-based venture consulting firm. "The company probably is seeking to manage investors' short-term expectations in a more delicate way."

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fee-reduction program for the coming year. Over the past quarter, PDD executives said it has rolled out initiatives including service fee funds, lower security deposits and an easier fund-withdrawal process.

Total costs of revenue increased 48% from the same quarter of 2023 due to increased fulfillment fees and payment processing fees.

Zhao said the company has invested heavily in compliance, aiming to remove "bad actors" and empower top performers.

J.P. Morgan analysts wrote in a Nov. 12 note that China's e-commerce market has entered a slow-growth stage where industry competition will be less cutthroat due to a slowdown in live-streaming commerce on short-video platforms. But they expect PDD to continue to gain market share and outperform rivals by leveraging its low-price offerings.

The bargain site faces heightened regulatory scrutiny in Europe, including a European Commission's probe over suspicions that illegal products are sold on its platform.

Earlier this month, European authorities notified Temu of practices on its platform that infringe EU consumer law, such as displaying misleading information.

This is the second quarter in a row PDD missed analysts' views.

RICHARD BREWER



Introducing Bold Names, A New Interview Series

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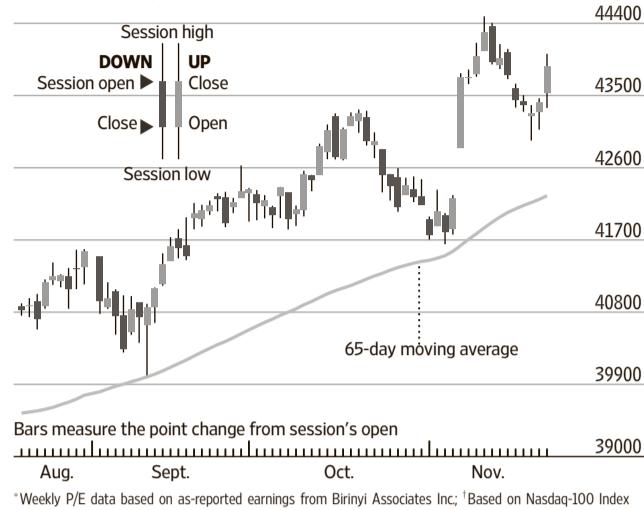
THE WALL STREET JOURNAL.

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

43870.35 ▲ 461.88, or 1.06%
 High, low, open and close for each trading day of the past three months.



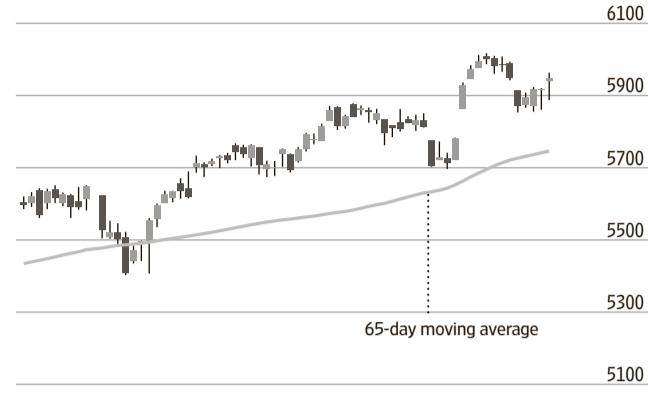
Bars measure the point change from session's open

Aug. Sept. Oct. Nov.

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; ^Based on Nasdaq-100 Index

S&P 500 Index

5948.71 ▲ 31.60, or 0.53%
 High, low, open and close for each trading day of the past three months.



Aug. Sept. Oct. Nov.

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; ^Based on Nasdaq-100 Index

Nasdaq Composite Index

18972.42 ▲ 6.28, or 0.03%
 High, low, open and close for each trading day of the past three months.



Aug. Sept. Oct. Nov.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr.ann.
Dow Jones										
Industrial Average	44020.31	43345.58	43870.35	461.88	1.06	44293.13	35273.03	24.4	16.4	7.2
Transportation Avg	17220.93	17008.00	17172.01	169.53	1.00	17566.34	14781.56	14.2	8.0	1.3
Utility Average	1076.10	1053.90	1075.65	20.58	1.95	1075.65	829.38	24.6	22.0	5.6
Total Stock Market	59513.24	58761.85	59367.67	406.89	0.69	59878.01	45192.46	31.3	24.2	7.0
Barron's 400	1329.76	1309.41	1327.14	22.24	1.70	1338.19	978.24	34.8	23.8	6.1
Nasdaq Stock Market										
Nasdaq Composite	19110.89	18714.06	18972.42	6.28	0.03	19298.76	14146.71	33.0	26.4	5.7
Nasdaq-100	20814.93	20436.80	20740.78	73.68	0.36	21117.18	15788.05	29.6	23.3	7.8
S&P										
500 Index	5963.32	5887.26	5948.71	31.60	0.53	6001.35	4549.34	30.6	24.7	8.2
MidCap 400	3293.82	3239.54	3286.84	53.61	1.66	3325.88	2539.24	28.9	18.2	4.6
SmallCap 600	1496.38	1472.84	1492.33	24.32	1.66	1531.42	1163.97	27.8	13.2	1.6
Other Indexes										
Russell 2000	2372.25	2331.46	2364.02	38.48	1.65	2434.98	1792.81	31.7	16.6	0.3
NYSE Composite	20008.83	19749.13	19968.30	219.17	1.11	20015.87	15907.89	25.5	18.5	5.6
Value Line	638.95	628.56	638.00	9.44	1.50	647.11	541.52	17.8	7.4	-2.0
NYSE Arca Biotech	5746.45	5640.40	5738.52	55.97	0.98	6154.34	4767.72	19.4	5.9	1.9
NYSE Arca Pharma	953.55	938.81	952.17	4.83	0.51	1140.17	875.93	8.1	4.6	6.9
KBW Bank	136.19	133.76	135.31	2.01	1.51	135.31	82.23	64.2	40.9	-0.2
PHLX® Gold/Silver	153.44	151.28	153.41	1.75	1.16	175.74	102.94	32.2	22.1	3.6
PHLX® Oil Service	80.77	78.78	80.18	1.92	2.45	95.25	72.67	-3.4	-4.4	15.3
PHLX® Semiconductor	4989.91	4842.15	4963.05	78.80	1.61	5904.54	3645.82	32.5	18.9	8.3
Cboe Volatility	17.99	15.73	16.87	-0.29	-1.69	38.57	11.86	31.3	35.5	-2.0

\$ Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours	High	Low
Marathon Oil	MRO	11,777.6	28.55	...	unch.	28.59	28.45	
NVIDIA	NVDA	9,785.5	146.18	-0.49	-0.33	150.11	140.30	
Vale ADR	VALE	8,503.9	9.91	-0.05	-0.50	10.00	9.91	
Newell Brands	NWL	7,116.1	8.88	-0.06	-0.67	8.94	8.88	
ZoomInfo Technologies	ZI	6,639.2	10.35	-0.02	-0.19	10.40	10.16	
Broadcom	AVGO	6,160.0	163.92	0.02	-0.01	144.48	161.36	
Intel	INTC	5,186.0	24.38	-0.06	-0.25	24.49	24.37	
SPDR S&P 500 ETF Trust	SPY	4,912.4	593.16	-0.51	-0.09	593.81	562.29	

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Alta Global Group	MMA	78.8	2.41	0.60	33.15	2.81	1.80
Elastic	ESTC	1,083.3	115.36	21.23	22.55	120.00	93.31
Replimune Group	REPL	303.9	12.73	1.68	15.20	14.05	11.05
Gap Inc	GAP	4,295.4	35.39	3.35	15.20	25.60	20.15
Ionis Pharmaceuticals	IONS	118.9	38.38	4.44	13.08	38.38	33.75

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Defiance Dly Tgt 2x Sh	SMST	1,467.7	5.76	-0.64	-10.00	6.64	5.65
Veeva	VEEA	130.2	2.30	-0.19	-7.63	2.50	2.30
Reddit	RDDT	412.0	146.87	-11.15	-7.06	158.32	146.59
Intuit	INTU	365.7	641.70	-37.00	-5.45	688.00	603.00
SSR Mining	SSRM	50.1	5.84	-0.15	-2.50	5.99	5.75

*Primary market NYSE, NYSE American NYSE Arca only.
 (TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	851.44	3.60	0.42	17.1
	MSCI ACWI ex-USA	329.07	0.35	0.11	3.9
	MSCI World	3753.51	20.74	0.56	18.4

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are consolidated from trades reported by various market centers, including securities exchanges, Finra, electronic communications networks and other broker-dealers. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes: i-New 52-week high; 1-New 52-week low; dd—Indicates loss in the most recent four quarters.

Stock tables reflect composite regular trading as of 4 p.m. ET and changes in the official closing prices from 4 p.m. ET the previous day.

Thursday, November 21, 2024

Net

Stock Sym Close Chg

Net

Stock Sym Close Chg

A B C

BBVA BBVA 9.69 -0.05

BancoBradesco BDDO 2.17 ...

BancodeChile BCH 23.41 0.02

BancSanBrasil BSSR 4.37 -0.09

BancSolidante SAN 4.74 -0.02

BanColombia CIB 32.76 -0.71

BanKamerica BAC 46.46 0.40

BanMontreal BMO 94.63 0.59

BankNey Mellon BK 78.88 1.01

BanSolidante SAN 4.74 -0.02

MARKETS & FINANCE

Dow Rises on Gains by Tech Firms, Alphabet Drop Weighs on Nasdaq

The Dow Jones Industrial Average climbed more than 460 points on Thursday, powered by gains at **Salesforce** and **International Business Machines**.

Snowflake shares soared after the data-cloud company reported higher-than-expected revenue.

Other software stocks posted gains in its wake, including the 3.1% increase in **Salesforce**, lifting the Dow. IBM gained 3.6%.

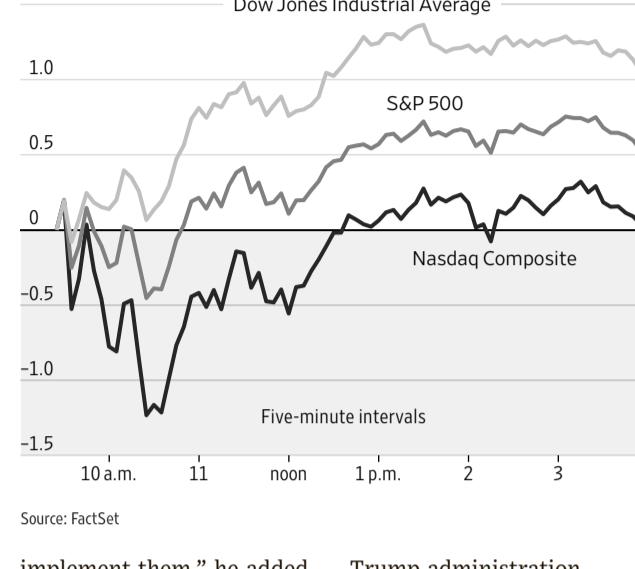
The Dow Jones Industrial Average is about 1% below the closing record it hit last week. The average rose 1.1% to 43870.35 on Thursday.

Markets climbed immediately after the election on expectations that President-elect Donald Trump will usher in lower taxes and lighter regulations for U.S. companies. But the rally has since lost momentum.

"We got a little ahead of ourselves," said Scott Martin, chief investment officer at Kingsview Wealth Management.

"Even if Trump comes in with a big spearhead of ideas, it's going to take a while to

Index performance on Thursday



Source: FactSet

implement them," he added.

The technology-heavy Nasdaq Composite edged up 0.03% to 18972.42, weighed down by losses at Google parent **Alphabet**. The S&P 500 increased 0.53% to 5948.71.

One area where the Trump trade has kept going: crypto.

Bitcoin hit a new intraday peak just above \$99,000 on Thursday, continuing its wild rally on hopes of more crypto-friendly policies from the

Trump administration.

Crypto-linked shares were volatile. **MicroStrategy** shares sank 16%.

Elsewhere:

◆ Crude-oil prices rose nearly 2% after Russia fired a new intermediate-range ballistic missile into Ukraine. Moscow notified Washington of the missile firing in advance, U.S. officials said.

◆ The first snowfall of the season over Chicago and other swaths of Middle America and forecasts for frigid weather in the coming weeks have added fuel to the natural-gas rally, pushing prices of the power-generation and heating fuel to a new highs for the year. Futures for December delivery ended 4.6% higher, following an even bigger rise on Wednesday. Natural-gas futures have increased 46% over the past month and are now up 15% higher from a year earlier.

◆ Overseas markets were mixed. Japan's Nikkei 225 and Hong Kong's Hang Seng Index fell. The Stoxx Europe 600 rose modestly.

—Angus Berwick and Alexander Osipovich

THURSDAY'S EVENTS:

Flash purchasing managers indexes for U.S. services and manufacturing from S&P Global are due at 9:45 a.m. Economists polled by the Journal expect a modest uptick in the manufacturing PMI to 48.8, still below the line that divides expansion from contraction.

Julius Baer Reports Pickup in Fund Inflows, Improved Outlook

BY ELENA VARDON

4.8% annualized growth rate, Julius Baer said.

Shares rose 4.7% in European trading to 55.58 francs, bringing the stock's year-to-date gains to 19%.

The lender forecast its IFRS net profit in 2024 to significantly exceed the previous year's. In 2023, it posted 453.4 million francs in net profit—a 52% on-year drop—citing heavy losses due to its exposure to loans to property magnate René Benko and his Signa group.

In July, Julius Baer appointed Goldman Sachs partner Stefan Bollinger as its new chief executive officer to replace veteran Philipp Rickenbacher, who stepped down in early February after the company's annual results revealed the significant credit losses.

The bank's common equity Tier 1 capital ratio—a key measure of balance sheet strength—was 16.7% at the end of the period compared with 16.3% at the end of June.

Quikrete in Talks for Summit In Building-Materials Deal

BY LAUREN THOMAS

Building-materials provider Quikrete is in advanced talks to acquire **Summit Materials**, according to people familiar with the matter.

A deal between closely held Quikrete and Summit could be announced early next week, the people said, assuming the talks don't fall apart.

Summit, based in Denver, had a market value of around \$8.5 billion before The Wall Street Journal reported on the advanced talks Thursday, which sent the stock up 5.7%.

Summit services the construction industry, supplying products such as ready-mix concrete and asphalt.

Privately held Quikrete, based in Atlanta, is one of the largest manufacturers of packaged concrete and cement mixes in North America.

Quikrete is also sometimes recognized as the official jersey-patch sponsor of the Atlanta Braves baseball team.



Quikrete is big in packaged concrete and cement mixes.

Summit said in October it received a nonbinding acquisition proposal and was in initial discussions with another party about a deal, without giving any specifics.

Bloomberg last month reported that Quikrete had approached Summit about a deal.

Deal activity in the build-

ing-materials sector has been picking up in part thanks to increased government spending on infrastructure projects in the U.S. and expectations that demand for materials will continue to increase.

Summit last year said it would combine with the U.S. arm of Colombian concrete-maker **Cementos Argos**.

Zurich Sets Higher Target For Growth In Earnings

BY PIERRE BERTRAND

Zurich Insurance said it is targeting increased earnings growth in its new three-year plan to 2027, after benefiting from a better-than-anticipated market environment.

The Swiss insurer said it was targeting a core earnings per share compound annual growth rate of more than 9% and core returns on equity of more than 23% for the three-year period. Cumulative cash remittances—the amount of money mainly consisting of dividends Zurich's business units submit to the group—is expected to exceed \$19 billion.

The 2025-27 targets were unveiled one year before the company's current three-year plan ends. Zurich reiterated Thursday that it was on track to exceed its current targets. For 2023-25, it targeted an earnings per share compound organic growth rate of 8%.

Solar Bid Led to Bribe Case

Continued from page B1

of the opposition—which has long criticized Adani for benefiting from close ties to Modi—called for his arrest. Companies bearing the Adani name tumbled on Thursday, with **Adani Enterprises**, the group's flagship, falling 23%. In all, the companies shed \$24 billion in market valuation.

The U.S. charges may ultimately amount to a name-and-shame indictment, if the In-



Gautam Adani

dants, said Sidhardha Kamaraju, a former U.S. prosecutor. "These public criminal charges can have an impact, like on ability to travel and whether U.S. companies will want to deal with these companies," said Kamaraju, now at the law firm Pryor Cashman.

Adani, who is worth more than \$80 billion, looms large over India's political and business landscape. A close ally of Modi whose energy-and-logistics empire has expanded in tandem with the prime minister's rise, the 62-year-old tycoon has long supported Modi's most ambitious policy goals.

In addition to coal plants, Adani operates India's largest private port and eight airports.

In recent years, Modi has pledged that India will have

500 gigawatts of renewable-energy power by 2030. Reaching that goal rests heavily on Adani, which has a little over 11 gigawatts of renewable-energy capacity, surpassing rivals, according to Vibhuti Garg, director of South Asia at the Institute for Energy Economics and Financial Analysis.

The U.S. indictment concerns the largest solar contract ever awarded in India, an agreement that went to Adani's renewable-energy unit in 2020. The company said it would invest \$6 billion to develop eight gigawatts of solar power over the following five years, as well as begin building out a solar supply chain, a bid described in the indictment.

But selling renewable power has proved challenging

for developers in India's complex energy landscape. India is hampered partly by the reluctance of state electricity-distribution companies to buy power from solar and wind farms, which is cheaper than coal but less reliable.

The state-run firm that awarded the contract was to act as a broker between Adani's solar plants and buyers of its energy. The indictment alleges that after the state-run firm ran into difficulties finding buyers for solar power, Adani, his nephew and executives hatched a plan to persuade government officials to enter into agreements with the state-run firm. That would enable the state-run firm to follow through on buying the power Adani produced.

The indictment said Sagar Adani, Gautam Adani's nephew, tracked payments to be given to officials across states on his cellphones and calculated a bribery rate per megawatt of power. In coded messages, Gautam Adani was referred to as "Mr. A" and "Numero uno" and "the big man."

The southern Indian state of Andhra Pradesh figured as a main focus of the alleged bribery, according to the indictment, with a person identified as "Foreign Official #1" offered the bulk of the bribes, or nearly \$230 million. The state then agreed to buy power that would come from Adani.

Last year, a report by short seller Hindenburg Research accused the Adani Group of fraud and stock manipulation.

Mutual Funds

Data provided by LSEG

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets. **e**-Ex-distribution. **f**-Previous day's quotation. **g**-Footnotes x and s apply. **J**-Footnotes e and s apply. **k**-Recalculated by LSEG, using updated data. **p**-Distribution costs apply, 12b-1. **r**-Redemption charge may apply. **s**-Stock split or dividend. **t**-Footnotes p and r apply. **v**-Footnotes x and e apply. **x**-Ex-dividend. **z**-Footnote x, e and s apply. **NA**-Not available due to incomplete price, performance or cost data. **NE**-Not released by LSEG; data under review. **NN**-Fund not tracked. **NS**-Fund didn't exist at start of period.

Thursday, November 21, 2024

Fund	Net NAV	Chg %	YTD % Ret	Fund	Net NAV	Chg %	YTD % Ret	Fund	Net NAV	Chg %	YTD % Ret	Fund	Net NAV	Chg %	YTD % Ret	Fund	Net NAV	Chg %	YTD % Ret	
AB Funds	11.29	-0.01	5.4	Artisan Funds	21.36	+0.12	26.8	OTC	21.36	-0.01	29.9	Eqlinc	27.06	+0.32	19.6	Growth Gow	111.08	-0.01	28.3	MuHYAdml
MunIncnShares	11.29	-0.01	5.4	FlexDlndInst	15.01	... 6.6	Purith	25.47	+0.08	19.4	LgCapGwth	80.18	+0.28	33.3	Growth Gow	111.08	-0.01	28.3	TgtRe2060	
AB Funds - ADV	11.60	+0.68	25.1	Baird Funds	30.62	+0.13	36.4	SAUSMinVollndF	22.68	+0.15	21.5	MidCap	112.54	+1.78	12.5	MuLTAdml	13.65	... 2.0	TgtRe2055	
LgCrpAdv	11.60	+0.68	25.1	CorBldnst	10.11	... 2.7	US CoreEq2	19.36	+0.04	30.5	ConBndl	10.20	-0.01	2.3	TgtRetInc	13.66	+0.01	NA	13.66	
American Century Inv	11.29	-0.01	5.4	BlackRock Funds	9.76	... 2.1	US Small	51.81	-0.07	17.8	Lord Abbett I	7.19	... 3.1	10.12	WellIn	46.94	+0.14	15.3	WellIn	
Ultra	9.49	+0.12	28.1	HtYBk	11.29	-0.01	8.6	US TgdVal	36.48	+0.62	15.7	MetropWest	8.96	... 1.3	10.12	Wells	9.08	+0.32	17.2	Wells
American Funds CIA	45.22	+0.13	20.9	BlackRock Funds III	7.18	+0.01	8.5	US CmSpVal	51.68	+0.83	16.3	MFS Funds	12.65	+0.35	25.2	Windrsl	49.85	+0.33	17.2	Windrsl
AmpCo	11.29	-0.01	5.4	Baldfund	11.29	-0.01	2.7	US TgdVal	52.72	+0.62	20.1	Putnarm Funds Class A	10.90	-0.01	2.8	Wells	49.85	+0.33	17.2	Wells
AMutfA	59.61	+0.12	18.3	Baldfund	9.76	... 2.1	US Small	16.32	-0.01	9.4	Putnarm Funds Class Y	10.90	-0.01	2.8	Wells	49.85	+0.33	17.2	Wells	
Baldfund	36.42	+0.12	14.9	Baldfund	9.76	... 2.1	US Small	16.32	-0.01	9.4	Putnarm Funds Class Y	10.90	-0.01	2.8	Wells	49.85	+0.33	17.2	Wells	
BondA	11.21	-0.01	1.3	BlackRock Funds Inst	11.29	-0.01	2.7	US TgdVal	52.72	+0.62	20.1	Putnarm Funds Class Y	10.90	-0.01	2.8	Wells	49.85	+0.33	17.2	Wells
CapBA	72.42	+0.39	21.5	StratificOpplny	9.49	... 5.0	Int'l Stk	52.49	-0.01	6.8	Putnarm Funds Class Y	10.90	-0.01	2.8</td						

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Spirit Is Lesson in ‘Airline-nomics’

Carrier thought breakneck growth, aggressive discounting were enough to create competitive moat

Spirit Airlines is both reviled for its bare-bones service and beloved for exerting a downward pull on airfares. Its bankruptcy might be a good opportunity for travelers, investors and regulators to get an updated course on airline economics.

This week, the Florida carrier, which hasn't had a profitable year since 2019, filed for chapter 11.

Bankruptcies are a common way to reset troubled airlines by easing their debt burdens: **United Airlines** and **Delta Air Lines** did it in the early 2000s, and **American Airlines** in 2011. Shares in Spirit will be wiped out. Bondholders agreed to swap \$800 million in debt for equity and backstop \$350 million in new stock. Nevertheless, the carrier that emerges will be a smaller one, with annual cost cuts targeted at \$80 million.

Many probably have bittersweet feelings about this. When US Airways veteran Ben Baldanza took the helm of Spirit in 2006, he sought to ape Irish powerhouse **Ryanair**. Its cheap “bare fares” covered only the seat, with everything else costing extra.

Ever since, the “Spirit effect” lowered prices across the U.S. A recent paper by Brad Shrago at the Transportation Department found Spirit and the other two ultralow-cost players, **Frontier Airlines** and **Allegiant Air**, force incumbents to slash their cheapest fares whenever they enter a new route, even beyond the impact achieved by the pioneer of budget travel, **Southwest Airlines**.

Yet Spirit and Frontier became hatted. In the latest American Customer Satisfaction Index, they ranked below broadband providers. Delays and cancellations are partly responsible, but there is a backlash to paying for add-ons, even if the final price tag is lower.

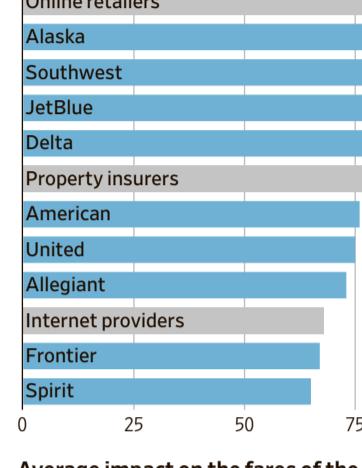
Since the pandemic, travelers are much more willing to fork out for seats with extra legroom. Even Spirit pivoted to offer seat selection, Wi-Fi and blocked middle seats.

Rival airlines could be seen as the losers from weaker competition. Spirit overlaps the most with Frontier, but battles most fiercely with Southwest on key routes.

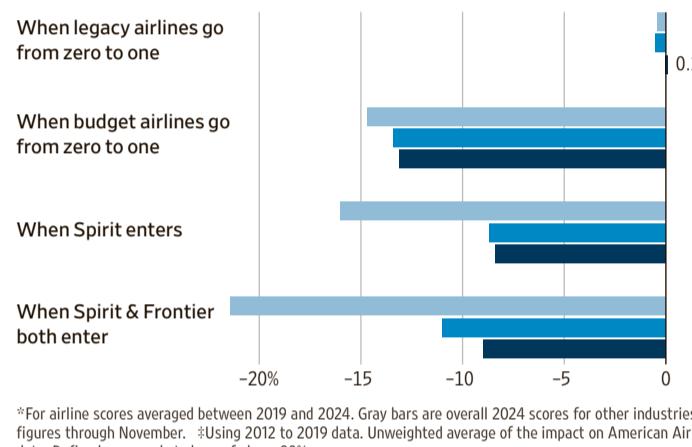
To grasp the bigger picture, here is what we can learn from the miscalculations that led to Spirit's woes. Lesson one is that pricing strategies can't create permanent moats—only differentiated networks do.

Norwegian Air Shuttle learned this the hard way when it tried to adapt the low-cost model to trans-Atlantic flights. Its no-frills fares caused a stir when launched in 2013, but airlines with multi-cabin offerings caught on. In 2019, Norwegian was forced to exit that market and sell its Boeing 787 jets.

U.S. customer satisfaction index*



Average impact on the fares of the Big Four U.S. airlines when a challenger enters a route†



*For airline scores averaged between 2019 and 2024. Gray bars are overall 2024 scores for other industries, for benchmarking purposes. †Annual data by operating airline. 2024 figures through November. ‡Using 2012 to 2019 data. Unweighted average of the impact on American Airlines, Delta Air Lines, United Airlines and Southwest Airlines. **Annual market share. Sources: American Customer Satisfaction Index (satisfaction); Cirium DIO Mi (cumulative change, seat capacity); Review of Industrial Organization; Brad Shrago (impact on fares)

Similarly, Spirit followed the ultralow-cost playbook of severely discounting fares to spur new demand by raising its seat capacity eightfold over 20 years compared with a 5% increase in the wider U.S. domestic market, according to flight-market intelligence provider Cirium DIO Mi.

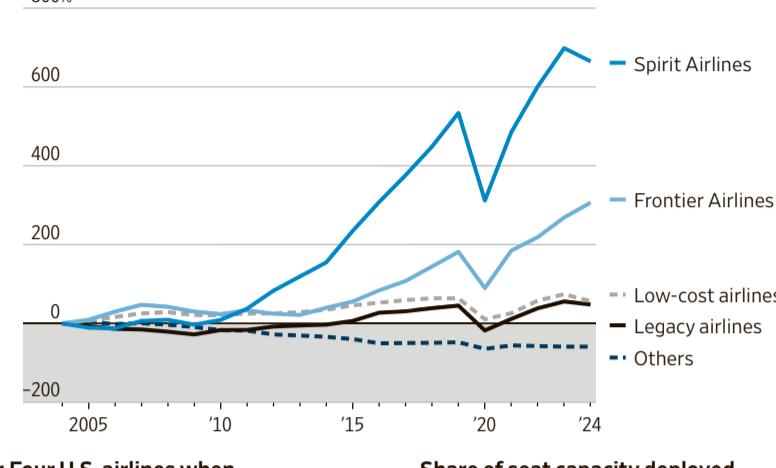
Breakneck growth allowed Spirit to keep unit costs low, but made it enter crowded markets: Only 6% of Spirit's seats are flown on basically uncontested domestic routes, such as Atlantic City-Orlando, even though the carrier still ranks sixth by size. Ryanair has 30% of its capacity in markets with no competition, despite having grown to Europe's largest airline. Before Covid, it was 49%.

In September, Spirit and Frontier were selling 27% and 50% more seats than before the pandemic, respectively.

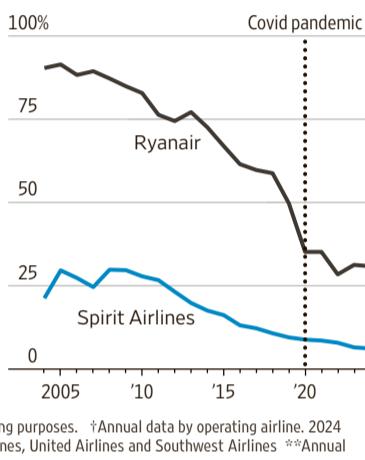
The problem is an ultradiscounting strategy no longer insulates these airlines from competition. Since Delta's introduction of the “basic economy” fare in 2012, full-service players have been fully “unbundling” their offerings to attract cheapskates.

There is a second big takeaway: As much as the mid-2010s wave of

U.S. airlines, cumulative change in domestic seat capacity‡



Share of seat capacity deployed in routes with basically no competition**



consolidation among U.S. carriers might have helped big legacy operators rationalize schedules and strike lucrative co-branded credit-card deals, it didn't give them the strong oligopolistic power claimed by their detractors.

A cabal of airlines would have kept a lid on supply after travel rebounded in 2022, pushing up fares and clawing back some of their vast Covid-era losses. Instead, carriers went on a huge schedule expansion, causing U.S. airfares to be 5% lower at the end of the summer relative to 2019, official figures show. This is despite the rising cost of fuel, labor and spare parts, production delays of aircraft and engine troubles.

The reason the airline industry has such narrow profit margins is that it combines low barriers to entry with a race to invest in capital, which creates an almost unstoppable momentum toward overexpansion. Had Spirit renounced its ample A320 aircraft orders with **Airbus**, others would have taken them on. Now it is selling some of those jets, which will likewise be used by someone else.

Once created, capacity can't be put back into the bottle: Norwegian's old 787 Dreamliners are

currently operated by Norse Atlantic Airways, a startup backed by Norwegian's former CEO that is attempting the exact same trans-Atlantic venture.

Now will legacy airlines that learned to chase the bargain-seeking flier turn back the clock, even if Spirit went away?

In recent years, U.S. regulators seem to have disregarded all of this and looked at competition through the narrow lens of the number of carriers in the market. They blocked Spirit's attempt to merge with **JetBlue Airways** and would likely have stood in the way of a combination with Frontier. A better priority for officials, travelers and investors alike would be to have players with enough financial muscle and scale to be aggressive in markets where they have structurally superior economics.

For ultralow-cost carriers, those are routes where full-service operators can't match their ability to fly point-to-point and turn planes around quickly. Spirit would do well to remember this, rather than get lost in ambitions to go upscale, as it resizes operations around crucial cities such as Fort Lauderdale, Fla.

—Jon Sindreu

MicroStrategy Bitcoin Buying Machine Uses Wacky Math

Every new market mania needs new metrics to lure investors and explain its existence. Here's one for the bitcoin boom: “BTC yield.”

MicroStrategy, once a humdrum software firm, introduced this term to its investors in August. BTC, for the uninitiated, means bitcoin. Yield typically refers to the dividend a company pays as a percentage of its stock price, or to the interest rate a lender expects to earn on a loan or bond. This isn't either of those.

The company attracted attention for a huge one-way bet on bitcoin, which it started buying and holding in 2020. The company has been selling vast amounts of common stock in at-the-market offerings to fund ever-greater purchases. In a virtuous circle, its market value has continued to climb, fueling more stock sales to buy more bitcoin, and so on.

The BTC yield at MicroStrategy, which calls itself a “bitcoin treasury company,” isn't a yield as understood by investors. As the company explains in its filings, it is the percentage change, from one date to another, in how many bitcoins per share MicroStrategy owns. As of Nov. 17, it owned 1.29 bitcoins for every 1,000 of its shares outstanding, using a share count that assumed all its convertible debt was turned into stock. That ratio was up 41.8% since Dec. 31, when it owned 0.91 bitcoin per 1,000 shares.

That 41.8% increase is what MicroStrategy called its year-to-date BTC yield. The same metric can be calculated quarter over quarter, year over year, or using other starting and ending points for which data is available. The BTC yield has been soaring. In the headline for a Nov. 11 news release, MicroStrategy boasted of “BTC Yield of 26.4% YTD.” That was up from 17.8% as of Sept. 30.

When MicroStrategy started touting this new metric as a key performance indicator, it said it was targeting a long-term annual BTC yield of 4% to 8% starting next year. So the company is way ahead of pace in this regard.

Judging by what the market says, a bitcoin owned by MicroStrategy is worth almost four times as much as a bitcoin owned by a mere mortal. MicroStrategy owned 331,200 bitcoins at last count, worth \$31.2 billion, and had about \$4.2 billion of net debt. Its stock-market value is \$106 billion using its recently updated share count. It says it paid about \$16.5 billion for the bitcoin it owns. That is a terrific gain, but nothing like the 650% increase in MicroStrategy's shares this year.

And that is the phenomenon the rising BTC yield reflects—that MicroStrategy succeeded at selling stock for irrationally high prices and using the proceeds to buy more bitcoin, which keeps soaring, but not by as much as MicroStrategy's stock. The company in October unveiled a goal of raising \$42 billion of new capital over the next three years, half of it in equity and half in debt, to buy more bitcoin. MicroStrategy says it uses BTC yield “to help assess the performance of our bitcoin acquisition strategy.” In that respect, it conveys useful information: The stock went up even more than bitcoin did, so the strategy worked.

It doesn't tell you how sustainable its strategy will be or what its holdings are worth. Consider a scenario in which the company kept its share count and bitcoin holdings unchanged and the price of bitcoin plunged. Its BTC yield would be zero because its bitcoin per share would stay the same. But its stock probably would plummet. If you want to speculate that bitcoin is heading higher, buy some. At least you will pay market price. To go long on MicroStrategy's stock is to wager that bizarrely inefficient markets will become more so.

—Jonathan Weil

Does Nvidia Have Anywhere to Go but Down?

One problem with being on top is there is often nowhere to go but down.

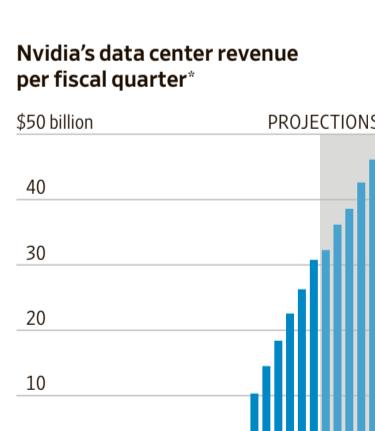
Nvidia's breakneck growth over the past 18 months definitely put the company on top—both of the burgeoning artificial-intelligence market and the stock market. The chip maker's fiscal third-quarter report on Wednesday afternoon showed annual sales crossing the \$100 billion mark for the first time ever—more than double what it was generating a year ago. And the company's \$3.6 trillion market capitalization is more than \$100 billion higher than that of Apple.

The last point is particularly fitting since hype over Nvidia's data center chips, known as GPUs, now eclipses what once greeted new iPhone launches.

But there is a downside, too: Fully living up to the hopes that made it the world's most-valuable company can be a stretch. Nvidia's third-quarter results beat Wall Street's targets across the board, as did the company's forecast for the current quarter. The stock slipped about 2% in after-hours trading since the projection beat Wall Street's consensus estimate by the lowest margin since the company's AI business began taking off in May 2023.

Investors will likely shake it off. The company's previous report in August sparked an even bigger selloff, yet the shares have rebounded 24% since. But such volatility will likely be the new normal

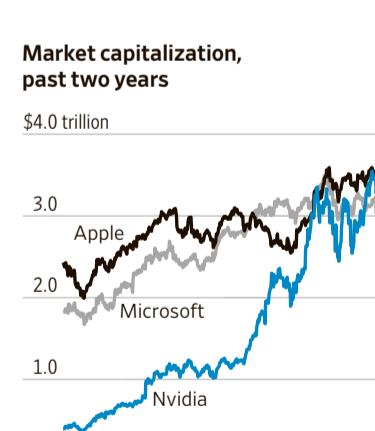
Nvidia's data center revenue per fiscal quarter*



*The fiscal year ends in January.

Sources: the company (actual revenue); FactSet (projected revenue, market capitalization)

Market capitalization, past two years



call, while later reminding listeners, “We guide one quarter at a time.”

It needs to be big. Some analysts expect the Blackwell family to generate \$62.6 billion in sales for Nvidia's fiscal year ending in January and more than \$97 billion in the following fiscal year, according to consensus estimates from Visible Alpha.

Note that even \$62 billion is greater than the entire annual revenue of every other chip company in the world save for Taiwan Semiconductor Manufacturing, Nvidia's main production partner.

Such lofty targets are attainable—especially if Nvidia's largest customers keep spending the way they've promised to in their own most recent quarterly calls.

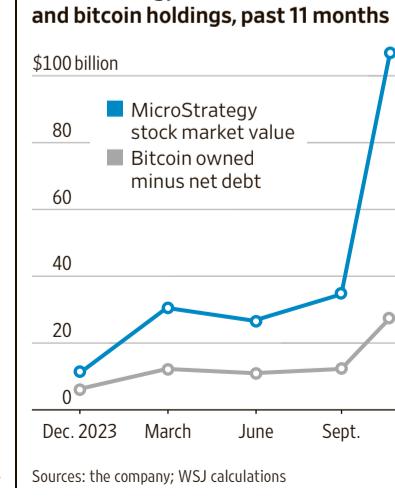
Deep-pocketed technology giants Microsoft, Amazon.com, Meta Platforms and Google parent Alphabet are projected to drop more than \$242 billion combined this year on capital spending and an additional \$285 billion next year, according to Visible Alpha estimates.

But that investment will depend on how quickly their own customers adopt generative-AI services, as well as their ability to build and power the types of data centers capable of fully running Nvidia's demanding systems.

Much has gone right for Nvidia over the past year. More needs to keep going right for the next one.

—Dan Gallagher

MicroStrategy stock market value and bitcoin holdings, past 11 months



Sources: the company; WSJ calculations

hasn't cracked triple digits. The company projected revenue growing 70% year over year to \$37.5 billion in the current period.

That projection includes the first volume shipping of the new Blackwell family of AI systems that Nvidia unveiled in March. But the sequential change of just \$2.4 billion from the just-ended quarter leaves some uncertainty as to how quickly Blackwell will be able to generate a substantial amount of new revenue. The timing of the rollout was the dominant topic during the question-and-answer session of Nvidia's earnings call on Wednesday.

“Blackwell demand is very strong,” Nvidia Chief Executive Officer Jensen Huang said on the

call.



\$22.1 Million
A circa-1850 home
in San Francisco
sells in under a
month. **M2**

MANSION

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HOMES | MARKETS | PEOPLE | REDOS | SALES

Not So Smart
Why connected
home appliances
don't add much
value. **M4**

Friday, November 22, 2024 | **M1**

Louise Blouin got a \$62 million loan for La Dune from Bay Point.



Bay Point paid \$46 million for an equity position in Aspen Valley Ranch.

CLOCKWISE FROM TOP LEFT: CHLOE GRIFFIN; DALLAS & HARRIS PHOTOGRAPHY; CHRIS NELMS/VIRTUAL STUDIO INNOVATIONS; BANCA CROFT/HAMPTON ISLAND PRESERVE; JACOB ELLIOTT (SAN FRANCISCO)

The Lender Bailing Out America's Luxury Homeowners

Bay Point Advisors makes loans to the country's wealthiest when they can't get access to bank financing. Some of their borrowers walk away with big regrets.



Bay Point Advisors has focused on the luxury market, financing private jets, yachts and the construction of luxury homes, including a mansion in Atlanta.

By E.B. SOLOMONT

It is hard to say precisely when art-magazine publisher Louise Blouin's financial problems began, but by November 2022 she was desperate.

Saddled with debt and facing foreclosure on La Dune, an oceanfront estate in the Hamptons, Blouin borrowed \$62 million from Georgia-based lender Bay Point Advisors, hoping to buy herself time to refinance or sell. Roughly 14 months later, however, the bridge loan ballooned to more than \$80 million, thanks to a 24% default interest rate and late fees. La Dune, once asking \$150 million, sold for \$89 million at an auction in January.

"I was just going in for a bridge for a few weeks and ended up in this tsunami," said Blouin, who has since described her dealings with Bay Point as a



One Bay Point borrower is Hampton Island Preserve in Georgia

"nightmare" in New York bankruptcy court filings. She is now fighting Bay Point for a portion of the sale proceeds.

Her odds of prevailing are long.

Bay Point has become a lender of last resort for the rich, lending nearly unheard-of sums to luxury real-estate owners at high rates—rates that get much higher if a customer defaults—and using sophisticated, some say overly aggressive, tactics for getting repaid.

"We fill in where banks stop lending," said Charles Andros, Bay Point's co-founder and CEO, who said there is a growing demand for Bay Point's services in the luxury real-estate sector, thanks to tighter banking regulations and skyrocketing property values.

Launched in 2012 by former finance executives, Bay Point has a war chest of \$800 million, backed by family offices

Please turn to page M6

This Contemporary Mansion Is Unlike Any Other Home On Georgia's Sea Island

Designed in the 1970s and 1980s by the late Atlanta architect John Portman, the house irked the locals at first



Draped with jasmine, the main entrance has a dramatic pyramidal staircase covered with dozens of potted plants.

By KATHERINE CLARKE

ON GEORGIA'S SEA ISLAND, in a row of beachfront Mediterranean-style homes, sits an architectural oddity: a contemporary mansion that rises up like a colossus, with a grid-like canopy perched above dramatic white columns and



brightly colored, modern sculptures.

It's called Entelechy II and was designed by the late Atlanta architect and developer John Portman.

When the roughly 12,500-square-foot house was being constructed as a summer home for his family in the 1980s, the house

was reviled by locals as being out of sync with the island's other homes, his daughter, Jana Portman Simmons said. When she visited over spring break from college, she recalled that she overheard people on the beach gossiping about the hulking

Please turn to page M8

BARTOLOTTI MEDIA (2)

PRIVATE PROPERTIES

One of San Francisco's Oldest Homes Sells in Less Than a Month

Asking price: \$22 million



An elevator built into the hillside runs from the main living area to a two-car garage on the property. The grounds also contain an outdoor swimming pool.

Robertson was the founder of the technology investment bank Robertson, Stephens & Company, which was sold to Bank of America in 1998.

The deal is among San Francisco's most expensive home sales this year, according to Zillow.

The Robertson family declined to comment. The buyer couldn't be learned.

The roughly 8,400-square-foot house is located in the city's Russian Hill neighborhood and has views of Alcatraz Island, the Golden Gate Bridge and the downtown skyline.

Inside, there are five bedrooms and a wine cave.

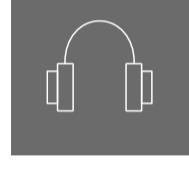
In July, billionaire, philanthropist and founder of Emerson Collective Laurene Powell Jobs, widow of Apple co-founder Steve Jobs, paid around \$70 million for a home in the Pacific Heights neighborhood, setting a record for San Francisco.

The median sale price of a home in the city was about \$1.5 million in October, up around 7% from \$1.4 million during the same time last year, according to Redfin.

—Libertina Brandt



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JACOB ELLIOTT (4)



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PRIVATE PROPERTIES

Growing up in Canada, eBay billionaire Jeff Skoll played youth hockey until he was about 13, when his coach suggested he hang up his skates. "He was so right," said Skoll.

But Skoll, who served as eBay's first president from 1996 to 1998, ended up realizing his pro hockey ambitions two years ago, when he became a part owner of the company that owns the Washington Capitals NHL team.

Now, Skoll is paying \$17 million for a compound in McLean, Va., to be closer to the Washington, D.C., stadium where the Capitals play.

**SOLD
\$17
MILLION**
9 acres,
3 houses

"I decided it would be great to have a home in the area so I could be there more often," said Skoll, 59, who lives primarily in Florida.

The purchase is one of several recent large deals in McLean, where a mystery buyer recently paid \$25.5 million for a newly built mansion overlooking the Potomac River.

Skoll's purchase includes multiple parcels totaling about 9 acres. One contains a \$10.5 million spec mansion, built by Artisan Builders on roughly an acre of land in McLean's West Langley area and listed in August. He is also set to pay \$6.5 million for Elmwood, an adjacent 8-acre estate owned by the family of late TV newscaster Roger Mudd, who died in 2021.

High-end home prices in McLean have jumped exponentially since Covid, said Stephen Yeonas Jr., a partner at Artisan. Homes that fetched \$4 million a few years ago are now going for around \$9 million to \$10 million, he said. People want high-end finishes and features like pools, saunas and cold plunges, and they will pay a premium for homes that are turnkey. "This one sold very quickly," he said.

Skoll said he spent several weeks looking for property in the Washington metro area before finding the new-construction



EBay Billionaire Buys Home Outside Washington, D.C.

home in McLean. The roughly 11,600-square-foot house is clad in blue stone with wood siding and a metal roof. There are five bedrooms and a pool.

Not wanting to live near a construction site, Skoll asked his real-estate agent, Mark McFadden of Compass, if there was any construction that might be happening nearby. As it turned out, Elmwood was about to be listed for \$22.5 million with plans for a new

house. Skoll decided to buy it and plans to restore the property, including the existing circa-1905 main residence.

"The last thing I wanted to do was tear down all that history and put in some modern thing," he said.

He said he plans to live in the newly built house and may use Elmwood as a guesthouse, but he's not sure.

Elmwood is said to have been

used as a Civil War encampment and hospital, said McFadden, who had the listing for the Mudd estate. The main residence is about 5,600 square feet with seven bedrooms. The property has a separate four-room log cabin and stables.

Skoll lives primarily in Manalapan, Fla., where he paid just under \$90 million for an estate in 2021.

Skoll worked at eBay until the

early 2000s. The company was the brainchild of his friend Pierre Omidyar, and Skoll said the two worked out of Omidyar's basement and Skoll's living room. In 2022, Skoll took a minority stake in Monumental Sports Entertainment, which owns the Washington Wizards, Capitals and Mystics.

Jack Shafran and Dean Yeonas of Yeonas & Shafran Real Estate represented Artisan Builders.

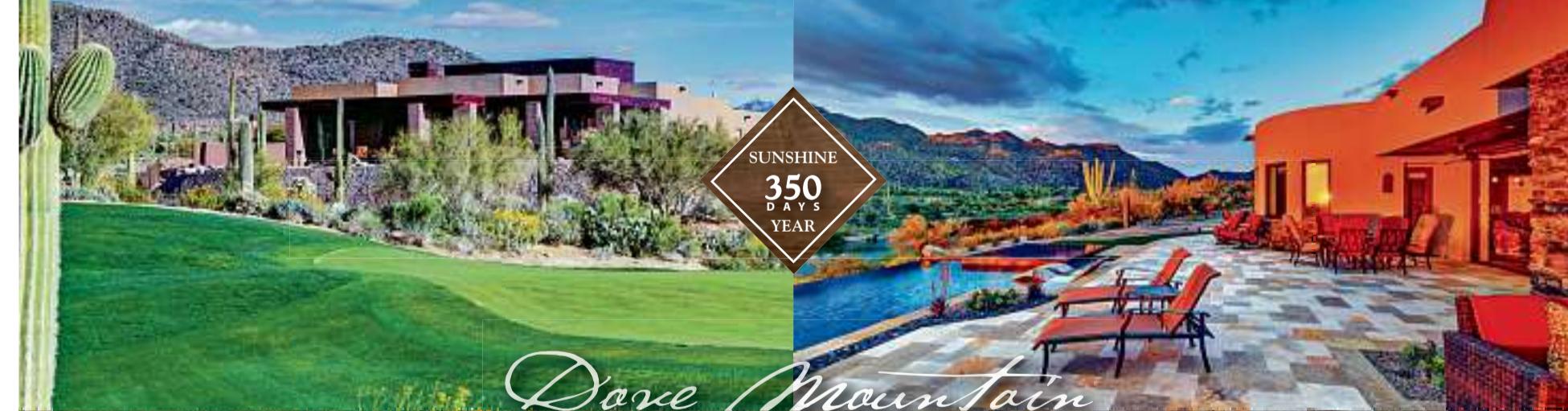
—E.B. Solomont



Skoll paid \$10.5 million for the spec house.



PEAK VISUALS (3)



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MANSION



Jimmy Hawkins calls himself a home-automation hobbyist. But "hobbyist" is underselling it: He's a home-automation maniac.

Hawkins has over 200 "smart" devices throughout his Alpharetta, Ga., home. They include run-of-the-mill smart products: locks, light-bulbs, a garage door opener, and vacuums. But also weird ones: a bidet, mousetrap, toothbrush and curtain rods.

What does he not have? Lots of smart appliances.

He and his wife, Jordan Hawkins, purchased their 4,000-square-foot home in 2022 and bought a smart microwave with a sliding drawer during a renovation. After a power outage, they never reconnected it to Wi-Fi.

"Do I really need to get my phone, open an app, hit the 'open' button when I'm literally standing in front of the thing and could just push the 'open' button?" says Hawkins, 40.

He really does not.

Smart devices like locks, thermostats and vacuums address a legitimate need, solve a problem or take over an entire task. But most appliances have whizzed past smart and circled back to dumb. Some offer useful tricks, like preheating your oven remotely, and downloading software updates that add cooking features. But why would you want to start your washer via app when you likely just loaded it? You wouldn't.

That may be one reason why consumers aren't using their smart appliances as intended. According to a Wall Street Journal report from Jan. 2023, only around half of the buyers of smart home appliances from two major manufacturers keep them connected to the internet. LG reported that it was less than half in 2022. Whirlpool said more than half but declined to be more specific. Both companies said consumer concerns over privacy,



HOMEOWNEROUS | KRIS FRIESWICK

Why Are Smart Appliances So Dumb?

Connected ovens, microwaves and dishwashers have yet to add much value to homeowners

difficulty connecting and reconnecting devices, and the lack of robust Wi-Fi near appliances caused the low connection rates.

Owners of these devices have different explanations. There is, they say, a general disinterest in many Wi-Fi-enabled features, like starting their dryer remotely.

Consumers, says Hawkins, also don't want a separate app for appliances made by different companies. An effective smart-home hub

is still a ways off. Some are getting close, like Home Assistant by Nabu Casa, according to Ed de Tollenar, who runs the YouTube channel SmartHomeJunkie. But HA is still mostly used by DIY home-automation hobbyists, de Tollenar says. A universal operating standard, called Matter, aims to let devices communicate with each other, but until more appliance makers get on board, it's every app for itself.

If you want to buy high-end appliances that aren't smart, you're kind of out of luck. When interior designer and custom cabinet maker Vince Winteregg had a client who wanted appliances without Wi-Fi, it took Winteregg months to find them. He discovered a few appliances—a Speed Queen washer and dryer set, a Blue Star professional range and a Wolf steam oven. But he's still on the hunt for a dumb dishwasher.

After a surge in 2021, sales of smart home devices plunged then flattened, and the category of devices that includes smart appliances is not expected to see a meaningful rebound in sales until 2025, according to a study by market intelligence firm IDC. This, says Jitesh Ubrani, a research manager for IDC, is partly due to market saturation for smart home devices of all types, a dramatic slowdown in new home sales and construction, and the economic downturn.

Despite a lack of robust consumer interest in smart features, appliance manufacturers continue to embrace them. Data generated by these smart appliances and their apps is fed back to the maker, and can be used to determine how customers are using the product, to identify cross-selling opportunities for paid subscription services and to enable updates and remote diagnostics.

Still, hope springs eternal that manufacturers will realize consumers want an appliance that works and lasts longer than five years before going obsolete.

If you want a dumb appliance, look for a lower-tier model in any maker's portfolio of products. If you're committed to owning a high-end dumb appliance, and can spend big, shop European, industrial- or commercial-grade manufacturers. If the model you want only comes smart, keep in mind that most appliances still work without an Internet connection, but some do not. Make sure the features you want work without a connection (or without a one-time connection for a download).

Lastly, if you want your smart appliances to communicate with each other, look for those that incorporate Matter. More makers are joining the standard and as smart-appliance functionality inevitably (we hope) improves and becomes more useful, being able to consolidate control on a single hub instead of a half-dozen apps will make life easier. That, after all, is the point of home appliances.

SHAWN MICHAEL JONES FOR WSJ

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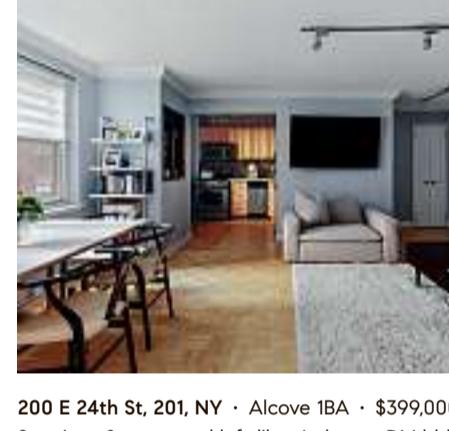


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157 W 57th St, 56C | 4 BD 4.5 BA | \$21,500,000
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993 Fifth Ave, Flr 4 | 6 BD 6.5 BA | \$17,500,000
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953 Fifth Ave, PH | 3 BD 3 BA 2 HB | \$15,000,000
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900 Fifth Ave, 4B | 3 BD 4 BA | \$3,495,000
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302 E 96th St, PH6* | 3 BD 3 BA | \$3,395,000
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641 Fifth Ave, 28A | 2 BD 2 BA 1 HB | \$2,999,000
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215 W 88th St, 9H | 3 BD 2 BA 1 HB | \$2,745,000
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137 E 36th St, 15F | 2 BD 2 BA 1 HB | \$1,399,000
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414 E 52nd St, 8A | 2 BD 2 BA | \$1,375,000
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125 E 63rd St, 2B | 2 BD 3 BA | \$1,200,000
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300 E 59th St, 3105 | 1BD 1BA 1HB | \$1,075,000
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32 Gramercy Pk S, 13H | 1 BD 1 BA | \$950,000
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137 E 36th St, 6G | 1 BD 1 BA 1 HB | \$925,000
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191 Chrystie St, 5R | 4 BD 3 BA | \$14,500/mo
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637 Carlton Ave | 4 BD 1 BA 2 HB | \$3,250,000
Prospect Hts multi-fam TH, 9 rms, 4 firs & garden.
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7923 12th Ave | 7 BD 4 BA 1 HB | \$3,000,000
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610 Warren St, Grdn B | 3 BD 2.5 BA | \$2,350,000
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1390 Eastern Pkwy | 10 BD 8 BA | \$2,295,000
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265 20th St, Garden L | 3 BD 2.5 BA | \$2,195,000
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338 Clinton Ave, 5 | 2 BD 1 BA | \$1,250,000
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176 Sterling Pl, PH6L | 2 BD 1 BA | \$1,170,000
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Jacqueline Gill • jackie.gill@compass.com

6801 Shore Rd, 1L | 1 BD 1 BA | \$345,000
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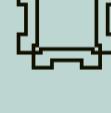
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MANSION

HOUSE CALL | RONNY CHIENG

'Daily Show' Correspondent Got Stand-Up Tips From 'Seinfeld'

The comedian and 'Interior Chinatown' actor on his first exposure to American comedy, his fearless father and how Trevor Noah and John Oliver helped his career

My dad was the life of the party whenever he entered a room, but I didn't know him like that growing up. To me, he was short-tempered and strict. You didn't want to make mistakes around him.

At family gatherings, he led the conversation and lightly teased everybody. It's only in hindsight, since he passed away in 2018, that I think about him that way. My dad was great at roasting uncles or cousins in five different languages. Professional comedy, I would learn in the years ahead, is quite different.

My family first lived with relatives in Johor Bahru, Malaysia, just north of Singapore. By the time I was born, my father, Rick, had owned a construction-materials business and other ventures, but many didn't work out. My mother, Mae, looked after my older sister, Grace, and me.



Chieng, right, with his parents and his sister in Washington, D.C., in 1988.

When I was 3, in 1988, my parents decided to attend college in America. They moved with Grace to New Hampshire to attend Manchester College. I stayed behind with relatives and was brought to the U.S. a year later.

They both majored in science, and then my father got his master's in economics. My mother got an MBA. They paid their own way by working at a McDonald's and a Shell gas station.

When I was about 10, my mother, my sister and I returned to Malaysia. My dad told me we were just going home to visit, but we never flew back. Man, I resented

that for so many years. We moved into a bedroom in my cousin's house. After my dad returned, we moved into a government-subsidized apartment building outside of Singapore.

After I graduated, I left Malaysia to attend the University of Melbourne. I felt the need to get out. To be fair, I couldn't get into any Singapore colleges, which were competitive.

My first exposure to American comedy was watching Jerry Seinfeld's stand-up intervals on "Seinfeld." In college, I watched a lot of American comedy on TV. I had to give it a shot. When I told my roommate I'd signed up for a campus comedy competition, he said, "It's going to be bad, man. Don't do it." I said, "Let's see."

I got that determination from my dad. At the competition in March 2009, I won.

After I graduated with a law and commerce degree, I went to Australia National University in Melbourne for law school. It took two months to get a handle on the Melbourne comedy scene. Performing in English wasn't a problem. During our Manchester years, my parents spoke to me in English, so it was my first

language. As for my delivery, that's a matter of developing the skill set and listening for the rhythm, the timing, the attitude and when to pause. That came, gig after gig.

In 2013, Trevor Noah and I were on the bill at Montreal's Just for Laughs comedy festival. Two years later, I got an email inviting me to audition in New York for "The Daily Show," which Trevor had started hosting.

Going from Australia to "The Daily Show" was such a step up. I have Trevor to thank, as well as John Oliver, who gave me guidance.

Today, I live in Manhattan with my wife, Hannah.

When I first arrived, I lived in a four-story walk-up. Now, we're on a high floor with a great view.

A few months before my dad died after an accident on his farm in Malaysia, he gave me his Rolex Datejust, the watch he always wore. I wear it whenever I do an important show. It makes me feel a little more fearless, like him.

—As told to Marc Myers

Ronny Chieng, 39, is a Malaysian comedian and actor known for TV's "The Daily Show" and the films "Crazy Rich Asians" and "Unfrosted." His third Netflix comedy special airs in December, and he co-stars in the new Hulu comedy series "Interior Chinatown."

RONNY'S MOM

Favorite home spot?
My bed.

Downtime? Brazilian jujitsu.

Mom? She never discouraged me from becoming a comedian. She said, "Oh, OK. Cool."

On tour? Mom came with me a little bit this year. She's very prim and proper, but she gets it, mostly.

Mostly? The tough part is that in my current show, I talk about my dad at the end, which upsets her.



Ronny Chieng in Pasadena, Calif., in July.

FROM LEFT: RONNY CHIENG (FAMILY PHOTO); WILLY SANJUAN/VISION/ASSOCIATED PRESS

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MANSION

Lender of Last Resort

Continued from page M1

and other private investors. One of Bay Point's specialties is distress—which can be opportunistic situations where there is upside for investors. Operating within the shadow-banking sector—as the market involving nonbank lenders is known—Bay Point stands out as a deep-pocketed lender that is not deterred by thorny situations. "They're going to have a handful of competitors—if that," said Anthony Geraci, co-founder of the American Association of Private Lenders.

In addition to lending Blouin \$62 million, Bay Point lent tens of millions of dollars to the developers of Hampton Island Preserve, a 4,000-acre private community near Savannah, Ga., a property beset by years of financial trouble and infighting among former partners. Bay Point has made multimillion-dollar construction loans to distressed homeowners and earlier this year, in a departure from its core lending business, Bay Point became an equity partner on a \$46 million deal to buy Aspen Valley Ranch, a luxury estate in Colorado, the prior owner of which lost the property to foreclosure.

Bay Point's track record among borrowers is mixed. While some are grateful Bay Point stepped in to finance deals when no one else would, others claim the company is aggressive, even ruthless, about getting what it wants.

"Bay Point has systematically taken steps that result in making it more difficult for me to get them repaid," said Ronald Leventhal, a developer of Hampton Island Preserve, which Bay Point says owes more than \$30 million. He alleged Bay Point is trying to wrest control of the project from him. "They can destroy people," he said.

Andros said allegations of predatory lending are "simply not



Charles Andros



Louise Blouin said working with Bay Point on the loan on her Hamptons home, La Dune, was a nightmare.

true." He said only a small percentage of Bay Point's loans aren't repaid. Blouin's loan was approved by a federal bankruptcy court on heavily negotiated terms, he said. Bay Point said its relationship with Leventhal dates back seven years, during which time it made many loans and purchased debt from

Leventhal's other lenders to stop them exercising default remedies.

Bay Point was started in 2012 with \$15 million in assets raised from friends and family. Founders included Andros, a former stock trader at Schonfeld, with Jim Kauffman, an alum of hedge-fund Citadel, and Greg Jacobs, who previously held senior roles at ING Investment Management.

"Our bread and butter has always been in the hard-money lending space," said Andros, 51, a gregarious Georgia native, referring to the kind of short-term, high-interest loans Bay Point makes.

Even in good times, the wealthy need to borrow cash—particularly if their money is tied up in stocks or investments. Stringent banking regulations since the 2008 financial crisis have limited

the pool of lenders willing to make nonconforming loans, or loans that don't comply with federal guidelines regarding the maximum loan amount, debt-to-in-

come ratio or minimum credit score. That has led to an uptick in private lending, a category of non-bank loans, said Sam Kohn, chief financial officer at National Eq-



Aspen Valley Ranch was developed by Charif Souki. Bay Point estimates it's worth \$200 million.

uity Funding, an Irvine, Calif., company that matches private lenders to borrowers.

In addition to lending, Bay Point has taken equity positions. This spring, it paid \$46 million for a portion of Aspen Valley Ranch, an 813-acre spread in Colorado that was developed by natural-gas pioneer Charif Souki. Souki built several homes and turned the ranch into a "mini-country club" for his family. He sold a portion of the ranch in 2021. Lenders foreclosed on the rest. Bay Point bought the property from the lenders. It plans to sell off three homes and finance construction of five more to maximize the ranch's value, which Andros estimated is \$200 million.

Bay Point is also a partner in Trillith Studios, a movie- and TV-production studio complex in Atlanta owned by entities tied to former Chick-fil-A CEO Dan Cathy. Andros said Bay Point has partnered with Cathy, who Andros says isn't a distressed borrower, on the Trillith Land Fund, which owns roughly 2,000 acres of land around the studios.

Few lenders will write as big a check as Bay Point. Kohn said the \$62 million Blouin loan, for example, isn't a deal he would make. "I wouldn't touch that deal with a 10-foot pole," said Kohn, explaining that the property could lose tens of millions of dollars in value overnight, thereby putting the loan at risk.

Bay Point focuses on asset-based loans, in which the underlying asset is held as collateral. Bay Point's legal team has 40 years of combined experience, Andros said. While most defaulted loans are eventually paid off, they sometimes end up in foreclosure, litigation or bankruptcy.

For borrowers, hard-money lending comes at a steep price.

In Blouin's case, Bay Point's \$62 million loan in November 2022 had a 10% annual interest rate, or 24% in case of a default, according to New York bankruptcy court filings. In the event of a default, Blouin also agreed to a 10% late-payment fee.

In June 2023, after about seven

Please turn to page M7

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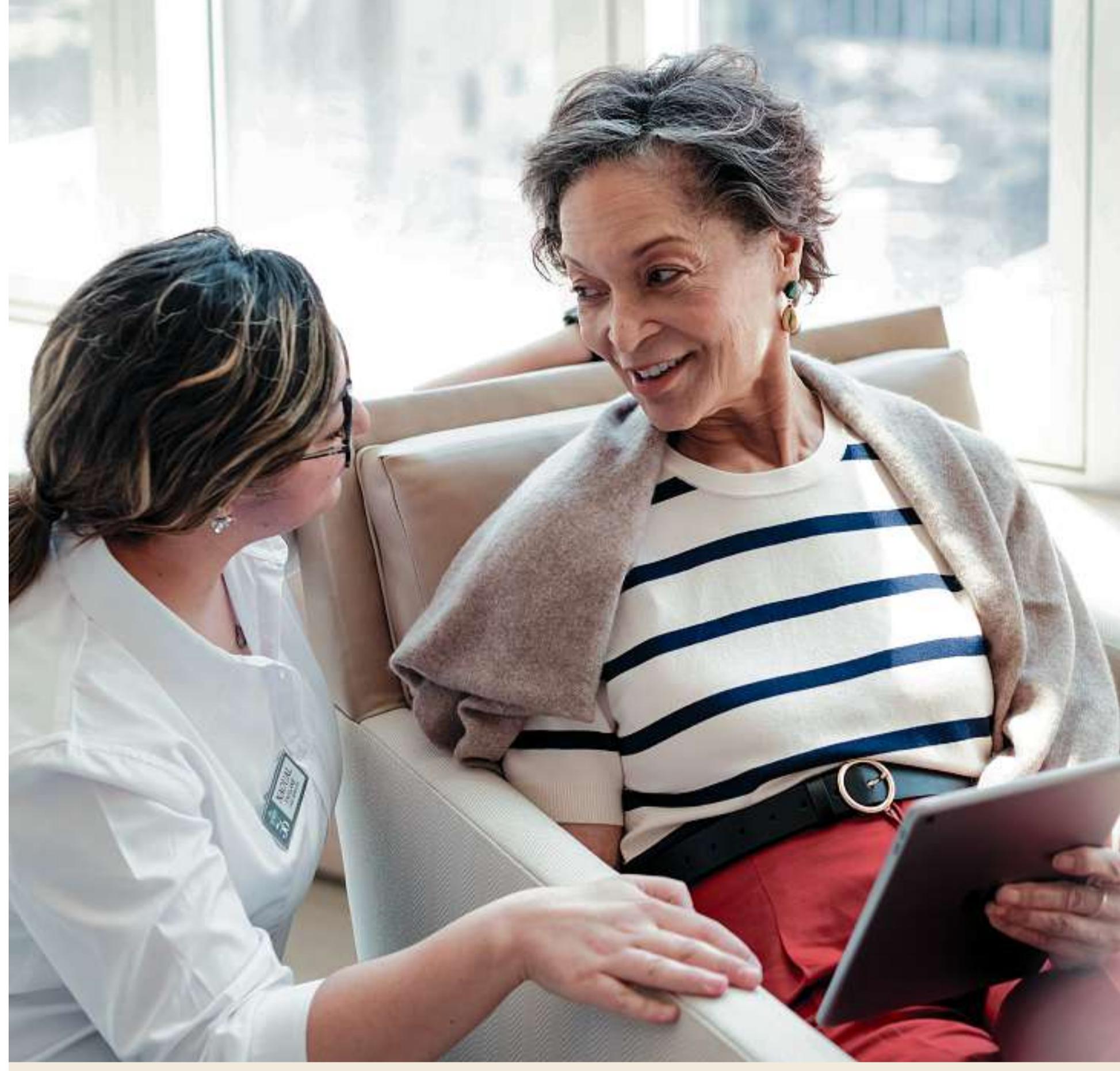
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MANSION

Continued from page M6

months, Bay Point sent Blouin a first notice of default, informing her she was being charged the higher rate and owed just over \$6 million in late fees, court documents show. At the time, the default interest was accruing at a rate of \$40,374.64 a day.

Blouin later accused Bay Point of causing the default by breaching the loan covenant and refusing to authorize funding for emergency repairs. "That's their specialty—how to strangle the person on the other side," she said. In court documents, Blouin also claimed she wasn't technically in default because of the lender's alleged breach of the covenant.

Jeffrey Ruben of WSFS Mortgage said hard-money lenders are able to charge higher rates because they are not necessarily competing with regulated banks, where mortgage rates tend to follow 10-year Treasury yields.

Ruben said 12% to 14% interest from a hard-money lender isn't uncommon, although 24% is close to New York's criminal usury limit of 25%. "That's what they do," he said. "They know the laws and know what they can do, right up to it."

In the state of Georgia—the laws of which governed Blouin's loan because that is where Bay Point is based—it is a misdemeanor to charge more than 60% interest on loans over \$250,000.

John Christy, a Georgia attorney who has represented several



Ben Affleck purchased a home at Hampton Island in 2003, and held his 2022 wedding reception with Jennifer Lopez in the resort's barn, above.

clients in dealings with Bay Point, said Bay Point deals "with borrowers who can't find financing elsewhere." Though that sounds counterintuitive, wealthy borrowers may not be able to get a bank loan if they don't meet credit-quality or asset requirements.

In 2019, for example, Bay Point gave Atlanta entrepreneur Christian Fletcher—then under investigation by the Justice Department for healthcare fraud and money laundering—an \$11 million construction loan to finish building a

mansion in the Buckhead area.

At the time, Andros said, most housing loans were under 4% and Bay Point charged 9%. In 2023, Fletcher listed the house for \$35 million. That year, he was also acquitted of all charges. When he sold the house for \$17 million in 2024, Bay Point recouped its principal plus interest and fees, Andros said.

Sam Banjee, who develops shopping centers throughout the Southeast, said he's borrowed \$25 million from Bay Point over the past decade. "If the asset has value, they'll do the loan," he said of Bay Point. "And they're very quick once they agree to fund."

Several of Bay Point's borrowers, however, alleged in court documents and interviews that the firm's tactics border on predatory.

"Bay Point tries to do things just this side of the law, but sometimes it's clouded," said Leventhal, the Hampton Island developer, who has his own history of litigation with lenders and former partners. Leventhal said he has negotiated deals with Andros only to have Bay Point renege on terms at the last minute, or not follow through with funding as promised. "They are able to choke people," said Leventhal.

Conceived in the 2000s, plans for Hampton Island call for hundreds of homes, a hotel, clubhouse and golf course; in 2003, the actor

Ben Affleck bought into the project, paying \$7.11 million for an 87-acre compound. Two decades later, however, only a handful of homes have been built.

'Bay Point tries to do things just this side of the law.'

—Ronald Leventhal,
Hampton Island Preserve

According to Leventhal, Bay Point subsequently rejected the developer's budget and wouldn't dispense the funds, including \$8,000 for Leventhal's salary and car payment.

In June, Hampton Island filed for Chapter 11 bankruptcy. Leventhal hopes to get \$57.5 million or more for the property; he said Bay Point is pushing for a no-reserve auction.

"When someone says let's run a race, and then they grab you and cut your Achilles tendon, is that a fair race?" said Leventhal.

Bay Point said it couldn't comment on the pending Chapter 11 case, but on Nov. 14, it asked a Georgia bankruptcy court to appoint a trustee, accusing Leventhal of a "history of self-dealing." In court documents, Bay Point alleged the developer failed to maintain the property and rejected an offer to purchase Hampton Island that would have repaid its creditors in full and generated a significant return.

Leventhal said he believes Bay Point wants to control Hampton Island. Blouin similarly accused Bay Point of trying to wrest control of La Dune for its own gain. In court documents, she described a "n nefarious scheme" in which Bay

Point caused delays, threatened her, charged inflated interest and fees, and embezzled money from an escrow account. She also alleged Bay Point didn't entertain a higher bid before the auction.

Blouin recently filed an appeal to a court decision over how money from the sale of La Dune was allocated, and claims she is owed a "clawback" of up to \$26 million, she said.

Andros denied the existence of a higher bid by a qualified bidder, as well as Blouin's other allegations. He said the bankruptcy court has also rejected Blouin's claims.

"If we're doing our work correctly—yeah, you may have a default, but the asset will be sold to pay us back," he said. "The last thing I wanted to do was walk away from that auction owning a \$90 million home in Southampton."

BIANCA CROFT/HAMPTON ISLAND PRESERVE (3); CHRIS NEILS/VIRTUAL STUDIO INNOVATIONS (AFFLECK)



Bay Point loaned \$11 million to an entrepreneur to finish building a mansion in Atlanta.

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MANSION

Georgia Contemporary*Continued from page M1*
structure.

"They all hated it," she said. "I was like, 'We might have to move, this is terrible.'"

Since then, she said, the seven-bedroom home has begun to blend in more to the local landscape, thanks to the extensive jasmine that has grown to drape over the facade. "It's softened it up a lot," said Jana, who works at a development firm founded by her father.

She and her siblings are now seeking a buyer for the distinctive residence, following the death of their mother, Jan Portman, in 2023. Their father died in 2017.

Listing for \$40 million, the property will be one of the most expensive for sale in Georgia. Jana said she is curious to see how many potential buyers are drawn to such an unusual property.

Portman, who grew up in Georgia, was widely known for designing futuristic hotels and office towers, featuring glass elevators and dramatic atriums. His best known works include the Peachtree Center in Atlanta; the Embarcadero Center in San Francisco; and the Renaissance Center in Detroit. He drew criticism from the architecture community for his move into real-estate development, co-financing some of his own projects.

The Sea Island house is named for the Greek concept of Entelechy, which scholars translate as the realization of potential. Keeping with this idea, the family's primary home in Atlanta, also designed by Portman, is named Entelechy I. It has a stream running through it.

Sea Island is a privately owned resort community located on Georgia's Atlantic coast between Savannah and Jacksonville. Portman bought a roughly 1-acre property on the island in 1974, after buying the land, her father spent years designing and redesigning the house. It was 1986 before the family was able to use the property. By then, Jana was in her mid-20s.

"Every bit of it had his intense focus," she said. "There was nothing left to chance. At one point, I was like, 'OK, it's built. There are rooms, beds, a pool. Let's go to the beach.' But he said, 'I'm not done yet.'

Sea Island is a privately owned resort community located on Georgia's Atlantic coast between Savannah and Jacksonville. Portman bought a roughly 1-acre property on the island in 1974,

FOR SALE

\$40 MILLION

12,500 sq. ft.,
7 bedrooms,
pool, guesthouse

The three-level house is composed of several pavilions surrounding a courtyard with a reflecting pool. A grid-like roof is supported by 18 hollow or 'exploded' columns.



The late John Portman, shown below with his wife, Jan Portman, was widely known for designing futuristic hotels and office towers.



The design of the pool, for example, speaks to Portman's obsession with the form of a circle inside a square, which is echoed throughout the house and his architectural portfolio, his daughter said. The circular center of the pool is deep, while the outer areas that form the corners of the square are shallow.

"To walk through the home is an experience," said Chase Mizell of Atlanta Fine Homes Sotheby's International Realty, one of the listing agents. "You have this impactive floral scene from the jasmine and the sound of running water from all of the fountains and water features. Then, the eye candy from the structure and form. Every sense is being played with."

The way the house is configured makes the living spaces feel surprisingly intimate, Jana said. "It's actually quite cozy," she said. "People look at me like I have three heads when I say that, but it truly is."

She has fond memories of the family gathering in the kitchen on lazy weekend mornings. "My mom would sit there for at least three hours because of the flow of kids and grandkids coming in for pancakes. They'd sit around the kitchen table telling stories."

As adults, Jana and her siblings frequently visited for holidays and summers. Over the years, the house became a playground for the Portmans' grandchildren, who played hide and seek in all the nooks and crannies. One of the col-



umn contains a spiral staircase leading up to the roof, where there is a crow's nest, Jana said. "The whole scheme for every grandchild was who can get up to the crow's



nest the fastest," she said.

One of the principal reasons for selling the property is that the family can no longer stay there, Jana said. The property is held by the family's charitable foundation and Internal Revenue Service restrictions mean it can no longer be used for personal use. The proceeds of the sale will go to the foundation, which will make donations to causes related to art, education and health, Jana said.

While the same is true of the family's longtime primary home in Atlanta, Jana said the family isn't ready to part with that house. "Emotionally, the Atlanta one is going to be very difficult for me, so I'm sort of dragging that one out," she said.

Mizell has the listing with Susan Imhoff and Ann Harrell of DeLoach Sotheby's International Realty.

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Rendering courtesy of "The Boundary"

PRIVATE PROPERTIES



They Spent \$20 Million Creating a Party Palace. Three Years Later, it's on the Market

On an estate in Portland, Ore., retractable light fixtures help convert the gym into a 2,100-square-foot ballroom for entertaining.

This feature comes in handy for owners Stephen and Mary Marsh. "We like having parties," said Stephen, founder of the software company Smarsh, who spent about \$20 million renovating the circa-1930s estate. The Marshes regularly host New Year's Eve and holiday parties, as well as gatherings for their children's schools and sports teams, he said. "Any chance to entertain, we take advantage."

Now the eight-bedroom home is coming on the market for \$25 million.

The Marshes paid just over \$4 million for the property in 2017, property records show. Then they embarked on an extensive renovation to turn it into a home where they could raise their three children, Stephen said. "There was a ton of historical charm to it, but it needed work," he said.

Set on about 3.3 acres in Portland's West Hills neighborhood, the Tudor Revival-style house spans about 25,500 square feet,

records show. It was once owned by the late Portland real-estate developer and philanthropist Harry Mittleman, according to listing agent Terry Sprague of Luxe Forbes Global Properties.

Stephen founded Smarsh, which makes software for the financial industry, in 2001. Originally from New York, the Marshes moved to Portland two decades ago when

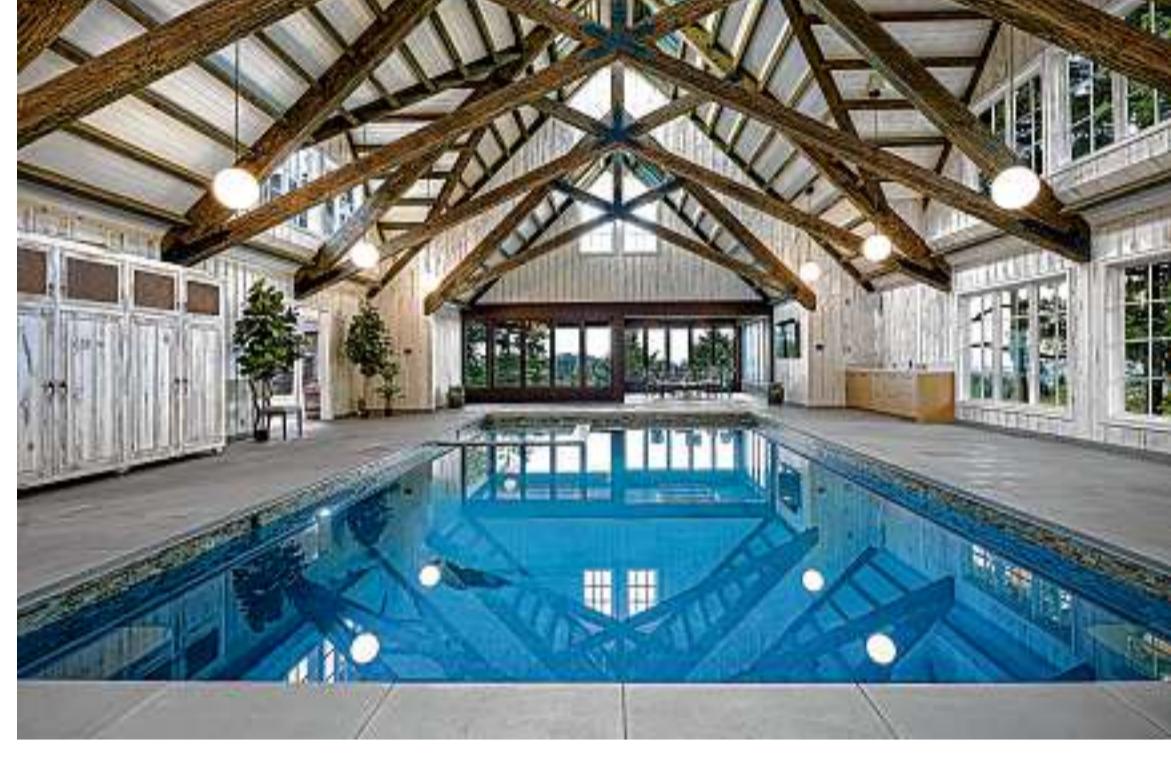
Mary took a job as a product director at Nike; she now owns a high-end hair salon in Portland.

When they bought this property, the Marshes were living nearby. They loved its views as well as the large footprint of the house, which they thought had good bones, Stephen said. Still, he said, "the flow of the house was not what it should have been."

They changed the floor plan completely, consolidating the family's main living areas and pushing the entertaining spaces to the periphery, Stephen said. Upstairs, they replaced labyrinthine hallways with a single straight corridor, and expanded the primary suite.

Aiming to maximize views of downtown Portland and Mt. Hood,

**FOR SALE
\$25
MILLION**
25,500 sq. ft.,
8 bedrooms



Mt. St. Helens and Mt. Rainier, they added a wall of custom windows in the kitchen, Stephen said.

The billiards room has an emerald-green ceiling and walnut

and brass shelving, along with a custom fireplace. "We were trying to [make it] feel like an old-school New York City bar," he said.

When they bought the house, there was a sunken room in the basement that Stephen said they were told was used as a Prohibition-era ballroom. It had a large coat room nearby as well as a water fountain. The Marshes turned the space into a family room and theater. Also on the lower level is a 2,000-bottle wine cellar and wine-tasting room with a wet bar and a Subzero refrigerator with a wine-dispensing system.

A key entertainment space is the indoor sports court. It doubles as a party space, with a full catering kitchen, nine retractable light

fixtures and french doors leading to an outdoor terrace.

The property also has an indoor swimming pool in a separate pool house.

Stephen said the renovation took about four years, but the family moved in at the end of 2020 when the everyday living spaces were complete.

The Marshes are relocating to Florida, where their younger son can play competitive tennis and their daughter can ride horses. They always intended to move back to the East Coast, Stephen said, and now that their older son is at college, "there's a natural opportunity that didn't exist before to get back."

—E.B. Solomon

STEVEN R. HANING (4)



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PRIVATE PROPERTIES

After Announcing CNN Exit, Chris Wallace Lists D.C. Home

On the heels of announcing his departure from CNN, broadcaster Chris Wallace is listing his long-time Washington, D.C. home.

He and his wife, Lorraine Wallace, are asking \$6.4 million for their Kalorama Georgian Revival, where they have lived for close to three decades. The Wallaces bought the house for \$1.1 million in 1997, the same year they were married, property records show. The circa-1929 house has four bedrooms and measures about 7,000 square feet.

Going forward, Chris said, the couple plans to spend most of their time home in Annapolis, Md., where Lorraine operates a small business providing home-grown produce to local restaurants. They plan to keep a smaller home in the capital, he said.

The Wallaces were married at the Kalorama house, Chris said, and have used it to entertain high-profile people including the late Sen. Ted Kennedy and the Supreme



Court Justice Antonin Scalia, Wallace said. Actor George Clooney, who Chris described as a personal friend, has also visited, sharing a bottle of Tuscan red wine.

The house was built around 1929 for Frank R. Jelleff, the founder of a popular Washington department

store, according to Wallace. The brick home has a stately entryway flanked by classic columns.

The main level is perfect for entertaining, Chris said. It has large formal rooms with paneled walls, thick crown moldings and classic archways. The living room

has an oversize bay window and marble fireplace mantel dating to the 18th century. A wood-paneled study has built-in shelving.

The second level is more of a family-centered space, containing bedrooms, a private office and sitting room with a fireplace. The

third floor currently functions as a storage area, while the lower level includes a gym and a separate in-law or staff suite.

When the Wallaces moved into the house, they blended their families: Lorraine's two children grew up there, while Chris's two youngest children from his first marriage spent weekends and holidays. Chris, who grew up in New York City, said leafy Kalorama always felt like the country to him. "I would go out with my sons on weekends and play football in the street," he said.

Over the years, the Wallaces have made only a few small changes to the house, Chris said. The largest was a kitchen remodel. Lorraine, a cookbook author, tried out all her recipes there.

Chris, a mainstay of CNN's election coverage, joined the network in 2021. He chose to depart ahead of contract-renewal talks, saying he wanted to leave cable and work in the world of podcasts and streaming. Previously, he was the longtime host of "Fox News Sunday."

—Katherine Clarke

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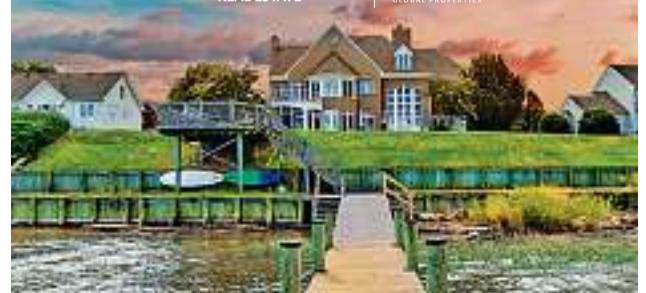
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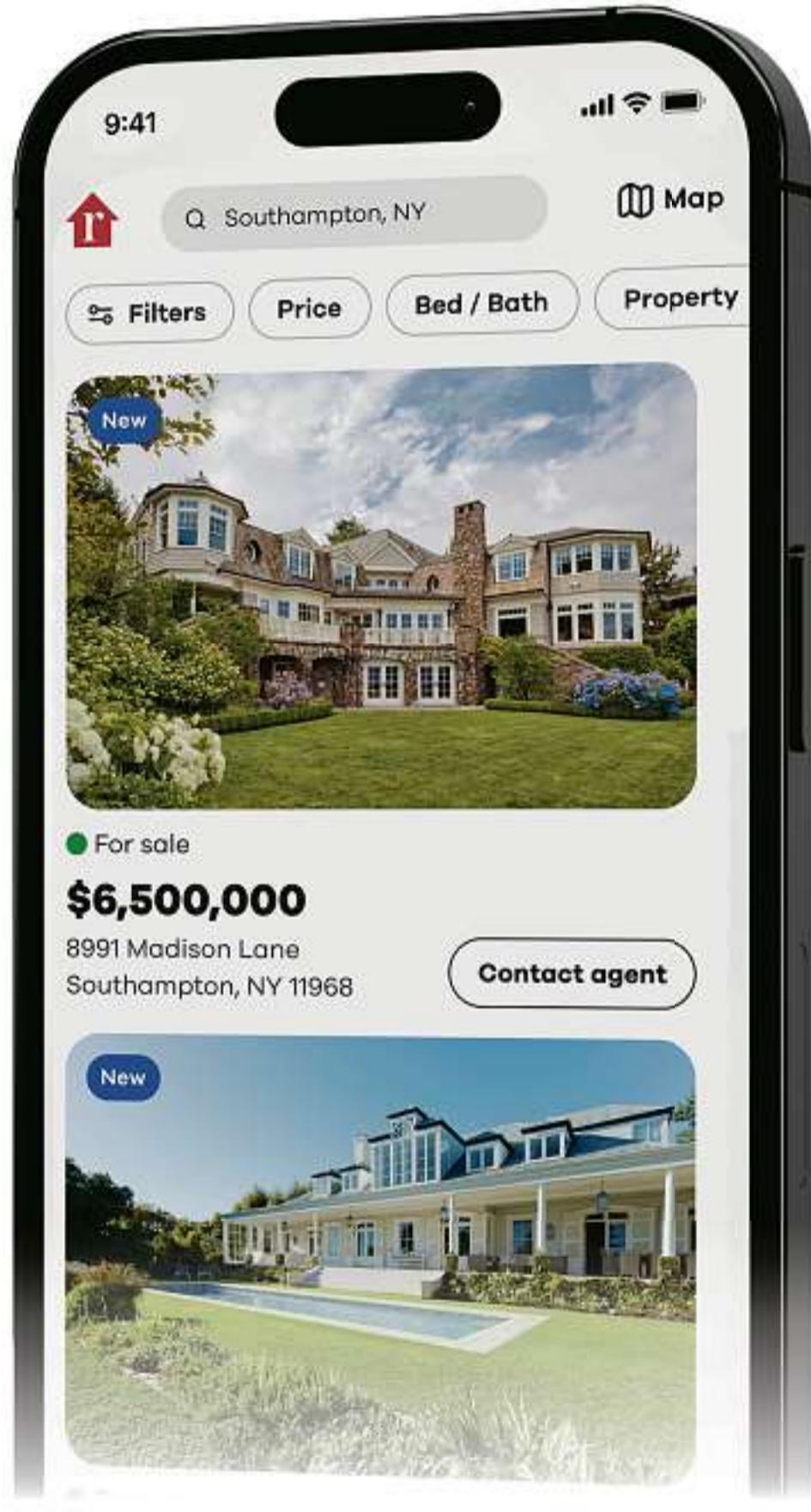
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