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# THE WALL STREET JOURNAL.

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WSJ.com

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## What's News

### Business & Finance

◆ **Apple and Google** restored the TikTok video-sharing app to their mobile app stores Thursday night, after getting reassurances from Attorney General Pam Bondi that they wouldn't face legal consequences. **B1**

◆ **Elon Musk** said he would withdraw his \$97.4 billion bid for the nonprofit that controls OpenAI if the board stopped its conversion to a for-profit company. **B1**

◆ **Major U.S. stock indexes** advanced, with the S&P 500, Nasdaq and Dow industrials gaining 1.04%, 1.5% and 0.8%, respectively. **B9**

◆ **SpaceX signaled** it could soon be ready for its next Starship test flight, even as the vehicle remains grounded after a failed previous launch rained rocket parts across the Caribbean. **B1**

◆ **The Atlantic, Politico, Vox** and other publishers sued artificial-intelligence startup Coherere for copyright and trademark infringement, escalating the news industry's legal battle over the technology. **B1**

◆ **Honda and Nissan** officially scrapped their planned merger less than two months after announcing it, putting pressure on Nissan to look for other partnerships. **B1**

◆ **Nestlé reported** its weakest annual organic sales growth in more than a quarter of a century after consumers pulled back. **B2**

### World-Wide

◆ **Vice President JD Vance** said the U.S. would hit Russia with sanctions and potentially military action if Putin won't agree to a peace deal with Ukraine that guarantees Kyiv's long-term independence. **A1, A7**

◆ **The Justice Department's** order to dismiss charges against New York Mayor Eric Adams triggered a series of resignations and ignited a feud between top Trump appointees and career prosecutors. **A1**

◆ **Trump ordered** federal agencies to explore how to adjust U.S. tariffs to match those of other countries, a move that threatens international rules that have been in place for decades. **A1**

◆ **The White House** stepped up the firing of federal workers who have been on the job for less than a year, the next phase of its personnel cuts. **A3**

◆ **Tim Walz is trying** to decide whether to run for a U.S. Senate seat or seek a third term as Minnesota's governor, a person familiar with his thinking said. **A4**

◆ **A storm** hit the Los Angeles region, flooding streets, prompting evacuation warnings and threatening mudslides in fire-ravaged areas. **A3**

◆ **Egypt sought support** for an Arab-led and -funded initiative to rebuild the Gaza Strip in hopes of neutralizing a Trump plan that is wildly unpopular across the Arab world. **A8**

**CONTENTS** Markets B9  
Arts in Review... A10-11 Markets Digest... B7  
Business & Finance B2 Opinion... A13-15  
Business News... B3 Sports... A12  
Crossword... A11 Technology... B4  
Head on Street... B10 U.S. News... A2-6  
Mansion... M1-20 World News A7-8, A16



## Car Plows Into Crowd in Munich, Days Before Vote



**RAMMED:** Police examine the car they said accelerated into a crowd of people in Munich, Germany, Thursday, injuring at least 30, 10 days before a national election. Police detained the driver, an Afghan refugee, in what they said was a suspected attack. **A16**

## Trump Family Reaps Bonanza, Making Millions Since Election

When Amazon.com founder Jeff Bezos dined with Donald Trump and his wife Melania at Mar-a-Lago in December,

rebuilding his relationship with a resurgent and powerful soon-to-be president.

A lot was at stake for Melania, too: She was looking for a buyer for a documentary about her transition back to first lady. Her agent had pitched the film, which she would produce, to a number of studios, including Amazon's.

As the meeting approached, Melania consulted with direc-

tor Brett Ratner on how to sell her idea to the world's third-richest man. Melania regarded Bezos and his fiancée Lauren Sánchez with the project's details at dinner.

Just over two weeks later, Amazon, a company that prides itself on frugality and sharp negotiating, agreed to pay \$40 million to license the film—the most Amazon had ever spent on a documentary

and nearly three times the next-closest offer.

Netflix and Apple declined even to bid. Paramount made a lowball \$4 million distribution-rights offer. Disney, the most interested studio besides Amazon, offered \$14 million.

"We licensed the upcoming Melania Trump documentary film and series for one reason and one reason only—because

Please turn to page A9

## In a New Gold Rush, Banks Fly Bars to U.S.

BY JOE WALLACE

If you landed on a flight from Europe to New York's John F. Kennedy International Airport recently, you might have been an unwitting participant in a high-stakes, high-altitude trade by gold dealers at JPMorgan Chase.

President Trump's threatened tariffs on Europe have thrown precious-metal markets into disarray. Gold prices have been driven to record highs, and a yawning gap has opened in the value of the yellow metal in its two trading hubs, New York and London.

Gold is, for the moment,

worth substantially more in Manhattan than in the U.K. capital, sparking the biggest trans-Atlantic movement of physical bars in years. Traders at major banks are racing to yank gold from vaults deep below London's medieval streets and from Swiss gold refineries and ferry them across the ocean.

The cheapest way to transport such a valuable commodity safely: the cargo hold of commercial planes.

Gold futures in New York have risen 11% this year, closing Thursday at \$2,925.90 a troy ounce, and some analysts project they could soon hit

Please turn to page A6

## TOMORROW



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HARRISON FORD

## Vance Threatens Russia on Ukraine

BY BOJAN PANCEVSKI  
AND ALEXANDER WARD

PARIS—Vice President JD Vance said Thursday that the U.S. would hit Moscow with sanctions and potentially military action if President Vladimir Putin of Russia won't agree to a peace deal with Ukraine that guarantees Kyiv's long-term independence.

Vance said the option of sending U.S. troops to Ukraine if Moscow failed to negotiate in good faith remained "on the table," striking a far tougher tone than Defense Secretary Pete Hegseth, who suggested on Wednesday the U.S.

wouldn't commit forces.

"There are economic tools of leverage, there are of course military tools of leverage" the U.S. could use against Putin, Vance said.

In an interview with The Wall Street Journal hours after President Trump said he would start negotiating with Putin to end the war in Ukraine, Vance said: "I think there is a deal that is going to come out of this that's going to shock a lot of people."

The vice president's re-

Please turn to page A6

◆ **Trump agrees to Putin demand on talks**..... A7

These Adults  
Swear By  
Kids' Menus  
\* \* \*  
Smaller portions,  
prices are a draw;  
prizes are a bonus

BY ROSHAN FERNANDEZ  
AND HEATHER HADDON

Ashley Garrett thinks restaurant portions are too big and expensive, and she hates leftovers. Her solution isn't to eat out less. It's to order from the kids' menu.

"Give me chicken tenders or a basic pasta dish, and I'm happy," said the 33-year-old, who orders kids' meals about five times a week.

Please turn to page A6

## Adams Prosecutors Quit Over Order to Drop Case

The Justice Department's order to dismiss charges against New York City Mayor Eric Adams triggered a series of resignations on Thursday and ignited a feud between top Trump appointees and career prosecutors.

The departures started with Danielle Sasso, a longtime federal prosecutor who refused to comply with the demand to drop the case. President Trump had elevated Sasso to be the acting U.S. attorney in Manhattan after he took office.

Others followed suit, in-

cluding the senior-most career official in the Justice Department's criminal division, Kevin Driscoll, and the head of the department's public-integrity section, John Keller. They left when it became clear they would be ordered to dismiss the case after Sasso refused, people familiar with the matter said. Three other supervisors in the Justice Department's public-integrity unit also resigned Thursday, one of the people said.

Sasso wrote in a letter to Attorney General Pam Bondi: "Because the law does not support a dismissal, and because I am confident that Adams has committed the crimes with which he is charged, I

Please turn to page A4

## RFK Jr. Wins Confirmation



**OATH OF OFFICE:** Robert F. Kennedy Jr., a longtime vaccine critic, was sworn in Thursday by Justice Neil Gorsuch after the Senate voted to confirm him as health secretary. **A4**

## U.S. NEWS



CAPITAL ACCOUNT | By Greg Ip

## Inflation Now Trump's Problem Too

**N**othing did more to deliver the White House to Donald Trump than inflation, which helped sour Americans on former President Joe Biden's economy.

Inflation is turning into a headache for President Trump, too. It is proving stubborn, just as he and fellow Republicans are rolling out their marquee policies of higher tariffs and lower taxes.

The aggregate boost to inflation from tariffs is likely to be small and from tax cuts smaller still (especially if they are offset with spending cuts). The problem is that Trump has inherited inflation above the Federal Reserve's 2% target, and his agenda risks keeping it there, making it harder to bring down interest rates.

This is in contrast to his first term, when inflation generally ran at or below 2%. So while Trump raised tariffs and cut taxes in his first term, the effect at the time was to help the Fed meet rather than miss its inflation target.

The latest data underscore the challenge. Core consumer price inflation, which excludes its volatile food and energy components, was 3.3% in January, higher than economists had expected. That same month, hourly wages jumped. And a survey by the University of Michigan showed higher expected inflation in the coming year.

Caveats are in order. The January price jump was concentrated in auto-related components and airfares, which might reverse, perhaps in February. The Fed targets a different core inflation measure that was likely around 2.6% in January. The wage jump might reflect weather distortions. And a Fed survey doesn't show inflation expectations rising as much as the University of Michigan did.

"We're close but not there on inflation," Fed Chairman Jerome Powell told lawmakers Wednesday.

The bad news on inflation largely occurred on Biden's watch, a point Trump and his officials are hammering home. "BIDEN INFLATION UP!" Trump wrote on social media Wednesday. On Fox Business, Kevin Hassett, director of Trump's National Economic Council, said, "We're not going to whine



Workers use steel rebar for a condo tower going up in Miami. President Trump this week announced 25% tariffs on steel.

about it. We're going to fix it...with supply-side policies, with spending restraint, with deregulation."

**S**till, even if the inflation problem began with Biden, it's a problem for Trump.

On the campaign trail, Trump promised to lower the cost of groceries and energy. Gasoline is slightly more expensive now than on Election Day. (It hasn't escaped the new administration's notice that Biden tightened sanctions on Russia just weeks before leaving office, causing oil prices to pop.) Egg prices have shot up because of avian flu.

Mortgage rates, which Trump promised to slash, were 6.9% last week according to Freddie Mac, up from 6.7% the week before the election.

On social media Wednesday, Trump called for lower interest rates, "something which would go hand in hand with upcoming Tariffs!" And yet, his tariff plans are getting in the way of lower rates.

On Feb. 1, Trump announced tariffs of 25% on Canada and Mexico and 10% on China. Morgan Stanley economists estimated those could boost inflation 0.3 to 0.6 percentage point initially.

Markets priced in 0.2 point in the immediate aftermath, unsure whether or for how long tariffs would go up.

And, indeed, Trump did pause the tariffs on Mexico and Canada for 30 days.

This week, he announced 25% tariffs on all imported steel and aluminum, and Thursday instructed his officials to study "reciprocal" tariffs—intended to match the levies other countries impose on U.S. exports.

Importers and suppliers are already reacting. Steel companies have already raised prices. Since Trump's tariff announcement, futures contracts tied to an index of Midwest steel prices have risen about 6%. The price of copper in the U.S. is up relative to the price in Europe.

Republican fiscal plans complicate the inflation and interest-rate outlook. On Wednesday, House Republicans released a budget plan that lowers taxes by \$4.5 trillion over the coming decade.

Those estimates represent the cost of extending existing tax cuts and thus don't much change the outlook for deficits, total demand or inflation. Trump, however, has also asked for additional tax cuts, such as on Social Security benefits, which would add both to their cost and

their impact on total demand. Some tax cuts might be front-loaded into early years, adding to the near-term boost in demand.

House Republicans have envisioned sweeping cuts to spending such as on Medicaid, food stamps and student-debt cancellation partly to offset the tax cuts. In principle, that would also offset upward pressure on prices, and help bring down long-term interest rates by reducing issuance of new debt to finance the deficit.

In a Wednesday post on X, Elon Musk predicted that, thanks to his Department of Government Efficiency, "all Americans will benefit from lower interest payments on mortgages, small business debt, credit card and other loans."

But the benefit might be less than hoped, for several reasons. DOGE so far has picked politically prominent but quantitatively tiny targets such as foreign aid and civil-service salaries. Meanwhile, whether Republicans can muster the votes for deep cuts to social safety net programs is unclear, as they plan big, near-term boosts to military and border security spending.

The Trump team hopes their deregulatory and tax moves could boost the sup-

ply side of the economy, reducing inflationary pressure, in particular for energy.

Musk is counting on his efforts making federal services more efficient. Some tax cuts, such as accelerated depreciation, could boost investment and productivity.

**B**ut supply-side improvements usually unfold too slowly to affect inflation in the near term. The Trump administration has taken some small steps, such as loosening truckers' hours-of-service regulations to speed up the replenishment of chicken flocks culled because of avian flu. Trump has pressed Saudi Arabia to increase oil output. He has spoken with Russian President Vladimir Putin in hopes of ending the war in Ukraine, which could ease sanctions on Russian oil.

For now, there's little sign inflation worries have hurt him politically. In a January Wall Street Journal opinion poll, 68% of respondents thought tariffs would make goods more expensive, yet 48% still approved of them—roughly as many as disapproved.

But the public's patience isn't infinite. The longer inflation stays stubborn, the less Trump can blame Biden.

## President Nominates Quintenz For CFTC Top Role

By MENGQI SUN

President Trump has nominated a former Commodity Futures Trading Commission commissioner and cryptocurrency policy lead at venture-capital firm a16z to run the derivatives market regulator.

Brian Quintenz, a Republican, served as a CFTC commissioner between 2017 and 2021, and led the agency's technology advisory committee that hosted public policy discussions and briefings. He was nominated in 2017 by Trump at the recommendation of Sen. Mitch McConnell (R., Ky.).

Quintenz most recently worked as the head of policy at a16z crypto, Andreessen Horowitz's cryptocurrency arm. Quintenz also serves as a board member at event contracts trading exchange Kalshi and previously was an advisory council member at crypto exchange Crypto.com, according to his profile on LinkedIn.

Before joining the CFTC in 2017, Quintenz worked in finance. He founded and was a managing partner at Saeculum Capital Management, where he developed and implemented the firm's long-term investment strategy, including its commodity-focused hedge fund. Early in his career, Quintenz served as a senior policy aid to members of Congress.

Quintenz's nomination was sent to the U.S. Senate on Tuesday and has been referred to the Committee on Agriculture, Nutrition and Forestry for a hearing, according to congressional records.

Republican commissioner Caroline Pham has been leading the CFTC as the acting chairman since Jan. 20.

"The CFTC plays a critical role in maintaining robust hedging and price discovery markets that are the envy of the globe," Quintenz said in a LinkedIn post on Wednesday. "The agency is also well poised to ensure the U.S.A. leads the world in blockchain technology and innovation. I look forward to working with President Trump's incredible financial regulatory team."

## Household Debt Grew In Fourth Quarter

By MATT GROSSMAN

Households took on more debt over the last three months of 2024, and consumer-credit delinquency rates increased, according to new data published by the New York Fed.

U.S. household debt rose 0.5% to \$18.04 trillion in the quarter, the reserve bank said. Borrowing rose across mortgages, car loans, credit cards and student debt.

Compared with a year earlier, a greater share of consumer loans were also moving into serious delinquency, although the figures were for the most part only up modestly.

The annualized rate of flow into 90-day-or-greater delinquency rose to 1.7% for all household borrowing, up from 1.4% in the fourth quarter of 2023.

For credit cards, the flow into serious delinquency climbed to 7.2%, from 6.4% a year earlier, and the flow into auto-loan delinquency increased to 3%, from 2.7% a year earlier. But the flow into student-loan delinquency declined slightly.

Elevated delinquencies on auto loans continue a concerning trend, Fed staff members said.

## Tariff System Faces Jolt

Continued from Page One

If completed, instituting reciprocal tariff treatment would likely increase duties on scores of trading partners and break with decades of trade norms set up at the World Trade Organization—the global trade body that still counts the U.S. as a member, despite Trump's attacks on the organization.

Trade experts said such moves would undermine the WTO's paradigm of "most favored nation" status, a principle of the organization that requires member nations to guarantee equal tariff and regulatory treatment to other members unless they have free-trade agreements in place. Trump in his first term undermined the WTO by blocking judges from its top

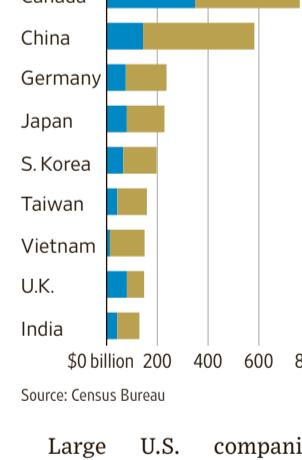
dispute settlement panel—a practice former President Joe Biden continued—but trade lawyers said reciprocal tariff action could mean an even more meaningful break from the global trading body.

"If President Trump does move the United States to a reciprocity-based tariff system, that would arguably be a fundamental change to U.S. trade policy," said Tim Brightbill, a partner at the law firm Wiley Rein, "and among the biggest in more than 75 years."

It would also make good on one of the campaign pledges made by Trump, a Republican, and address what has been a longstanding trade irritant for the president and his economic team. During his first term, Trump trade adviser Peter Navarro pushed Republican lawmakers to sign on to a reciprocal trade bill.

"America runs its more than \$1 trillion, pernicious trade deficit because the major exporting nations of the world attack our markets with punishing tariffs and even more punishing nontariff barriers," Navarro said Thursday.

### Top U.S. trade partners in goods, 2024



come the president taking a more nuanced, interagency approach," said Tiffany Smith, vice president for global trade policy at the National Foreign Trade Council, a group for large firms. "Ideally, this process will result in us working with our trading partners to lower their tariffs and trade barriers as opposed to increasing our own."

Trump and his Republican allies in Congress are rolling out policies of higher tariffs and lower taxes just as inflation is proving stubborn. On Thursday, Trump acknowledged that imposing tariffs may raise consumer prices in the short term, but said it would be worth it in the long run.

Asked whether his directive would require studying the inflationary effect of reciprocal tariffs, Trump said: "There's nothing to study. It's going to go very well."

Sen. Elizabeth Warren (D., Mass.) said she was "concerned that instead of wielding tariffs as a strategic tool to protect workers, President Trump's trade war may give cover to giant corporations to raise prices and facilitate corrupt deals

through tariff exemptions for his favored friends."

It isn't certain which countries would be the most affected by potential U.S. reciprocal trade actions, but many of the nations with the highest tariff rates on U.S. goods today are countries such as India, Brazil, Vietnam, Argentina. Trump signed the order hours before a meeting with Prime Minister Narendra Modi of India, whose nation was singled out by the White House on Thursday for its tariffs on U.S. exports.

It also wasn't clear what legal authority Trump would use to impose the tariffs, though the White House indicated several laws would likely be deployed.

The eventual action could hit other, lower-tariff nations as well by taking into account nontrade barriers, such as taxes on U.S. companies, government subsidies for companies in their home countries or regulations that prevent U.S. companies from doing business in foreign countries. Trump's team will likely target nations with value-added taxes, such as European Union members. The president's trade advisers have long viewed VATs as an export subsidy because companies are given rebates when they export abroad. Value-added taxes will be viewed as a tariff, Trump said in the Oval Office.

The focus on nontariff barriers, in addition to duties, means nations such as Japan and members of the EU could be on the hook for higher tariffs from the U.S. than the duties they impose on American goods. And it also means that nations such as China—which currently has a lower average tariff rate than the U.S., but a number of nontariff barriers—might face further tariffs on imports to the U.S.

## CORRECTIONS & AMPLIFICATIONS

**Health insurers** deny about 850 million healthcare claims annually, according to calculations by appeals company Claimable, based on data from health-policy nonprofit KFF and the Centers for Medicare and Medicaid Services. A Page One article on Thursday about appeals of denied claims incorrectly attributed the finding to KFF.

**In some editions** Wednesday

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

day, a Page One photo of Marc Fogel on a flight to the U.S. from Russia, where he had been incarcerated since 2021, was a handout photo supplied by Adam Boehler, President Trump's special envoy for hostage affairs. Boehler shared the photo, but he didn't travel with Fogel. A photo caption in some editions incorrectly said Adam Boehler took the photo, and it incorrectly said Boehler accompanied Fogel.

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# Trump Layoffs Hit Probationary Workers

Roughly 200,000 staffers on the job for a year or less are in the crosshairs

The Trump administration on Thursday stepped up the firing of federal workers who have been on the job for less than a year, the next phase of its personnel cuts that could affect hundreds of thousands of people.

By Scott Patterson,  
Lindsay Ellis  
and Sadie Gurman

It wasn't immediately clear how many workers in probationary periods—who have served less than one year, or less than two years for "excepted service"—were fired on Thursday. More than 200,000 employees, or nearly 10% of the civilian federal workforce, have been on the job for a year or less, according to Office of Personnel Management data.

Probationary workers in departments and agencies including the U.S. Forest Service, the Energy Department and OPM were pushed out on Thursday, according to federal worker union staff and people familiar with the matter. Others were dismissed earlier this week. Agencies across the federal government submitted lists of their probationary employees in January, and in a memo, OPM directed them to determine whether those employees should be retained.

The Trump administration in recent days urged agencies to classify probation periods as a continuation of the job-application process, not an entitlement for permanent employment, according to a person familiar with the communications. Rather than targeting probationary employees as a group, agencies have been directed in meetings with OPM officials to focus on "low-performing" newly hired federal workers, the person said.

About 3,400 Forest Service

employees and 2,000 Energy Department staffers were laid off Thursday, said Randy Erwin, national president of the National Federation of Federal Employees. Some probationary employees at Treasury and the General Services Administration have also been cut, a person familiar with the matter said.

"This administration has abused the probationary period to conduct a politically driven mass firing spree, targeting employees not because of performance, but because they were hired before Trump took office," said Everett Kelley, national president of the American Federation of Government Employees.

He added that the firings weren't because of performance, and workers didn't have due process.

At 2 p.m. at OPM, probationary workers in the agency's Washington, D.C., headquarters gathered for a meeting, according to a person familiar with the meeting. An

## Musk Aide Arrives at IRS

WASHINGTON—A key staff member of the Department of Government Efficiency arrived Thursday at the headquarters of the Internal Revenue Service to review the tax agency's operations, according to people familiar with the visit.

Gavin Klinger, an aide to Elon Musk in his effort to overhaul spending across the federal government, visited the District of Columbia offices to examine IRS systems, the people said. Klinger has been work-

ing at the Office of Personnel Management, the government human-resources operation that has been heavily involved in Musk's work to cut spending.

Sen. Ron Wyden of Oregon, the top Democrat on the Senate Finance Committee, said in a posting on X that his office was "hearing that DOGE is now at the IRS" and warned about potential refund delays and the data that Musk's aides could access.

—Richard Rubin

employee asked whether they could include a union representative in the meeting, but was told by a person in the meeting that no union personnel were allowed on the call.

About 30 minutes later, a pre-recorded video informed them

they were being terminated as of 3 p.m.

"I know that this is not the outcome that you had hoped for, but I encourage you to use this as an opportunity for your next step forward," the video said, according to a recording

## Federal Staff Face Tough Job Market

By TE-PING CHEN

The Trump administration's effort to slash the federal workforce is pushing employees into a challenging job market.

Federal workers skew older than those in the private sector, and their long bureaucratic experience often makes them less competitive applicants for corporate roles, according to career coaches and recruiters.

Hiring for white-collar jobs, meanwhile, has slowed in recent years. Local governments have lots of jobs to fill, but federal workers' experience is often a poor match for the kind of positions that need to be filled, which frequently take place outside office settings.

Kenneth Corn, who stepped down in January as the Agriculture Department's Oklahoma state director for rural development, said about 200 recent job applications have yielded just two interviews.

"I get rejection letters for almost everything," said Corn, 48 years old.

The political appointee, who also spent four terms as a Democratic lawmaker in the state legislature, has been applying for executive-director and government-affairs roles, among others.

To date, some 65,000 of roughly 2.3 million federal workers have accepted the Trump administration's buyout offer. With the White House moving swiftly to dismantle various federal agencies, many more workers are bracing for possible layoffs and further turmoil.

Multiple federal employees—including those working in areas such as border security who aren't eligible for the buyout—told The Wall Street Journal that job uncertainty has made them wonder whether they would be better off elsewhere.

Instability is a jarring change for many in the federal government, which has been a bastion of long-term employment.

Long government résumés can make it harder for workers to stand out, said Tristan Layfield, a career coach based in Detroit. Such workers often lack experience that companies seek, such as a record of exceeding sales or other performance targets, he said.

In the government, "these are jobs that aren't always tied to tangible results," Layfield said.

Federal workers are more likely than the American public to have college and graduate degrees. But hiring for such professional positions has slumped in recent years, hitting college graduates especially hard.

In recent months, companies have trimmed ranks and reduced white-collar hiring, hitting fields such as professional and business services. Government data show 4.9% of such workers are now unemployed, up from 4.3% a year earlier.

## Botched Alerts Made Suburb a Death Trap

ALTADENA, Calif.—The Eaton fire burned 14,021 acres, upending lives, destroying property and forcing thousands to evacuate the Altadena suburb of Los Angeles. The fast-moving blaze was unprecedented and the result of parched terrain and hurricane-force winds, officials said.

By Marc Vartabedian,  
Katherine Sayre,  
Jennifer Calfas

The county sent evacuation alerts to some areas too late and failed to use all of the public warning channels at its disposal, lapses that had grave consequences, seen in the cluster of deaths west of Lake Avenue.

A Wall Street Journal review of mobile phone emergency alerts, social-media posts, dispatch archives and fire-department documents found that a response system that was supposed to protect lives and property when danger approached failed.

### Third-party review

As the night passed with no alerts in west Altadena, some residents went to bed or waited too long to make plans for someone to come help them.

An emergency-alert system that can broadcast evacuation alerts and warnings to local radio and TV stations was never activated by the county for the fire, according to executives at those stations.

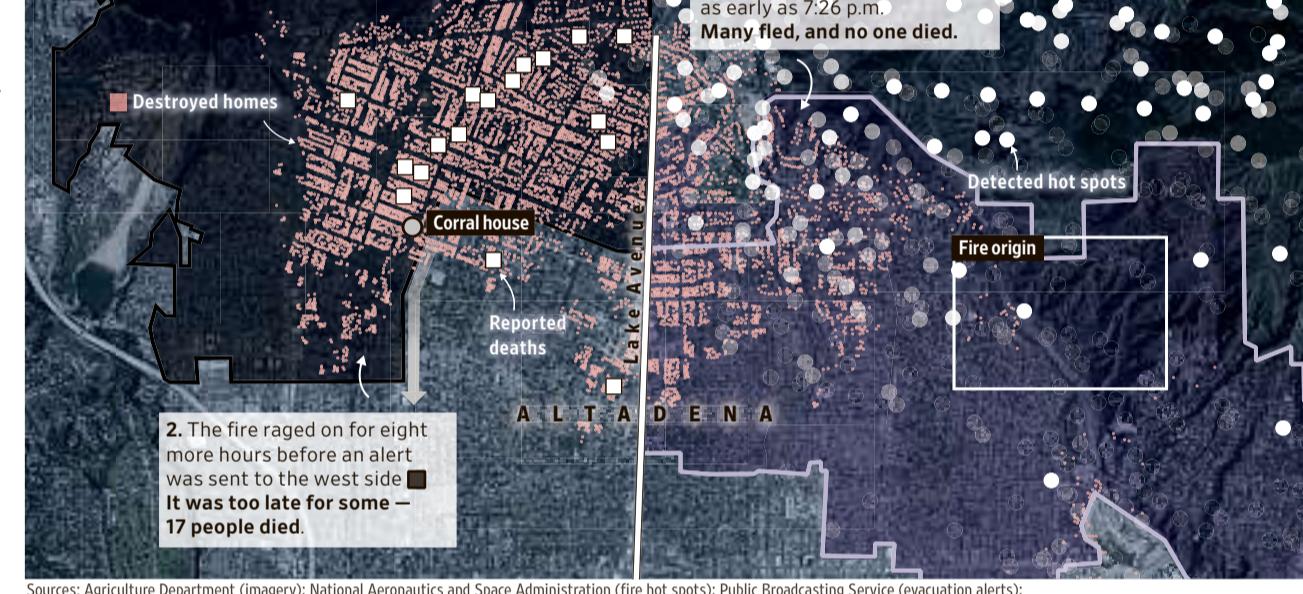
The county's ReadyLA-County X account, used by the County Office of Emergency Management "for disaster response, recovery and preparedness," didn't post about the Eaton fire as it spread that night.

The Los Angeles County Coordinated Joint Information Center said it couldn't immediately comment "on all factors leading to the tragic loss of life."

The Los Angeles County Board of Supervisors recently approved a third-party review of emergency-notification systems and evacuation procedures used during the fires.

The joint information center

When the Eaton fire engulfed Altadena on Jan. 7, Lake Avenue became a dividing line between life and death.



Sources: Agriculture Department (imagery); National Aeronautics and Space Administration (fire hot spots); Public Broadcasting Service (evacuation alerts); WSJ analysis of Los Angeles County emergency communications collected by broadcastify.com (house fires); County of Los Angeles (deaths, destroyed homes), CalFire (fire origin)

CARL CHURCHILL and PETER CHAMPELLI - Print design: CAMILLE BRESSANGE/WSJ



The Corral family stood in the ruins of their Altadena home after returning two weeks after the fire.

said the county sheriff's and fire departments worked in unified command and together identified evacuation areas, while the Office of Emergency Management issued evacuation orders through emergency-notification systems.

### A deadly toll

Reports of missing people, many elderly or disabled, poured in on Jan. 8, and Los Angeles County officials soon

confirmed the first deaths. Seventeen of the 29 deaths recorded from the fires were in Altadena.

From his home in Portland, Ore., Xiaoyong Zhao had tried calling his 84-year-old father in Altadena. He couldn't reach him and assumed he had gone to sleep, according to his lawyer, Robert Jarchi. Zhao's father, Zhi Feng Zhao, was born in China and had language-barrier and mobility issues, Jarchi said.

By morning, the younger Zhao, who goes by Shaw, flew to Los Angeles. After searching unsuccessfully in an evacuation center, he walked 90 minutes through hazardous neighborhoods to get to his father's home and found his remains. Shaw Zhao filed a wrongful-death lawsuit against Southern California Edison, alleging that the fire was caused by power lines in a nearby canyon. The utility has said that the transmission lines showed no sign of malfunction before the start of the fire.

### Sidelined equipment

Some of Los Angeles County's firefighting equipment was stuck on the sidelines, even though the National Weather Service had issued a dangerous red-flag warning—its highest level.

While the department did preposition units, including 15 engines and a handful of water carrying trucks, some crucial firefighting equipment was awaiting maintenance, according to internal documents reviewed by the Journal and people familiar with the matter.

As fires spread first in the

Pacific Palisades neighborhood and later in Altadena and Pasadena on Jan. 7, roughly 28% of the department's front-line large pumper engines were out of service, mostly with mechanical issues.

Half of the county fire department's 10 helicopters, which can drop water, were out of service on the morning of Jan. 7, mostly for mechanical issues, according to the documents and the people familiar with the matter.

Heidi Oliva, a county fire department spokeswoman, said the agency didn't have equipment issues that affected its Jan. 7 response and planned to review every aspect of its preparation.

The Eaton fire destroyed more than 6,000 homes and thousands of other structures.

The Corrals returned two weeks later to look for remnants of their art work. Juan had crafted a metalwork archway at the sidewalk entrance, featuring his son's hand and Lori's hand holding a sliver of the moon together. Their sculptures and paintings had burned, but the archway made it through the fire.

## Strong Storm Threatens Mudslides in Fire-Wearied Los Angeles



A powerful storm moved through the Los Angeles region Thursday, flooding streets, prompting evacuation warnings and threatening mudslides in fire-ravaged areas.

By Thursday evening, a debris flow had closed Mulholland Drive, which weaves through the Hollywood Hills. In Malibu, mud flowed down steep hills onto the Pacific Coast Highway.

Places toward the west, including Topanga and Malibu, were under evacuation orders or warnings ahead of possible mudslides or flash floods. The alerts covered thousands of people, according to the Los Angeles Fire Department. Authorities said they could expand the evacuation warnings depending on how the storm develops.

The rain came weeks after

devastating wildfires burned thousands of structures, displaced thousands of residents and killed dozens. The two biggest fires that started last month, the Palisades and Eaton fires, were both fully contained, firefighters said.

Flash flood warnings were issued Thursday afternoon and evening in areas around the Eaton and Palisades fire burn scars.

Rain can cause serious problems after wildfires. Flames scorch vegetation and soil that could have absorbed the water, leaving only debris that can fuse into a raging mudslide, according to the National Weather Service. Even a few minutes of intense rain can cause debris flows, which are fast and unpredictable.

—Alyssa Lukpat

## U.S. NEWS

# Kennedy Confirmed as Health Secretary

**WASHINGTON**—The Senate confirmed Robert F. Kennedy Jr. as health and human services secretary on Thursday, putting a longtime critic of vaccines and the medical establishment in charge of the nation's vast and powerful health apparatus.

By Liz Essley Whyte,  
Kristina Peterson and  
Lindsay Wise

Every Democrat voted against Kennedy on Thursday, while Sen. Mitch McConnell (R., Ky.), a polio survivor who had criticized the nominee's questioning of vaccines, was the lone Republican "no" vote.

Now, following the 52-48 vote and his subsequent swearing-in at the White House's Oval Office, Kennedy is in position to apply his unconventional views to U.S. health policy.

On vaccines, he could create a new panel to review their safety, appoint allies to the federal panel that oversees vaccine recommendations and

even expand the vaccines or injuries covered by a federal program compensating victims.

Speaking in a Fox News interview with Laura Ingraham Thursday following his confirmation, Kennedy said: "I'm not going to take away anybody's vaccine. If people are happy with their vaccines, they ought to be able to get them. What we're going to do is give people good science. We don't have good safety studies on almost any of the vaccines."

He is also expected to pursue measures that fight obesity by eliminating certain chemicals from food, step up research on chronic disease and implement other elements of his "Make America Healthy Again" agenda.

Kennedy was sworn in by Supreme Court Justice Neil Gorsuch, surrounded by supporters including his wife, actor Cheryl Hines; Sen. Rand Paul (R., Ky.) and TV personality Phil McGraw.

President Trump on Thursday signed an executive order

## Judge Blocks Order Restricting Transgender-Youth Care

A federal judge temporarily blocked a Trump administration order that threatened to cut federal funds for hospitals that provide medical treatments for transgender patients under 19.

U.S. District Judge Brendan Hurson in Baltimore issued the temporary restraining order during a hearing Thursday. It bars the government from enforcing the order for the

next two weeks while arguments in the case continue. Hurson, a Biden appointee, also ordered the government to release any funds paused under the order.

The Jan. 28 executive order directed federal agencies to withhold funding to institutions that provide common gender therapies to anyone under the age of 19. President Trump's order gave the Department of

Health and Human Services 60 days to develop a plan and 90 days to publish updated guidance. However, some providers were so concerned about losing federal funding for that they scaled back almost immediately.

A group of minors and their families sued Trump and HHS, alleging the order exceeded the president's authority.

—Mariah Timms

creating a "MAHA commission," chaired by Kennedy, tasked with coming up with a strategy within 180 days to improve children's health.

Kennedy will also have to juggle other imperatives as secretary. He will likely face pressure from antiabortion advocates to dial back access to abortions in emergency rooms and crack down on shipments

of pills that women can take in their homes to terminate pregnancies.

Kennedy, a backer of abortion rights, has said that he would follow the Trump administration's lead on abortion policy.

He will also have to follow the administration's lead on remaking the federal health bureaucracy. The White House

and Elon Musk's Department of Government Efficiency are already taking steps to eliminate jobs and cut research grants.

And Republicans are eyeing cuts to the Medicaid health insurance program for people with low incomes.

Balancing demands from the administration and other interests, while pursuing his

priorities, will be a steep task. Adding to the challenge, he will ask the department's 80,000 employees to follow him after years criticizing them and their actions.

Kennedy, the namesake of a liberal icon and a former environmental lawyer, has described federal health agencies such as the Food and Drug Administration as broken and beholden to the interests of drug and food makers.

He has also suggested policies that run counter to years of practice, such as eliminating fluoride from drinking water, banning television drug ads and re-examining food dyes and other additives. He criticized Covid-19 pandemic lockdowns and mask mandates.

President Trump and Kennedy supporters have praised him as a disrupter willing to fight entrenched interests on behalf of parents and children.

"Mr. Kennedy is committed to reorienting our approach to healthcare and restoring faith in our institutions," Sen. Mike Crapo (R., Idaho) said.

## U.S. WATCH



WHITE HOUSE WELCOME: President Trump greeted Indian Prime Minister Narendra Modi during a joint press conference Thursday in the East Room, where Trump called Modi 'a great friend of mine' but warned of higher U.S. tariffs on Indian goods.

### MINNESOTA Gov. Walz Weighs A Run for Senate

Minnesota Gov. Tim Walz, the 2024 Democratic vice-presidential nominee, is trying to decide whether to run for the U.S. Senate or seek a third term in his current post, according to a person familiar with his thinking.

His consideration of a 2026 Senate bid came after Sen. Tina Smith (D., Minn.) said she wouldn't seek another term from the state, which leans Democratic.

Smith became the second Senate Democratic incumbent to announce an exit ahead of the 2026 election cycle. Sen. Gary Peters of Michigan said late last month he wouldn't seek a third term.

—John McCormick

### ECONOMY New Jobless Claims Declined Last Week

The number of Americans who filed for new jobless benefits fell last week, according to the Labor Department.

The week through Feb. 8 brought 213,000 initial jobless claims, compared with 220,000 a week earlier. Economists polled by The Wall Street Journal had been forecasting 214,000 initial claims.

The number of continuing claims, a gauge of the size of the unemployed population, also fell. It was 1.85 million in the week through Feb. 1, compared with 1.89 million the week before. The continuing-claims data lag behind the data on new filings by a week.

—Matt Grossman

### OBITUARY Jim Guy Tucker, Former Governor, 81

Jim Guy Tucker, who became Arkansas' governor when Bill Clinton was elected president but was later forced from office after being convicted during the Whitewater investigation, has died. He was 81 years old.

Anna Ashton, Tucker's daughter, said he died Thursday in Little Rock from complications from ulcerative colitis.

Tucker ascended from lieutenant governor to succeed Clinton as governor in 1992, then won election to a four-year term in 1994.

A grand jury charged Tucker five months after he was sworn in for a full term, and a jury convicted him in 1996 of lying about how he

had used a government-backed loan. He pleaded guilty in 1998 to a tax conspiracy count, then spent eight years fighting to withdraw his plea, claiming prosecutors used the wrong section of the law when charging him.

He had no connection to Clinton's north Arkansas land development that gave the Whitewater investigation its name. Whitewater prosecutor Kenneth Starr ensnared Tucker after winning court permission to broaden his probe into several Arkansas-based small businesses.

Tucker eventually was convicted of misusing a \$150,000 government-backed loan.

Instead of using the money to paint a water tower, Tucker used it toward the purchase of a water and sewer utility.

—Associated Press

## Media Companies Face New Pressure From FCC Chair

By DREW FITZGERALD

Soon after, he ordered an investigation into National Public Radio and the Public Broadcasting Service, alleging that their underwriting announcements veered into advertisements that violate member stations' noncommercial licenses. NPR said its announcements adhered to federal rules. PBS said "we work diligently to comply" with FCC regulations and welcomes the chance to demonstrate that.

In the nearly three months since Trump picked him to lead the agency, Federal Communications Commission Chairman Brendan Carr has wielded the threat of its regulatory power expansively. On Wednesday, he tied the agency's power to bless mergers to compliance with the administration's policies curbing diversity, equity and inclusion initiatives.

"I would encourage any business that wants the FCC to approve a deal to end any invidious forms of DEI discrimination with all deliberate speed," Carr said Wednesday.

On Tuesday, he told Comcast that he had asked the FCC's enforcement bureau to investigate the company and its NBC-Universal unit for promoting DEI "in a manner that does not comply with FCC regulations." The message came after Trump ordered federal agencies to look for private-sector DEI policies that could constitute illegal discrimination.

Comcast said it was cooperating to answer the commission's questions.

Carr, who has served as an FCC commissioner since 2017, assumed the chairmanship last month.

has the power to approve or scuttle transformative media and telecom deals.

CBS owner Paramount Global is among the companies facing a tougher regulatory review than its leaders initially expected. Carr last year said that a third-party news-distortion complaint about the way CBS's "60 Minutes" edited an interview with then-Vice President Kamala Harris could factor into the commission's review of Paramount's pending merger with Skydance Media.

CBS last week published a full transcript of the Harris interview and said it showed the broadcast wasn't doctored or deceitful.

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Danielle Sasoon, shown in 2023, refused to drop the case.

proach that you and your office have taken in this matter," he wrote. Both letters were viewed by The Wall Street Journal.

The chain reaction started Monday, when Bove issued an unusual directive to drop the bribery case against Adams, on the grounds that the mayor, a Democrat, was targeted for political reasons and that the prosecution interfered with the mayor's ability to fight illegal immigration and violent crime, both Trump administration priorities.

The department explicitly reserved the right to revive the case later, giving the Trump administration powerful leverage over the mayor.

The move to drop the prosecution was a departure from the way the Justice Department traditionally handles cases, one that former officials said risked turning an institution that typically celebrates its independence from political influence into an operation where law enforcement is open to negotiation.

The U.S. attorney's office in Manhattan, then led by Damian Williams, charged Adams in September with taking illegal campaign contributions from Turkey and accepting \$100,000 in travel and hotel perks in exchange

for official acts.

Adams, the first sitting mayor to be indicted in New York City's modern history, had been scheduled to go to trial in April on five criminal counts, including bribery, fraud and soliciting contributions from foreign nationals.

Sassoon said in her letter to Bove that her office had been preparing to ask a grand jury to update the indictment against the mayor based on evidence that Adams "destroyed

and instructed others to de-

stroy evidence and provide false information to the FBI."

Adams pleaded not guilty and said the prosecution was politically motivated.

Bove in the letter Thursday accused Williams of rushing to charge the case for his own political gain. He said that Williams's actions after leaving office, including launching a personal website and writing an op-ed about New York politics, illustrated his political ambitions.

"His actions inappropriately politicized and tainted your office's prosecution, potentially permanently," Bove wrote to Sassoon.

Williams didn't respond to a request for comment. Adams himself has made similar allegations in court, but the judge overseeing the case recently concluded that Williams hadn't violated any professional obligations.

Bove's directive provides an early test of how U.S. attorney's offices will respond to the Trump administration's political priorities.

It also left the Manhattan office in an uncomfortable position, and Sassoon with few

options. To follow the directive would likely be viewed as compromising the office's independence. To disobey it could hurt her career and end her tenure.

"Danielle was in an impossible situation and by resigning she sent a message she was defending the independence of the Southern District of New York and refusing to comply with the directive from the attorney general," said Josh Naftalis, a former federal prosecutor in the U.S. attorney's office in Manhattan.

Sassoon had been selected by the Trump administration to temporarily lead the U.S. attorney's office until the president's nominee, Jay Clayton, could be confirmed.

The longtime prosecutor had been involved in some of the U.S. attorney's office's most high-profile cases in recent years, including grilling FTX founder Sam Bankman-Fried on the witness stand during his fraud trial.

She had previously clerked for the late Supreme Court Justice Antonin Scalia and attended Yale Law.

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G R A F F

## U.S. NEWS

# Tariff Fears Disrupt Gold Trade

*Continued from Page One*

\$3,000 a troy ounce for the first time. Many investors view gold as a haven at times of heightened risk. In London, though, prices per troy ounce have been about \$20 lower since early December—an unusually deep discount, which traders said reflects potential tariffs at the U.S. border.

A handful of banks with access to huge supplies of gold—including JPMorgan and HSBC Holdings—are in pole position to cash in on the disconnect, according to market participants and analysts.

Others are looking to get in on the action. Citigroup, already a significant player in gold, is aiming to join JPMorgan and HSBC in the small club of banks allowed to stash clients' bars on deposit in London vaults, people familiar with the deliberations said.

But some banks and hedge funds might take a knock if they can't quickly get hold of gold with which to bail out of loss-making trades in New York. In a sign of the strain on some market players, the interest rate to borrow gold has rocketed.

One big reason: The stam-

pede to get gold to New York led to a weeks-long queue, as the Brits call it, to withdraw bars from the Bank of England's subterranean stocks. Officials monitoring London's bullion market have fielded anxious calls from bankers asking to short-circuit the system, people familiar with the matter said. The Bank of England responded that they have to wait for their turns.

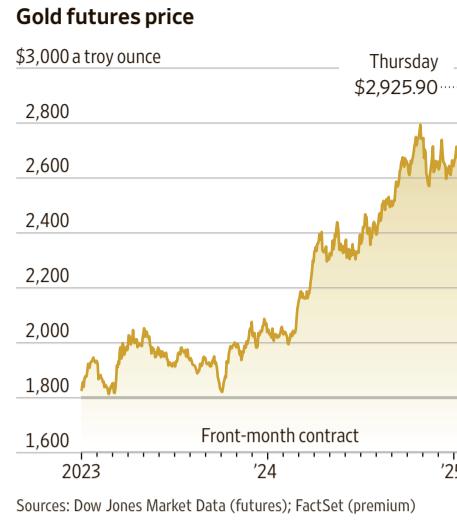
The gold rush shows how Trump's steps to reshape world trade are rippling through international markets. He recently said Europe's trade stance versus the U.S. was an atrocity, and promised punishing levies on the region. While it isn't clear whether any tariffs would affect gold directly, the price spread widened after Trump unveiled broad-based aluminum and steel tariffs this week.

Manufacturers that use gold are losing money and struggling to price their products as a result, said Wade Brennan, chief executive of Kilo Capital, a firm that lends to commodities companies.

"The situation is very profitable in the short term for some players—the clearing banks and refiners in particular," Brennan said.

The flood of gold to New York began soon after Trump's election victory. In normal times, most traders get out of derivatives that set the future price of gold before physical bars change hands.

Investors, banks, miners and

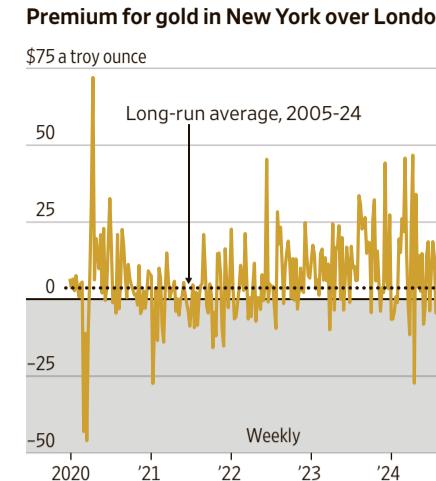


Sources: Dow Jones Market Data (futures); FactSet (premium)

jewelers trade the contracts on New York's Comex exchange, one of the gold world's twin axes. The U.K., meanwhile, has been the go-to place to buy physical bullion for centuries. The two markets mostly move in lockstep. When they don't, traders know they can fly gold to wherever prices are higher.

Banks run big offsetting positions, owning gold bars in London, lending them out to earn a return and hedging the risk that prices fall by selling futures in New York. JPMorgan and HSBC, which clear gold transactions and store bullion for other banks in London, are the biggest players in this trans-Atlantic market.

The trade appears almost risk-free as long as prices on both sides of the Atlantic are close to each other. But when



prices on the Comex surged above those in London late last year, baking in possible tariffs, contracts that the banks had sold in New York were suddenly underwater.

Adding to the urgency, large losses—even on paper—would require banks to set aside additional capital on their commodities desks, crimping their ability to operate profitably for years.

Banks could close the trade by buying futures in New York, but such a move would mean crystallizing those losses. Another alternative: flying the physical gold they owned in London to New York and delivering it to the futures contracts' owners instead, said Robert Gottlieb, a retired gold-trading executive whose LinkedIn posts on the disarray have become required reading in the market.

Once they covered their open positions, the banks had a chance to win big. How? Lock in higher prices in New York through futures and ship even more gold. JPMorgan alone said it planned to deliver \$4 billion of gold this month, according to Comex filings.

How much of the shipment was to cut losses and how much was to make money couldn't be learned.

Even for the likes of JPMorgan, sending gold to New York isn't simple.

Security firms shuttle bullion to the airport in London in high-strength vans. Comex contracts require a different size of bar, so traders need to send gold to Swiss refiners to recast it before flying on to the U.S. Sometimes, they cut out the first European leg by hand-

ing the refiner gold in London in exchange for the right size of bar, or flying bullion in from Australia instead.

The last big gold market dislocation occurred in 2020, when the coronavirus pandemic shut down Swiss refineries and grounded flights.

The price gap has created headaches for players that run large trans-Atlantic positions without easy access to bars. Some rushed to borrow back metal they lent out in London to cover their short futures positions in New York. They encountered a bottleneck at the Bank of England, which guards a hoard of bullion under its headquarters, most of which is owned by overseas central banks.

The Bank of England, though, has struggled to bring groaning pallets of gold up from its vaults fast enough to meet the rampant demand.

"There are real logistical constraints and security constraints," Dave Ramsden, deputy governor, said last week. "Getting into the bank for me this morning was a bit trickier because there was a lorry in the bullion yard...It takes time and the stuff is also quite heavy."

But Gottlieb, the retired executive, said the system was failing. He points to the traders who clamor for gold and the central banks that keep gold at the BOE and would love to lend bars at sky-high interest rates—but can't.

## The Adults Who Love Kids' Meals

*Continued from Page One*

Garrett has reviewed nearly 200 kids' meals on TikTok and calls herself the "kids' meal connoisseur" in videos. She analyzes portion sizes and highlights unique side dishes such as chili or broccoli cheddar casserole. Mostly, though, she revels in the simplicity of 12-and-under staples.

"For me, it's perfect," the Orlando, Fla., resident said.

Restaurants for decades have dedicated corners of their menus to undersized entrees with prices to match, often with a side of crayons and puzzles. The fare tends toward comfort and the utilitarian, designed to please picky eaters and provide parents a night off from the kitchen.

Escalating food prices and healthy eating habits have more grown-ups calling dibs on meals that are traditionally the exclusive realm of the preteen set. Some diners have undergone bariatric surgery and can't eat larger portions. Others want to lose weight and save money, or just feel like a kid again.

C.J. Person, a retired special-education teacher from Greensboro, N.C., for decades has ordered children's items at Chick-fil-A, McDonald's, and Wendy's. "It's satisfying, cheaper, less calories, and sometimes there's a little prize or treat," she said.

Person is used to eating less. She grew up in a big family, where meals meant small por-



Clockwise from center, more adults are digging into kids' menu items like McDonald's Happy Meal; Ashley Garrett started ordering kids' meals to avoid leftovers; Shannon Loehrlein sometimes uses her two children as cover when she orders off the kids' menu; C.J. Person is a longtime fan of pint-size portions.



CLOCKWISE FROM LEFT: ASHLEY GARRETT; SHANNON LOEHRLEIN; CJ PERSON; JAKUB PORZYCKI/NURPHOTO/ZUMA PRESS

tions and there were rarely seconds. Adult-size portions seem wasteful even now to her, and kids' items typically save her \$3 to \$5, she said.

The number of orders for kids' meals placed by adults rose 28% last year compared with 2019, while overall restaurant traffic declined over the same period, according to industry-research firm Circana.

On review site Yelp, user searches for kids' meals were higher in December 2024 than in any month since at least 2019, an increase that Tara Lewis, a Yelp vice president who oversees trends, attributed to more adults seeking value options.

Lewis would know. When she craves fast food, she goes for children's items to limit calories. "I'm getting, sort of, a taste of the nostalgia of a McDonald's french fry without the debt or the damage to my healthier diet," she said.

Even though some restaurants specify an age range for kids' entrees, grown-ups are rarely carded. Decades of experience have helped adults hone counterstrategies. Placing takeout or mobile orders is an easy way to sidestep a raised eyebrow—though not always.

The absurdity of a confrontation over adult customers straying into the kiddie section is on display in an episode of

British comedy "After Life." Ricky Gervais's character tries to order a kids' platter of fish fingers and beans, like his young nephew. "I can't let you order that... It's for children," the waitress says, scoffing. He orders two kids' meals for his nephew and, after waiting a beat, stuffs his mouth as the waitress and cook look on.

Dan Rowe, a Scottsdale, Ariz.-based restaurant investor who has backed taco and burger chains, said servers shouldn't bother enforcing limits for chicken strips and fruit cups. "How do you card for that?" he said.

Still, adults flocking to the kids' menu can be a bad sign,

Rowe added, suggesting regular entrées are too expensive.

"I'm mercenary about this topic," he said. "If people are ordering off of your kids' menu, you have other issues."

Some fast-food chains actively steer nostalgic adults to kids' meals. Wendy's offered a combo meal around Halloween that was targeted at "kidults" and included a collectible toy.

McDonald's in recent years has sold so-called adult happy meals, with collectible cups or Hamburglar, Birdie and Cactus Buddy toys, and regular-size fries and drinks.

The meals can cost upward of \$10, and the toys resell on eBay for top dollar.

people actually is," the vice president said.

Keeping far-right parties that campaign against migration out of government coalitions is curtailing the will of the people, who have repeatedly been asking for more border control, he said.

"President Trump could say, look, we don't want this thing, we might not like this thing, but we're willing to put it back on the table if the Russians aren't being good negotiating partners, or there are things that are very important to Ukrainians that we might want to take off the table," he said.

Speaking of European politics, Vance attacked the continent's mainstream politicians, saying they used Soviet-style vocabulary such as disinformation or misinformation to dismiss viewpoints with which they disagree. Russian interference in Western democracy has been overstated in the U.S. and Europe, Vance said. He said refusing to curb migration was a much greater threat to democracy than Moscow's meddling in elections.

"If your democratic society can be taken down by \$200,000 of social media ads, then you should think seriously about how strong your grip on or how strong your understanding of the will of the people actually is," the vice president said.

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In his address, Vance plans to back Elon Musk, the billionaire businessman and Trump ally. Musk's political campaigning in Europe, including for the Alternative for Germany party—a group under surveillance for extremism—has drawn near-universal criticism from European leaders such as Chancellor Olaf Scholz of Germany and President Emmanuel Macron of France. Both men are expected to be in the audience listening to Vance's speech.

Vance said Musk doesn't speak for Trump. But he said he agreed with Musk that European countries needed to stop letting in large numbers of migrants from the Middle East, Africa and elsewhere. He also said that European leaders were wrong to criticize Musk for speaking out.

*Continued from Page One*

marks, coming a day before a meeting with President Volodymyr Zelensky of Ukraine, offered the Trump administration's strongest-yet support for Kyiv in the face of Russian demands that it disarm and replace the current government.

"The president is not going to go in this with blinders on," Vance said. "He's going to say, 'Everything is on the table, let's make a deal.'"

On Thursday, the president said that Ukraine would be a party to talks with Russia, a key demand of Zelensky. But he also said that Russia should be allowed back into the G-7 club of wealthy countries and that NATO membership for Ukraine was something Russia couldn't allow.

Vance is scheduled to speak Friday at the Munich Security Conference, a gathering of global leaders to discuss

shared threats. He said he intends to tell allied European leaders that they are stifling free speech and democracy by not working with populist parties.

European officials jostling to secure bilateral meetings with Vance hoped that the first top-level visit from the Trump administration would initiate a new level of cooperation with the U.S. at a time of global turmoil, and offer details on the plan to end the war in Ukraine.

Instead, Vance said he would tell leaders that Europe must embrace the rise of anti-establishment politics, stop mass migration and curb progressive policies. He said he would call for a return of traditional values and ending migrant crime.

"It's really about censorship and about migration, about this fear that President Trump and I have, that European leaders are kind of terrified of their own people," Vance said. He said he would urge German politicians to work with all parties including the far-right and anti-immigrant Alternative for Germany party.

Vance offered to reset the relationship with Russia after a successful agreement over Ukraine, saying that Moscow's

ghan migrant drove a car into a crowd of labor union demonstrators in the city, injuring more than two dozen.

On Ukraine, Vance said it was too early to say how much of the country's territory would remain in Russian hands or what security guarantees that the U.S. and other Western allies could offer Kyiv. He said those details would need to be worked out in the peace talks.

"There are any number of formulations, of configurations, but we do care about Ukraine having sovereign independence," he said.

Trump has said Putin wants to end the conflict, which the Russian leader launched three years ago with an attempted full-scale invasion that has killed hundreds of thousands of people and destroyed swaths of Ukraine. Russian forces control nearly 20% of Ukraine's territory.

Vance said the Trump administration would aim to persuade Putin that Russia would achieve more at the negotiating table than on the battlefield.

Vance offered to reset the relationship with Russia after a successful agreement over Ukraine, saying that Moscow's

current isolation from Western markets made it Beijing's junior partner. "It's not in Putin's interest to be the little brother in a coalition with China," Vance said.

At a meeting Wednesday in Brussels of the North Atlantic Treaty Organization, Hegseth said borders for Ukraine were unlikely to be as they were before Russia initially invaded in 2014, negotiations wouldn't end with Ukraine as a NATO member, and non-Americans would have to provide security guarantees.

Hegseth clarified his comments Thursday, saying in Brussels that "what conces-

sions will be made or what concessions will not be made" will be up to Trump.

Vance agreed that Trump, a Republican, could change his mind depending on how the negotiations unfold.

"President Trump could say, look, we don't want this thing, we might not like this thing, but we're willing to put it back on the table if the Russians aren't being good negotiating partners, or there are things that are very important to Ukrainians that we might want to take off the table," he said.

Speaking of European politics, Vance attacked the continent's mainstream politicians, saying they used Soviet-style vocabulary such as disinformation or misinformation to dismiss viewpoints with which they disagree. Russian interference in Western democracy has been overstated in the U.S. and Europe, Vance said. He said refusing to curb migration was a much greater threat to democracy than Moscow's meddling in elections.

"If your democratic society can be taken down by \$200,000 of social media ads, then you should think seriously about how strong your grip on or how strong your understanding of the will of the people actually is," the vice president said.

Keeping far-right parties that campaign against migration out of government coalitions is curtailing the will of the people, who have repeatedly been asking for more border control, he said.

"President Trump could say, look, we don't want this thing, we might not like this thing, but we're willing to put it back on the table if the Russians aren't being good negotiating partners, or there are things that are very important to Ukrainians that we might want to take off the table," he said.

In his address, Vance plans to back Elon Musk, the billionaire businessman and Trump ally. Musk's political campaigning in Europe, including for the Alternative for Germany party—a group under surveillance for extremism—has drawn near-universal criticism from European leaders such as Chancellor Olaf Scholz of Germany and President Emmanuel Macron of France. Both men are expected to be in the audience listening to Vance's speech.

Vance said Musk doesn't speak for Trump. But he said he agreed with Musk that European countries needed to stop letting in large numbers of migrants from the Middle East, Africa and elsewhere. He also said that European leaders were wrong to criticize Musk for speaking out.

*Continued from Page One*

marks, coming a day before a meeting with President Volodymyr Zelensky of Ukraine, offered the Trump administration's strongest-yet support for Kyiv in the face of Russian demands that it disarm and replace the current government.

"The president is not going to go in this with blinders on," Vance said. "He's going to say, 'Everything is on the table, let's make a deal.'"

On Thursday, the president said that Ukraine would be a party to talks with Russia, a key demand of Zelensky. But he also said that Russia should be allowed back into the G-7 club of wealthy countries and that NATO membership for Ukraine was something Russia couldn't allow.

Vance is scheduled to speak Friday at the Munich Security Conference, a gathering of global leaders to discuss

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## WORLD NEWS

## Trump Agrees to Putin Demand on Talks

Russian leader wants direct discussions with U.S. on ending the war in Ukraine

BY MATTHEW LUMMOORE

President Trump's announcement of peace talks with Russia has handed Kremlin leader Vladimir Putin what he has long demanded: direct talks with the U.S. over Ukraine.

Moscow has long sought to cut Ukraine and its allies in Europe out of such talks, dismissing the government in Kyiv as illegitimate. It has suggested that Washington has been responsible for prolonging the war and that it alone can agree with Russia on ending it.

But if Putin's stated positions on Ukraine are a guide, the talks promised by Trump are likely to be long and drawn-out—with Russia agreeing to a cease-fire only if the U.S. withdraws support from Ukraine and limits are imposed on Kyiv's ability to defend its territory.

As Russia's forces advance on the battlefield, and public support in Ukraine grows for an end to the fighting, some analysts say Putin is willing to continue playing the long game and drive a hard bargain with the U.S. until he secures the terms he demands.

"It's an interim victory for now," said Alexander Gabuev,

the director of the Carnegie

Russia Eurasia Center in Berlin. "The ultimate victory for Putin is ensuring that Ukraine doesn't fall into the Western camp and is denied the ability to make sovereign choices about its security arrangements."

European officials on Thursday expressed concern over the notion of bilateral U.S.-Russia talks over Ukraine, which Trump said could happen soon. They demanded that the European Union and Kyiv be involved in any negotiations to end the war.

The Trump administration has made public concessions to Putin before negotiations have even begun," German Defense Minister Boris Pistorius said on Thursday, referring in part to suggestions Wednesday by Defense Secretary Pete Hegseth that membership for Ukraine in the North Atlantic Treaty Organization was off the table.

On Thursday, Hegseth appeared to walk back his earlier remarks, saying Trump would ultimately decide what was on the table in Ukraine talks.

Trump himself on Thursday said Ukraine would be part of any talks with Russia. "We would have Ukraine with Russia, and we'll have a lot of other people involved," he told reporters.

The president called Hegseth's initial comments on Ukraine and NATO "pretty accurate," calling Ukraine's potential membership in NATO "the reason the war started."

Russia preceded its inva-



Ukrainian firefighters worked at the site of a strike in the city of Kramatorsk on Thursday.

sion of Ukraine in February 2022 by setting out a series of unrealistic demands that were rejected by the West, including forcing NATO out of Eastern Europe and securing guarantees that Ukraine would never become a member of the military bloc.

Putin is now banking on wringing such concessions out of Trump.

Ukrainian President Volodymyr Zelensky said he was reassured during a call with Trump on Wednesday that the U.S. president didn't give priority to Russia over Ukraine. But he said Kyiv and the EU had to

be involved in any talks about ending the war. "It's crucial for us to maintain the support of the United States," he said.

Meanwhile, there was jubilation in Moscow on Thursday. "Putin has triumphed over everyone," said one of Russia's main TV anchors, Olga Skabekova. Popular tabloid Komsmolskaya Pravda said, "Trump has signed Zelensky's death sentence."

For Putin, Trump's promise of talks is the first step toward bringing about an end to a war on Russia's terms, after three years of brutal fighting that has

led to hundreds of thousands of casualties for either side.

It also represents a turnaround for the Russian leader, who at times during the war has suffered humiliating setbacks. Ukraine ousted Russian forces from half the territory they had captured in 2022, before forcing them to withdraw from the major city of Kherson.

Now, Putin's decision to keep fighting and double down on his war aims appears to be bearing fruit. The day of his call with Trump, Hegseth said the idea Ukraine could regain most land lost to Russia was unreal-

istic. The Senate also confirmed Tulsi Gabbard, widely seen as a Ukraine skeptic, as director of national intelligence.

Putin has repeatedly sought to go over the heads of Ukrainians, seeking a grand bargain over Ukraine through direct negotiations with the U.S., whose financial and military assistance has been a lifeline to Kyiv since the war's earliest days.

At a minimum, Russia wants to render Ukraine a neutered state with a Moscow-friendly government permanently vulnerable to Russian military aggression.

But Putin sees direct talks with the U.S. as a chance to secure a geopolitical pact of the kind agreed upon after World War II, which presaged a post-war reorganization of Eastern Europe into Soviet and Western spheres of influence. Trump cited World War II in his post to Truth Social on Wednesday and suggested that stopping the war in Ukraine would be just the first item on the agenda of fruitful Russia-U.S. cooperation.

It was a change from the stance of Trump's White House predecessor, Joe Biden, who rebuffed Putin's offers of a summit and sought to isolate the Russian leader.

But Putin, who has dealt with five U.S. presidents during his quarter-century at Russia's helm, began an early charm offensive aimed at winning over Trump, who had repeatedly expressed skepticism over U.S. aid to Ukraine.

## President Draws His Own Blueprint For Solutions in Gaza and Ukraine

**WASHINGTON**—President Trump is rewriting the accepted playbook for solving the world's intractable conflicts—offering talks to settle the Ukraine war with conces-

By David S. Cloud,  
Alexander Ward and  
James T. Areddy

sions to Russia and crushing hopes for a Palestinian state with his plan to resettle Gaza's entire population.

His blueprints are rejections of U.S. policy going back decades, a stark assertion that Washington's answers have been tried and have failed.

To Trump, Gaza and Ukraine look much the same. Thousands die needlessly. Cities lie in ruins. Ancient hatreds fuel endless fighting.

His solutions look alike in some ways as well. They stem from his belief in his powers of persuasion, a stated yearning to be seen as a deal-cut-

ting peacemaker and a penchant for imposing decisions on weaker countries, including allies, said analysts who have studied both conflicts.

"What he wants in both situations is quiet, peace, a deal," said William Wechsler, the senior director of the Rafik Hariri Center and Middle East Programs at the Atlantic Council, a think tank. "Less American engagement and less American risk."

A question is whether Trump might now try his game plan elsewhere, such as in Taiwan, where fears are growing that the president's desire for a quick trade deal with Beijing might inspire him to use the democratic island as a bargaining chip.

Trump's unorthodox approach also risks creating new strategic dead ends.

In Ukraine, Trump's push for peace has inspired some fears in Kyiv that he might seek a deal without the coun-

try's buy-in that brings a temporary halt to fighting but doesn't provide Ukraine with enough support to resist Russian efforts to subjugate it in the long term.

As Trump disclosed Wednesday that he and Russian President Vladimir Putin had agreed to begin peace talks, Secretary of Defense Pete Hegseth was laying out in Brussels the parameters of a possible agreement that ruled out Kyiv's reclaiming all of its Russian-seized territory, as well as Ukrainian membership in the North Atlantic Treaty Organization and the deployment of U.S. troops as peacekeepers.

European officials said the administration's concessions surrendered Trump's leverage before talks even began.

"Trump always speaks about 'peace through strength,' and that is precisely the right approach with the Russians," said a senior European official. "But here we have not really

seen the strength part yet."

While Trump vowed in comments to reporters Wednesday to continue U.S. military aid to Kyiv, he insisted that Putin's desire for peace is genuine, a sentiment some analysts said is doubtful.

In 2016, Trump barnstormed his way to the presidency by blaming Washington for long-term occupations in Afghanistan or Iraq, with little to show for it. But he often found his ideas blocked by his advisers and his unfamiliarity with policymaking.

In his second term, Trump is already proving more willing to pursue his own ideas.

"We inherited a world on fire thanks to a generation of so-called experts from the foreign-policy establishment," said Brian Hughes, a National Security Council spokesman. "President Trump is quickly reversing their terrible mistakes, and America is once again the dominant force for

peace and stability."

Trump's threats to seize the Panama Canal, to make Canada a U.S. state and to take control of Greenland have alarmed U.S. allies. In Gaza, his plan to relocate the nearly two million Palestinians to Jordan and Egypt so the U.S. can "take" and rebuild the shattered enclave has been rejected by Arab governments and some Gazans.

No previous White House since the founding of Israel in 1948 has suggested the permanent removal of Palestinians from Gaza, which most

U.S. presidents have seen as a part of an eventual Palestinian state. But Arab and Israeli public support for side-by-side states has waned dramatically, especially since Oct. 7.

Trump sees all of the region's players trying to turn the clock back to before Oct. 7, said Wechsler. The president's plan is designed to shake up a region that he sees as stuck in the past. Yet Trump's proposal is also one that people in Israel and the Arab world regard as unrealistic, with the potential to destabilize countries that border Israel.

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## WORLD NEWS

# Arab States Seek Gaza Plan

Egypt leads race for alternative to Trump proposal it fears will destabilize region

BY SUMMER SAID  
AND MICHAEL R. GORDON

Egypt has launched a diplomatic blitz to corral support for an Arab-led and -funded initiative to rebuild the Gaza Strip, setting aside old political concerns in hopes of boxing out a plan by President Trump that is wildly unpopular across the Arab world.

The efforts show how Trump's surprise proposal for the U.S. to take over Gaza and redevelop it as an international destination—while its Palestinian population is moved out—has upended the positions of major players in the region toward the 16-month war between Israel and Hamas.

Arab states that had once hoped to use their funding capacity to push for Palestinian state are now under pressure to prevent a mass displacement of Gazans that could destabilize any countries pressed to accept them.

The risks are high for Egypt if it can't craft an alternative. Trump has repeatedly suggested sending Gazans there, despite Cairo's rejection of the idea. Asked on Tuesday where the Palestinians would go, Trump answered in part, "I believe we'll have a parcel of land in Egypt."

Egypt's broad idea, people familiar with the matter said, is to keep Palestinians in place and form a committee of technocrats drawn from across Gaza to administer the enclave. Palestinians trained by Arab forces would provide security. Egyptian officials are now seeking public and private funding sources across the region and hope to hold a donor conference to secure commitments.

The reconstruction plan is expected to take up to five years and would be carried out



Palestinians on Thursday walked past destroyed buildings in Jabalia, northern Gaza Strip.

in stages, with the first focused on restoring essential services and providing shelter.

It echoes other ideas that have floated around during the war, but still leaves unanswered questions: How can Hamas be removed from authority or kept from becoming a spoiler? Who exactly will join the security forces, and will they be capable enough to deal with any remaining militants? Will there be enough money for a reconstruction project that will take years, and who will provide it? Will the pause in fighting hold?

The last is crucial for securing funds from Gulf countries that don't want to see them wasted by further fighting. They also want assurances that neither Hamas nor the Palestinian Authority would have the ability to abuse reconstruction money, people familiar with the matter said.

Egypt is also seeking to separate out the question of

Palestinian statehood and put it on a different track from the effort to rebuild Gaza, the people said.

Though Egypt continues to say a road map should be developed for an eventual Palestinian state, its desire to move ahead with arrangements to administer and rebuild Gaza would mark a significant change for Arab states that

said repeatedly last year they wouldn't fund reconstruction in the enclave without a commitment to a Palestinian homeland. Without that, the conflict would remain unresolved, and the destruction would be repeated, they argued.

"For the Arab world, recognizing that Trump actually means what he says in terms of Gaza means the necessity of coming up with an alternative to push forward," said H.A. Hellyer, a Middle East security expert at the Royal United Services Institute. The ques-

tion of a Palestinian state won't be dropped, "but it won't be a precondition for beginning reconstruction," he said.

Arab countries are also trying to reduce the pressure on them to take in displaced Palestinians by stepping up their acceptance of people leaving for humanitarian reasons. Jordan's King Abdullah II, who met with Trump on Tuesday, said his country would take in 2,000 sick children from Gaza. Egypt has taken in sick and wounded, and there are broader discussions in the region of expanding the intake to include Gazans looking to resume their studies.

Trump has invited Egyptian President Abdel Fattah Al Sisi to meet at the White House. But Sisi is concerned about the optics of a meeting with Trump, and no trip has been set, Egyptian officials said. Egypt didn't respond to a request for comment.

Egypt on Sunday said it would host a summit of Arab leaders on Feb. 27 to discuss "the new and dangerous developments in the Palestinian issue."

# Israel, Hamas Resolve Dispute Imperiling Truce

BY SUMMER SAID  
AND ANAT PELED

said. It remains unclear whether Hamas would agree to such a request.

Despite the resolution, larger disputes lie ahead for the two sides.

Israel and Hamas agreed to resolve a dispute that threatened to derail their fragile cease-fire after humanitarian equipment began entering Gaza on Thursday and Hamas backed off from a threat that it wouldn't release any more Israeli hostages.

The militant group agreed to release the next three hostages it had threatened to withhold after receiving guarantees from mediators that mobile homes and medical equipment would be allowed into Gaza on Thursday, mediators said. Egyptian officials said the mediation efforts had "succeeded in overcoming obstacles" that threatened the deal. Israel hasn't commented.

Hamas fired a rocket from the Gaza Strip on Thursday evening that landed inside Gaza, the Israeli military said. Israel responded by striking the launcher. Both acts appeared to violate the cease-fire.

A spokesman for Hamas didn't respond to a request for comment.

By Thursday, some tents had entered the enclave and dozens of mobile homes were waiting at the Rafah crossing between Egypt and Gaza. Some 800 trucks of humanitarian aid entered on Thursday, mediators said.

Mediators are also working to speed up the release of the remaining six living hostages after an Israeli request, mediators said. The request came after hostages released last week returned looking thin and frail and details began emerging of disturbing conditions suffered in captivity, including some hostages being chained in tunnels with almost no food.

Israel has also told mediators it wants to expand the list of those set to be freed in the first phase of the deal beyond the 33 hostages already agreed upon, the mediators

The Israeli prime minister's office and Cogat, the Israeli agency that coordinates humanitarian aid in Gaza, didn't respond to a request for comment.

The most serious threat to the cease-fire was sparked in recent days as Hamas and Israel issued dueling ultimatums about the next exchange billed for Saturday. Hamas said it wouldn't release hostages until it gets more humanitarian supplies. Israel responded by saying it would resume fighting if the militant group didn't let the hostages go.

Gaza's population needs humanitarian aid, including tents, mobile homes and medical equipment, to face winter in the decimated enclave where there is no electricity, and many buildings and roads have been destroyed. More than 48,000 people have been killed in the fighting, according to Palestinian health authorities, whose figures don't say how many were combatants.

Since the beginning of the cease-fire, at least nine Israeli families have received signs that their relatives in Gaza, mostly young men, are still alive, creating more urgency to release them.

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## FROM PAGE ONE

# Trump Family's Bonanza

*Continued from Page One*  
we think customers are going to love it," said an Amazon spokesman.

The first lady's cut is more than 70% of the \$40 million, according to people familiar with the matter. And they're still looking for more: Melania's agent has been trying to sell "sponsorships" for the film—starting at \$10 million—to prominent CEOs and billionaires who were at the inauguration, according to people familiar with the matter. Buyers would get thanked at the end of the credits and be invited to the premiere.

The Amazon deal is just one of the ways the new first family has benefited from its return to the White House. Companies have directed about \$80 million to members of the Trump family and the Trump presidential library so far, as defendants settle lawsuits the president previously filed against them and corporations enter into new business ventures, including the documentary. This figure doesn't include potential gains from crypto pursuits.

## Settlement with X

Much of the legal settlement money will go to a fund for the president's library, a not-for-profit whose mission is to "preserve and steward" Trump's legacy. But Trump's share of a \$10 million settlement Elon Musk's X agreed to this week is expected to go to him directly, according to people familiar with the matter.

The pace and volume of the family's moneymaking efforts so far are unprecedented, surpassing even the activity of Trump's first term, which drew condemnation from ethics watchdogs and Democrats.

Ty Cobb, who served as a top White House lawyer in Trump's first administration and has since emerged as a critic, said the president's efforts to profit this time are far bolder. "Everything he does is either to be vengeful or to accumulate wealth, power and adulation," Cobb said. Trump sees an opportunity, he said, because "all these people want a piece of him."

A spokesman for the first lady directed questions to the Trump Organization, which said it couldn't comment on her behalf. The White House didn't respond to requests for comment.

**'It seems like he's a lot more casual and kind of brazen this time around.'**

dled their finances. Previous presidents typically sold off their assets or placed them in blind trusts, which put the assets under the control of a third party and prevent the owner from knowing how they are managed.

And unlike in 2017, when Trump said his company would forgo foreign deals with either government or private partners, the Trump Organization remains open for business with foreign companies. The top of the Trump Organization website currently reads: "Coming soon: A preview of Trump Organization global portfolio expansion."

Eric Trump has signaled he is less open to reining in the company's business deals to avoid the appearance of conflicts of interest this time around. "I tried to do everything right in 2016 and I got very little credit for it," he told the Journal a month before the election.

## Ethics firing

On Monday, Trump fired the head of the Office of Government Ethics, an independent agency that oversees ethics issues across the executive branch and had been working closely with the White House vetting nominees that require Senate confirmation. The director, David Huitema, was appointed by President Joe Biden and was less than two months into a five-year term.

Huitema said the president appears to have dispensed with the pretense of guardrails in his second term. "It seems like he's a lot more casual and kind of brazen this time around," he said in an interview.

Trump has also ramped up his retail efforts since eight years ago. The Trump Organization sells merchandise including a \$95 ornament with a 3-D depiction of Mar-a-Lago and \$550 gold Trump-branded "bling clutch." Trump also licenses his name to companies selling, for example, a \$100,000 18-carat-gold tourbillon watch. There are no requirements that those businesses disclose who is making purchases.

## Trump Media

In another departure from his first term, companies and individuals can now buy shares in Trump Media & Technology, the publicly traded holding company that includes the president's social media business. Trump transferred his shares in the company to a trust run by his oldest son, Donald Trump Jr.

The Trump Organization, meanwhile, has been in talks to reclaim its hotel in D.C., the lease for which the Trumps sold in 2022 for \$375 million.

The price of a membership initiation fee at Trump's Florida resort hit \$1 million in the months before the election—up from \$200,000 in 2017.

Don Jr. joined a series of corporate boards, which sent those companies' stock soaring. Even Trump's youngest son, Barron, has shown interest in following in his father's dealmaking footsteps. The 18-year-old and two others registered an entity in Wyoming last year called Trump, Fulcher & Roxburgh, which one of the partners described as a high-end real-estate development company. The entity was dissolved in November after much press attention.

About half of the Trump family's postelection windfall has come from leaning on old



Donald and Melania Trump at the Commander-in-Chief Ball in Washington on Jan. 20.

tal expertise at the board level."

Some of President Trump's most audacious moves have been in crypto, where he has invested heavily while at the same time boosting the larger industry. After once denouncing crypto as a "disaster waiting to happen," Trump shifted his views on the campaign trail last year, pronouncing himself the "crypto president" and talking of turning America into the "crypto capital."

Around the same time, Trump and his sons Eric and Don Jr. helped launch World Liberty Financial, a crypto firm that has raised more than \$300 million selling its digital token, \$WLFI.

The venture offers an avenue for foreign entities and those with business before the federal government to increase the Trump family's wealth. People who purchase the tokens aren't visible to the public, unless they disclose it.

In the months after the election, Justin Sun, a Chinese-born crypto entrepreneur, disclosed on social media that he bought \$75 million of the token. Sun, who is battling a lawsuit from the Securities and Exchange Commission over alleged market manipulation, is now an adviser to World Liberty Financial. He has called the SEC lawsuit meritless and sought to dismiss it.

"Justin's stated investment decisions are not politically motivated. Assertions implying ulterior motives are unfounded and misrepresent his intentions," said a Sun spokesperson.

## Meme coin

Just three days before his inauguration, Trump officially endorsed the launch of his own meme coin, a type of digital token that's essentially just a collectible with no underlying value. Following wild price volatility, the total value of all \$TRUMP coins in circulation is now \$3.3 billion. A similar coin launched on Jan. 19 by Melania has a market cap of about \$200 million.

On paper, the Trump coin launch appears to have been lucrative for the family, although the financial connections are opaque. CIC Digital, described on the Trump memecoin website as an affiliate of the Trump Organization; and an LLC called Fight Fight Fight own 80% of the supply of \$TRUMP, though they are subject to lockups preventing them from selling immediately, according to the coin's official website. Fight Fight Fight was registered in Delaware by Bill Zanker, a long-time Trump ally who has previously worked with Trump to launch digital assets. Its ownership hasn't been disclosed.

In one of his first moves as president, Trump signed an executive order boosting the cryptocurrency industry, including creating a group to evaluate the creation of a national "digital asset" stockpile—which many in the industry hope would amount to a government stamp of approval.

## Melania's money

Melania has also ramped up her moneymaking efforts in recent years, charging six-figure fees for speaking engagements, including two speeches for the Log Cabin Republicans, a conservative group that promotes LGBTQ rights.

It is unusual for a presidential candidate's spouse to be paid to speak at a fundraiser in an election year.

The month before the election, Melania published a memoir. When CNN requested an interview with her, her book publisher said it would cost \$250,000, CNN reported.

CNN didn't pursue the interview further. She also sells signed versions of the book for \$250 and "Vote Freedom" gold vermeil necklaces for \$600.

The Amazon deal for the first lady's documentary came as Bezos was ingratiating himself to Trump, who once treated him as an enemy.

Amazon donated \$1 million to the president's inaugural fund, plus a \$1 million in-kind contribution to stream the event and Bezos earlier killed an editorial at the Washington Post, which he owns, that endorsed Kamala Harris for president.



Source: FactSet

## Meta settlement

Settlement talks began soon after, with Meta eventually agreeing to pay \$25 million, with \$22 million going to the Trump library fund. The move also had an upside for the social-media billionaire: better relations with the new president, who he met with in the White House two weeks after his swearing in. Meta declined to comment.

Over dinner, Trump made it clear that the lawsuit needed to be resolved if the Meta founder wanted everything to be "kumbaya going forward," the person familiar with the conversation said.

After drone manufacturer Unusual Machines named him an adviser on Nov. 27, the firm's shares skyrocketed 249% over the next two days. His 331,000 shares in the company as of Dec. 5 were worth roughly \$1.6 million more than they were the day before his advisory role was announced.

Allan Evans, chief executive of Unusual Machines, said Don Jr. has lent the drone-parts maker valuable business acumen rather than political influence. "He's got really good insights to different types of investors," said Evans, adding that he recently visited Mar-a-Lago to eat breakfast with Don Jr. "He definitely understands this segment."

Shares in PublicSquare Holdings, which bills itself as a conservative Amazon, shot up 270% after Don Jr. joined its board last year. As part of a consulting deal signed in August, Don Jr. was awarded restricted shares that were worth around \$386,000 as of Thursday, in addition to a \$42,000 monthly advisory fee.

A representative for Don Jr. said he had invested in the company before the election and helped take it public in 2023.

The company's chief executive praised him in a statement at the time he joined the board: "Don's passion for creating a 'cancel-proof' economy, his years of strategic business experience, and his leadership within the shooting sports industry offer important

lifter Simon & Schuster and author Bob Woodward. They are also expected to push for a settlement in a lawsuit against Google over deplatforming Trump's YouTube account in 2021. The companies all declined to comment.

The president's eldest son, Don Jr., has been particularly active in lining up business deals that could benefit from his proximity to power.

Don Jr. has been in high demand since the election. Casting himself as a champion of the anti-woke, he has pursued a series of business ventures that are looking to capitalize on the conservative cultural shift driven by his father's administration.

Days after his father won, he announced he would become a partner at 1789 Capital, a venture-capital firm that invests in conservative companies. Its investments include Tucker Carlson's media company, Last Country. A spokesman for 1789 declined to comment.

He also took on roles at several companies that could stand to gain from federal pol-

icy, ranging from Pentagon spending to regulations for online-betting marketplaces to tariffs on China.

In the past month, he has joined Kalshi, a prediction-market startup, as a strategic adviser and joined the board of the prescription access platform Fight Fight. "As a longstanding advocate for media accountability, Donald Trump Jr. was a natural fit," Kalshi said.

A spokesman for Don Jr.

said he isn't involved in government lobbying or influence-peddling and that he typically works with companies that reflect his conservative worldview.

Announcements of Don Jr.'s involvement have sent some companies' stock soaring—along with his potential earnings.

## Drone maker soars

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# ARTS IN REVIEW



FILM REVIEW | KYLE SMITH

## A Presidential Thriller

'Captain America: Brave New World' follows a diabolical mind-control plot

In 2014, "Captain America: The Winter Soldier," one of the standout films in the Marvel Cinematic Universe, reached back to Hollywood's 1970s paranoid-conspiracy thrillers for inspiration. The latest MCU entry, "Captain America: Brave New World," harks back even further: to the 1962 film (and 1959 novel) "The Manchurian Candidate," about a brainwashed assassin and a diabolical plot that reaches all the way to the presidency. This time, however, the president himself is at the mercy of mind-control monsters, and he's Harrison Ford.

Anthony Mackie finally stars in the title role on the big screen as Sam Wilson, handling the shield passed on by Chris Evans's Steve Rogers way back in 2019's "Avengers: Endgame," in a story that follows up on events and characters from the forgettable, and mostly forgotten, 2008 movie "The Incredible Hulk." Having an edgy relationship with the general-turned-president, Thaddeus Ross (Mr. Ford steps in for the late William Hurt, who played the role in 2008), Sam is intrigued by an offer to regroup the Avengers even as he remains wary of President Ross's mad-dog urges, which steered him to wreck Harlem in pursuit of the Hulk.

Things get rolling when Sam's friend, a fellow black vet named Isaiah Bradley

(Carl Lumbly), whose back story evokes the real-life racist abuses of the Tuskegee syphilis study, gets tricked into attempting to kill the president. The wizard who is using cellphones to control minds is Samuel Sterns (Tim Blake Nelson), another carryover from the Hulk movie. Though his makeup looks a bit silly—brain folds are stuck to the exterior of his head in a 1950s comic-book illustration of

intelligence—he's a chilling presence, somewhere between the Unabomber and one of those Wall Street stats nerds called quants. A previous character played by Mr. Ford famously said, "Never tell me the odds"; Sterns is always providing them, especially when no one wants to hear.

Directed by Julius Onah, a journeyman best known for 2018's "The Cloverfield Paradox," the

fourth Captain America outing is far from the best MCU movie, but it's also far from the worst. Built around a character who has no superpowers, it is far more grounded than such acid-trip-at-a-carnival-during-an-earthquake extravaganzas as "Doctor Strange in the Multiverse of Madness" and "Ant-Man and the Wasp: Quantumania."

Madness and mania, especially in the digital-effects department, became the ruling forces of the MCU, and the human element was an afterthought. "Brave New World" has a relatively uncluttered, direct storyline, though its dialogue and most of its action scenes are as generic as its subtitle (if anyone involved in this production is familiar with the Aldous Huxley novel, it doesn't show).

A signature of the MCU used to be its brilliant casting, but not anymore. Frequently seeming moody, Mr. Mackie is not nearly as charismatic as Mr. Evans, while Danny Ramirez, as a successor to Mr. Mackie's Falcon, and Shira Haas, as an Israeli named Ruth Bat-Seraph who has the same martial-arts training as Scarlett Johansson's Black Widow, are duds. A humorless, charmless grind, Ruth seems

ELI ADE/MARVEL (2)

◀ Takehiro Hira, Mr. Mackie and Harrison Ford, who plays President Thaddeus Ross.

TELEVISION REVIEW | JOHN ANDERSON

## 'Exterior Night': An Italian Abduction

At age 85, the venerable Marco Bellocchio knows a few things about filmmaking, including how to mine his metaphors out of realism: During an early scene in the absorbing, six-part "Exterior Night," the news of Aldo Moro's 1978 kidnapping prompts a lecture-hall's worth of university students—whom the former prime minister has just been teaching—to chant in support of his abductors, the revolutionary Red Brigades. But chanting is intended to sway. And there's no one left in the room to convince. All the bellowing is just adolescent vanity, the lecture hall a bubble of self-absorption and self-interest. Which is how Mr. Bellocchio characterizes the atmosphere surrounding the entire "Moro Affair."

It is hardly new territory for the director, whose 1995 documentary "Broken Dreams" dealt with the same crime, as did his acclaimed 2003 feature "Good Morning, Night." But the event, which has often been described as Italy's 9/11 or

Kennedy Assassination, seems an equally inexhaustible subject, and one that has also spawned conspiracy theories, most of which Mr. Bellocchio ignores (including the ones involving Henry Kissinger, Mossad, the KGB and the CIA, though there is one obvious American operative advising, wrongly, about the eventual fate of Moro).

Over time, Mr. Bellocchio's views have ripened. Like Thackeray's "Vanity Fair"—"a novel without a hero"—"Exterior Night" is comic (specifically, in the cartoonish music heard behind the clumsy machinations of Italian politicians and military) and populated mostly by saints and scoundrels.

The former might—might—include Pope Paul VI (Toni Servillo), who, at the news of the Servillo, leaps out of what could have been his death bed, IV tubes attached, to peer into the TV for answers. The communion of the innocent certainly includes Moro himself, played by Fabrizio Gifuni as a loving



husband and grandfather. Moro's great gift is for conciliation. His great sin, as chairman of the Christian Democrats, is attempting to form a political alliance with the not-so-marginal Italian Communist Party. Did anyone really want Moro back? Even the Communists? Or was he worth more martyred? That is what Mr. Bellocchio and his half-dozen co-writers ponder throughout.

The Red Brigades arguably traumatized Italy in a way more profound than the outrages of the contemporaneous Baader-Meinhof Gang did Germany or the Symbionese Liberation Army the U.S.; that the pope put together a ransom that was never paid brought the church into the case; the gen-

erals didn't want to finance terrorism; the official position was one of nonnegotiation. But everyone in the upper ranks of Rome also had personal reasons for letting Moro languish. Among them are various politicians including Benigno Zaccagnini (Gigio Alberti) and the past, present and future prime minister, Giulio Andreotti (Fabrizio Conti). Fausto Russo Alesi is remarkable as interior minister Francesco Cossiga, who is tormented over the kidnapping of his mentor, but will also eventually become president, an office Moro had seemed destined to win. As Mr.

Bellocchio proved in his epic "The Traitor," about the "Maxi Trial" of the Sicilian Mafia, he has had no problem naming names, though the series does caution that certain aspects have been dramatized.

The attitude of "Exterior Night" toward the perpetrators is fairly straightforward: They are "disruptors" without a concrete principle among them, save perhaps for Red Brigades member Adriana Faranda (a dynamic Daniela Marra), who leaves her little daughter in the care of her mother while she chases a Marxist

pipedream. Margherita Buy is equally sensational as Moro's wife, Eleonora, though we barely see the couple together. We see little of Mr. Gifuni, in fact, except for a terrifically moving scene between Moro and a priest in which the hostage confesses his sins of hate—not for his captors, but for the feckless "friends" who have failed to rescue him. Mr. Bellocchio has always said that he makes films for Italy, but the indignation he generates in this series goes global.

**Exterior Night**  
Tuesday, MHz Choice

Mr. Anderson is the Journal's TV critic.

ELENA MAREK

MHZ CHOICE

## ARTS IN REVIEW

THEATER REVIEW | CHARLES ISHERWOOD

# Climbing Back to Broadway

Idina Menzel stars in the new musical 'Redwood' as a New Yorker seeking solace in a California forest

**New York**  
dina Menzel is defying gravity again on Broadway in the new musical "Redwood." On this occasion she gets an assist from a more substantial piece of wood than the spindly broomstick that sent her skyward in her Tony-winning turn in "Wicked." Portraying a woman in flight from grief who finds herself entranced by the majestic beauty of an ancient forest in California, Ms. Menzel is rigged up to a massive facsimile of a redwood tree, and proceeds to leap, twirl and deploy her steel-belted powerhouse of a voice from a dozen feet above the stage.

This impressive feat, performed during a climactic song, "In the Leaves," marks a highlight of a show that is sparsely populated by such energizing moments. Directed by Tina Landau, who also wrote the book and lyrics—the latter in collaboration with Kate Diaz, who composed the music—"Redwood" is a technologically sophisticated but earnest and formulaic slab of musical uplift, a heroine's journey from despair to emotional regeneration.

In the complicated opening number, Ms. Menzel's Jesse, at the wheel of a car speeding west from her home in New York, is assailed by memories of a past she half-wants to forget. Her first date with Mel (De'Andre Aziza), who would become her wife, springs up. It took place at the gallery where Jesse works, then showing landscapes that inspire her to reveal (foreshadowing alert—or reverse-foreshadowing?) a strong aversion to nature: "I hate greenery. If I even think about grass, I get Lyme disease." As she careens across the country she's also haunted by visions of her son, Spencer (Zachary Noah Piser), although it's not here made clear what has happened to him.

Jesse's odyssey ends with her arrival in a redwood forest in Northern California and a meeting with two of the area's caretakers and tour guides ("canopy botanists," technically, who spend much of their time at the tops of trees). The friendly, older Finn (Michael Park) is an enthusiastic explainer and inadvertent provider of metaphor. When he mentions that each redwood has a "heart," he goes on to reveal that technically it's dead: "The heartwood doesn't carry water or nutrients anymore, but—it's the strongest part of the tree." (Note resemblance to Jesse's emotional paralysis.)

His assistant in training is the more prickly Becca (Khaila Wilcoxon), who objects strenuously and suddenly when Jesse, agog at the skyscraping wooden spires surrounding them,



**The score is heavy on power ballads, which the Tony winner belts with blasting force.**

implores Finn to take her under his wing and teach this enthusiastic amateur the ropes, as it were, of tree-climbing. She wants to "hide in the sky and unwind for a while," she sings.

The rest of the small cast is excellent: Ms. Aziza brings a flinty, exasperated edge to Mel, who grows increasingly impatient with Jesse's unresponsiveness. Mr. Park has a papa-bearish warmth as Finn, whose relationship to his teenage son forms a tiny branch of the sapling-size plot. Ms. Wilcoxon keeps grounded her somewhat contrived character (she's black but also Jewish), despite having to deliver leaden, lecturing lines such as, "Ninety-five percent of California's old-growth forests were cut down so generations of white cis male corporations could make their billions off indigenous lands." Full marks for cramming so much righteousness into one line

The score by Ms. Diaz and Ms. Landau seems tailored to Ms. Menzel's admirable ability to send spirits soaring with the sheer force and precision of her singing—it's heavy on power ballads. (Ms. Menzel shares a "conceived by" credit with Ms. Landau, and provided "additional contributions," while her amusingly named company, Loudmouth Media, is a lead producer.) "Redwood" certainly proves a plush showcase for Ms. Menzel's gifts: As an actor she can do both vulnerability

▼ Ms. Menzel, below; Khaila Wilcoxon and Michael Park, bottom.

▲ Ms. Menzel (center) and company in 'Redwood,' directed by Tina Landau.

of dialogue. And as Jesse's son, Spencer, whom we meet in flashbacks and a late fantasy sequence, Mr. Piser reveals a rich, powerful voice.

Ms. Landau's direction generally smooths out any lumps that arise from the narrative toggling between Jesse's adventures in the tree and various diversions—

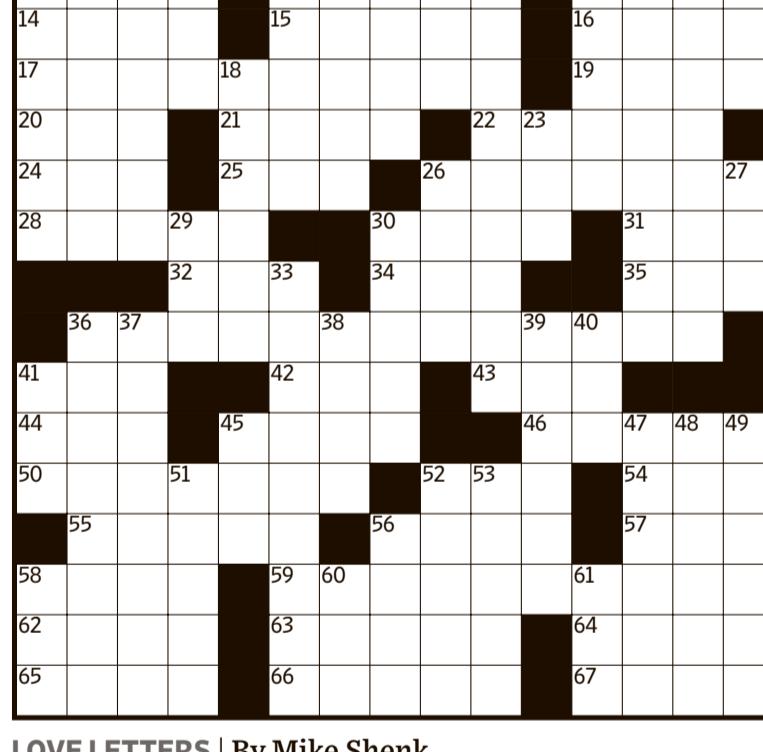
Mel's phone calls, visions of Spencer, the back stories of Finn and Becca. But the show's most bewitching element is the dazzling video design by Hana S. Kim. Although a thick tree trunk necessarily sits center stage, surrounding it are screens on which images of the natural world or a star-dappled night sky are projected. They wrap the show in visually alluring wallpaper. Nevertheless, many might prefer a visit to one of the country's

natural history museums that offer similarly spectacular and immersive video experiences—minus the clanking dialogue and creaking mechanics of "Redwood."

**Redwood**  
Nederlander Theatre,  
208 W. 41st St., New York,  
\$79-\$266,  
redwoodmusical.com, closes  
July 6

Mr. Isherwood is the Journal's theater critic.

## The WSJ Daily Crossword | Edited by Mike Shenk



## PUZZLE CONTEST

- 13 Have to one's name
- 18 Wednesday on TV
- 23 First mate, in a way
- 26 Court feat
- 27 Recipe amt.
- 29 Paleontology site
- 30 Rosy-cheeked
- 33 Brief helper?
- 36 Come up against difficulties that can't be overcome
- 37 Steals the spotlight from
- 38 Unduly interested
- 39 Letter after Romeo
- 40 Camera type, initially
- 41 Court official
- 45 Wing
- 47 Laughed with gusto
- 48 Jazz legend Garner
- 49 With skill and grace
- 51 Budget rival
- 52 Entrance
- 53 "My bad!"
- 56 Stable mother
- 58 Vast expanse
- 60 Deli option
- 61 Sac fly result

## LOVE LETTERS | By Mike Shenk

The answer to this week's contest crossword is a word that might be used in a love letter.	26 Housing for pigeons	54 Prospecting prize	4 Awesome, in dated slang																																																																																																																																																																																						
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► Email your answer—in the subject line—to [crossovercontest@wsj.com](mailto:crossovercontest@wsj.com) by 11:59 p.m. Eastern Time Sunday, Feb. 16. A solver selected at random will win a WSJ mug. Last week's winner: Cindy Nowak, Kenosha, WI. Complete contest rules at [WSJ.com/Puzzles](http://WSJ.com/Puzzles). (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)



## SPORTS

# NBA Players Can't Stop Shooting 3s

The 3-pointer has become basketball's defining shot. It's warped the sport beyond recognition.

By ROBERT O'CONNELL  
AND ROSIE ETTEHENHEIM

**W**hen Stephen Curry rewired basketball last decade, he was as much of an outlier as an athlete can be. For five straight seasons, he took—and made—the most 3-pointers in the NBA. There was simply nobody like Curry, who quickly established himself as the best long-range shooter who ever lived.

But a generation of basketball players, then in middle and high school, was watching Curry carefully. They stepped onto their driveways or local playgrounds and started firing away from audacious distances.

Now the Curry Generation has arrived in the NBA. And they've pushed the sport to its breaking point.

"Our game," LeBron James said in December. "There's a lot of f---ing 3s being shot."

James wasn't lying. This season, NBA teams and players are smashing 3-point records to smithereens. And unlike Curry, who turned the triple into his preferred weapon in part because of his relatively short stature, these days even the tallest behemoths and highest leapers in basketball can't stop shooting from behind the arc.

Anthony Edwards, who made his name with highlight-reel dunks, is now attempting more than 10 3-pointers per game, far above his previous career high. Jayson Tatum, the best player on the defending-champion Boston Celtics, is launching 10-plus triples a night, too.

Surely Victor Wembanyama, the 7-foot-3 French phenom, is the slam-dunking exception? Nope. Wemby has taken 403 3-pointers in 46 games this season, or an average of 8.8 a night. By comparison, he's dunked just 91 times.

As the NBA world convenes at All-Star Weekend in the Bay Area, where Curry's Warriors upended the sport, the long-range barrage has stoked fierce debate among fans, executives, coaches and players. Is basketball in trouble when everyone—from a 6-foot-2 point guard to a 7-foot-3 center—does almost the exact same thing?

The clamor has gotten loud enough to reach the NBA's executive offices. "I'm listening to the critics," league commissioner Adam Silver said last month. "I don't want to overreact, but I think there are potentially some adjustments we can make."

The 3-point marksman has existed ever since the NBA first slapped a strip of paint on a basketball court in 1979. But for several decades, shooting from downtown was mostly a complementary tactic. Teams wanted to get the ball close to the rim for high-percentage shots. Only when they



## Percentage of NBA field goal attempts that were 3-pointers

When the NBA unveiled the 3-point shot in 1979-80, it was mostly a novelty. The champion Los Angeles Lakers made just 20 threes all season.

During his first MVP season, in 2014-15, Stephen Curry took nearly half of his shots from behind the arc.  
44.5%

Jayson Tatum 50.4%  
Anthony Edwards 48.4%  
Victor Wembanyama 47.2%

Stephen Curry is the NBA's career leader in 3-pointers. The Curry Generation has arrived. And they've pushed the sport to its breaking point.

Larry Bird is regarded as one of the greatest shooters in NBA history. In 1983-84, his first MVP season, it took more than a month for him to make his first 3-pointer.  
4.7%

When Michael Jordan's Bulls won the 1991 NBA finals, Jordan made two threes in five games.  
5.1%

Kobe Bryant 24.6%  
LeBron James 23.8%

42%

25%

20

'25

Note: Data as of Feb. 12

Source: Stats Perform

failed at that did they settle for a shot from behind the arc.

In 1991, the year Michael Jordan won his first title with the Chicago Bulls, 3-pointers accounted for 8.2% of field-goal attempts leaguewide. By 2000, the year Kobe Bryant won his first with the Lakers, that number had grown to 16.7%. But in the decade since Curry won his first title, the numbers have soared. Teams understand the straightforward

math—3 points is worth more than 2—and young players began emulating the skinny point guard who was revolutionizing the game.

Though shots in the paint have occurred at largely the same rate, midrange jumpers stretched out past the arc. In 2015, 3-pointers made up 26.8% of shots. This season, that number has climbed to 42%, the highest mark in history.

"Steph changed what players looked at as possible," said former

Orlando Magic coach Stan Van Gundy, who now works as an analyst for TNT. "He changed what coaches considered good shots."

During his time with the Magic in the 2000s and 2010s, Van Gundy stuffed the floor with shooters and instructed them to fire away far more than was common back then. "We were right near the top of the league in 3-pointers attempted," he said. "Now, take those same numbers, we'd be at the bottom."

Fans have taken to social media to gripe about what they see as the relentless pattern of today's basketball. A 3 on one end and a 3 on the other, over and over again.

What happens when a game has been solved, when teams all chase the same optimal strategy? Major League Baseball has for years grappled with its game becoming more and more a parade of home runs and strikeouts, in which almost every team pursues the same statistical outcomes.

Certain fixes for the 3-point issue have been proposed in NBA circles, starting with the elimination of the "corner 3," the patch of court near the sidelines where the arc is shortest. But any potential change would have to be vetted carefully, said Evan Wasch, the NBA's executive vice president of basketball strategy and analytics.

Such an adjustment "may have other consequences that are actually worse for the game," Wasch said. Stationing shooters at the 3-point arc stretches the defense, making room for the drives and dunks that used to be the NBA's trademark.

That is, before one transformative player made a shot from distance into the center of the sport.



Team USA players pose for a photo ahead of the 4 Nations Face-Off.

1980—was the wrong move if they wanted to win gold next year.

"You're better off building the team that you want for your style and focusing on yourself than worrying about other teams," Guerin said.

For the U.S., that has resulted in a team with an abundance of speed. Sullivan spread zippy

sharshooters Auston Matthews and Jack Eichel across two lines

and paired them with teammates

who excel at distributing the puck.

"The USA team is going to be very fast," said Rob McClanahan, a star of the 1980 U.S. Olympic team. Guerin invited him to dine with the team earlier this week and the players left a sizable impression. In McClanahan's day, fast meant small. Not so much

anymore.

"Compared to what we were 40 years ago, they're big," he said. "If they need to mix it up a little bit and play a little more physical they can do that."

The upshot is a team that is supremely versatile. "The team can play a high tempo game and a high skill game," Guerin said. "We can play a defensive game if we have to. And I think we can play a back alley game, too."

Team USA's biggest strength is its man between the pipes: Connor Hellebuyck. The Winnipeg Jets' netminder was the top goalie in the NHL last season and currently leads the league in wins and save percentage. His understudies, Jake Oettinger and Jeremy Swayman, are arguably better than any other

goalie in the tournament.

"We feel pretty spoiled at the level that the goaltending is at in the United States," said Guerin. "You need good goaltending to win. And we have a lot of different options."

The problem is that all that talent can create something of a dilemma: There's only room for five players on the top power play unit, three on the top line, one in the net. Playing cohesively, Sullivan said, means sacrificing personal glory for the team.

"We're going to have to manage minutes and define roles for everybody so we can come together as a team," he said. "Without a doubt it's the biggest challenge."

There's not much time to do it. Team USA assembled in Montreal over the weekend and had three days of practices before Thursday's game against Finland.

"When you put together a team for such a short period of time, you're just kind of trusting what you put together," McClanahan said. "Candidly to some degree it can be a crapshoot."

With just three round robin games before next week's championship, Team USA will quickly learn whether its plan to maximize versatility was the right one. If not, winning gold in Milan might require another miracle, after all.

By LAINIE HIGGINS

**THE LAST TIME TEAM USA** won gold at an Olympic men's hockey tournament, they needed a miracle.

The setting was the medal round of the 1980 Games in Lake Placid. The opponent was the Soviet Union. And the American roster was made up of a bunch of scrappy collegians who beat the odds with a mix of grit, discipline and hard work.

Now, more than 40 years later, the U.S. has hatched a plan to end its gold medal drought at the 2026 Winter Olympics in Milan. And this time, it's relying on a very different formula.

Never mind about outworking more talented opponents. The U.S. wants to conquer the world by being better than everyone else.

"We believe that American hockey is at the point where we're as competitive as any country in the world right now," U.S. coach Mike Sullivan said this week. "If you were to ask me, 'What would the identity of the American team look like?' three words come to mind—speed, skill and will."

The Americans won't have to wait long for an opportunity to prove their mettle. On Thursday, the U.S. plays its inaugural match in the 4 Nations Face-Off, an international tournament dreamed up by the NHL to replace its All-Star

JOEL MARKUND/ZUMA PRESS

## OPINION

## The GOP's DOGE Test



POTOMAC WATCH  
By Kimberly A. Strassel

through the halls of Congress and state capitals. Republicans are thrilled by Elon Musk's Department of Government Efficiency—on camera. Yet their lustful hearts are already plotting how to ensure the efficiency god doesn't demand any change of their own souls.

Alaska Sen. Lisa Murkowski is warning the Musk operation to steer clear of her state's long and inglorious tradition of hoovering up federal taxpayer dollars via earmarks. "To have the executive basically come in and dismantle something that was legislatively created—that's outside the bounds of the executive," she said on Monday. Iowa Rep. Zach Nunn explains that the "federal bureaucracy" "headache" is in the "national capital region"—not the federal employees in Iowa, who "are frontline workers." And watch all those GOP governors race to prove their own "efficiencies" to DOGE, the better to avoid cuts in federal dollars.

What everyone knows—even if most won't say—is that the "waste, fraud and abuse" that DOGE is tackling

is gravy. The easy first targets are the woke, the indefensible. Diversity and equity contracts. International grants for LGBTQ operas or comic books. Leases for buildings with low to zero occupancy. Pricy executive "coaching" contracts.

What everyone also knows—even if most won't say—is that this isn't where the real money is. DOGE is mostly tinkering with operational (and some discretionary) spending—programs in which departments exercise choice. Yet those programs are fractions of budgets. As lawmakers never tire of hollering, only they have the power of the purse. Congress spells out how most dollars are spent—either by allocating or earmarking discretionary funds or by not acting and allowing mandatory funding to run on autopilot.

Meaning DOGE won't succeed without congressional GOP grit—a reality Republicans are studiously ignoring. An easy example: Here's betting that Mr. Musk (who has already called to "delete entire agencies") at some point takes aim at the dozens of federal programs with duplicative, overlapping or obsolete missions—the very definition of "inefficiency." And here's betting that's when the congressional whispers turn to squeals, as even some Republicans rush to explain why they really must continue funding that Rural Housing Service—never mind private lenders serve every boondock corner.

That's already happening. Far from asking DOGE what it can do to help, the usual suspects are mobilizing to protect their home-state pork from the authority DOGE does have. Republican senators are balking at the administration's decision to cap the overhead dollars attached to research grants that go to their universities. Farm-state

ferred legislative vehicle for hiding pet projects. What a cringeworthy sight it will be if a GOP Congress sends President Trump a bill stuffed with more of the embarrassing earmarks, home-state graft and wasteful allocations that DOGE is working overtime to eliminate. Mr. Trump might spare everyone the humiliation by laying out some ground rules now.

The other will be the GOP's "reconciliation" bill, in which it hopes to fund Trump priorities, extend tax reform and cut spending. There is money to be clawed back from recent legislation, including the Infrastructure Investment and Jobs Act of 2021 and the Inflation Reduction Act of 2022. Republicans are cheering the administration's halt on further allocations from the \$5 billion Biden electric-vehicle charger program, but are they willing to give up the obscene amounts flowing to their own solar companies, transit systems or chip projects? Separately, how hard will red-state governors kick back against obvious reforms to Medicaid or education grants if it means fewer federal dollars to state budgets?

If Republicans carry down this road, they risk destroying their own DOGE experiment, rendering it ineffective or the overseer of a spoils system in which bad Democratic spending dies, while bad Republican spending thrives. With more than \$35 trillion in debt, the time to be chaste would be now.

*Write to kim@wsj.com.*

**Lawmakers want to cut waste, fraud and abuse—except when it's their own pork.**

Republicans introduced legislation to shelter an international food-aid program that keeps their constituents in cash, by moving it from the now-hated U.S. Agency for International Development to the more innocuous Agriculture Department. Republicans are grumbling about Mr. Musk's attacks on the National Endowment for Democracy, which funds among other things, the International Republican Institute (whose board sports current and former GOP members).

This spending food fight is only getting started. And several test moments will soon highlight whether Republicans believe in DOGE or are simply paying lip service. One will be the fight over current government funding, which expires on March 14. Legislators are barreling—again—toward an omnibus, the pre-

amble for generations. That was already playing out before the papal letter. American Catholic bishops have been united on two public-policy priorities for decades: abortion and immigration. During the 2024 presidential campaign, the bishops of Ohio rebutted Mr. Vance's claim that Haitian immigrants were eating pets in Springfield. The bishops of Minnesota last week offered their own critique of Mr. Trump's policies. The latter was signed by Bishop Robert Barron and others, hardly political or theological liberals.

Mario Cuomo lost the theological argument to O'Connor and St. John Paul II. But he won the political argument for pro-choice Catholics, including Democrats (Joe Biden, Nancy Pelosi) and Republicans (Tom Ridge, Susan Collins) alike. Is Mr. Vance set to do the same on immigration?

Both issues aren't equally important in Catholic teaching, but Francis and the consensus of American bishops hold that the rhetoric of the Trump administration—and the consideration of all illegal immigrants as ipso facto criminals—is contrary to their human dignity. The pontiff's letter cites Pope Pius XII, who outlined the history of Catholic teaching on migration, dating to St. Ambrose, St. Augustine and the Holy Family itself. Mr. Vance's theological challenge is thus considerable, even if the politics of the moment are on his side, as they were for Cuomo in 1984.

*Father de Souza is a priest in Kemptville, Ontario.*

## The Pope vs. JD Vance on Immigration

**HOUSES OF WORSHIP** Pope Francis in 2013 made his first pontifical trip outside Rome to the tiny

Italian island of Lampedusa to "challenge our consciences" regarding "immigrants dying at sea, in boats which were vehicles of hope and became vehicles of death." Donald Trump in 2015 descended his golden escalator to announce his candidacy for president, inveighing against Mexican immigrants as drug traffickers, criminals and rapists, noting: "Some, I assume, are good people."

In February 2016, Francis said that "a person who thinks only of building walls, wherever it may be, and not of building bridges, is not Christian." Mr. Trump shot back, calling the papal comments "disgraceful." That term returned last month, when the pontiff labeled the president's designs for immigration a "disgrace."

For years they have sparred over immigration, which both have chosen as their signature issue. On Monday Francis wrote a letter to the American Catholic bishops denouncing Mr. Trump's "mass deportations." It is extremely rare for a pope to condemn a particular policy of a particular government. Principles are usually made explicit with the application left implicit.

The administration left the response to the papal letter to border czar Tom Homan. "I've got harsh words for the pope," Mr. Homan said. "I say this as a lifelong Catholic. He ought to

focus on his work and leave enforcement to us. He's got a wall around the Vatican, does he not?"

Hardly. There are no controls at the Vatican City State border. No one scales the ninth-century Leonine Walls when the arms of Bernini's colonnade surrounding St. Peter's Square are open to all. Tens of thousands of people walk in and out without presenting any documents each day. Mr. Homan knows that, but there was a rhetorical attack to be made.

Given that mass deportations aren't yet a reality—and, in any case, may not exceed the number of deportations during previous administrations—there are good reasons that the pope and president ought not take each other's bait. But the octogenarian prelate and the septuagenarian politician seem to enjoy it, sharing a fondness for inflammatory interventions.

The papal letter, however, wasn't only rhetoric. It engaged with a theological dispute, signaling an emerging role for the new vice president in contending for his view of Catholic public theology. That is significant and hasn't happened in several generations.

Pope Francis directly addressed an argument made by JD Vance, a self-confessed devout Catholic who converted in 2019. Mr. Vance justified the administration's immigration policy by appealing to the teaching of St. Thomas Aquinas

on the *ordo amoris*, the proper "ordering of loves." The vice president called it "common sense" that we love, protect and serve those closest to us—family, fellow citizens—before

those more distant. Hence, America first on immigration and other matters.

Pope Francis wrote this week that the "true *ordo amoris* that must be promoted is that which we discover by meditating constantly on the parable of the 'Good Samaritan' (cf. Lk 10:25-37), that is, by meditating on the love that builds a fraternity open to all,

**Catholics should take seriously Francis' letter on Trump's 'mass deportations.'**

without exception." Jesus told that parable in direct response to the question, "Who is my neighbor?" in relation to the commandment, "Love your neighbor as yourself."

Not since 1984 has there been as high-profile a dispute about Catholic theology in relation to American public policy. That year, Democratic vice-presidential nominee Geraldine Ferraro argued that her advocacy of legal abortion was compatible with the Catholic faith.

New York Archbishop John O'Connor vigorously corrected her. Gov. Mario Cuomo then went to the University of Notre Dame to outline the intellectual framework of the "personally opposed" but publicly pro-choice position.

Mr. Vance is likely the most intellectually sophisticated Catholic in high elected office since Cuomo, and his exchange with the church could similarly shape Catholic political en-

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## OPINION

## REVIEW &amp; OUTLOOK

## Peace Through Weakness in Ukraine?

**P**resident Trump has begun his promised effort to negotiate an end to the war in Ukraine, and the initial signs are discouraging. He's making concessions to Vladimir Putin without anything in return, and he's informing Ukraine after the fact. Does Mr. Trump want to negotiate peace with honor that will last, or peace through weakness that will reward the Kremlin?

Let's stipulate that Joe Biden left Mr. Trump a bloody mess. Early in the war the Ukrainians fought the Russians back from Kyiv, Kharkiv and Kherson and later drove Mr. Putin's Black Sea fleet into retreat. But further counteroffensives were crippled by the U.S. failure to provide adequate or timely arms. The Biden policy boiled down to giving Kyiv just enough weapons not to lose in a rout but not enough to win. And never properly explaining to Americans the stakes or a strategy.

Mr. Trump is probably also right that Mr. Putin wouldn't have invaded in 2022 if he had been U.S. President. But Presidents don't get to choose the world they inherit. The Ukraine war was likely to end with a settlement no matter who won the U.S. election in November, but the details are crucial to the security of Europe and the U.S.

\* \* \*

On that score, Mr. Trump is treating Mr. Putin and Russia unlike any other negotiating counterpart. His usual method is to make maximalist demands and negotiate down: We'll take back the Panama Canal! But here he's making major concessions first.

Most concerning is that Mr. Trump seems to be excluding Ukraine as a negotiating party, much less partner. He announced his "peace" negotiation after a phone call with Mr. Putin and informed Ukraine President Volodymyr Zelensky after the fact.

Mr. Zelensky said Thursday he won't honor an agreement that Russia and the U.S. make without Ukraine. And he has cause to fear that Mr. Trump might box him out, as Mr. Trump did the Afghan government during his first-term talks with the Taliban.

Defense Secretary Pete Hegseth said Wednesday that Ukraine couldn't join NATO and that returning to its borders before Russia's first invasion in 2014 is "unrealistic." Mr. Hegseth walked back his NATO point on Thursday, saying Mr. Trump would decide the question. But the President then said he liked Mr. Hegseth's original statement.

Mr. Hegseth tried to reassure Europe by saying "a durable peace for Ukraine must in-

clude robust security guarantees to ensure that the war will not begin again." But then he put the onus on "capable European and non-European troops," with no U.S. troops. Where those non-European troops would come from is a mystery, and perhaps a mirage.

What has kept the peace in Korea for more than 70 years is a U.S. deterrent force backing a formidable South Korean military. Would the U.S. really let Mr. Putin roll over European forces in Ukraine in the future?

If Ukraine is going to cede territory to Russia, it needs credible security guarantees so Mr. Putin or his successor can't rearm and invade again in the future. Kyiv will need a continued supply of foreign weapons and its own robust military industrial base. And if NATO is out, the U.S. could reassure by moving the bulk of its European military presence from Germany to Poland and letting American contractors help the European peacekeepers in Ukraine.

It's important to challenge Europe to spend more on its own defense and do more for Ukraine. But Mr. Hegseth's remarks strongly implied that the Trump position is that Europe may soon be on its own. The U.S. will focus on China and its own border, he said. And he proposed "a division of labor that maximizes our comparative advantages in Europe and Pacific respectively."

The risk here is that deterrence isn't divisible. Mr. Trump is wrong if he thinks letting Russia dominate Ukraine will result in less U.S. involvement in Europe or enhance deterrence in the Pacific. The U.S. will end up spending far more on defense and deploying more troops in Europe to defend Poland, the Baltic states, and NATO commitments. If he abandons Ukraine, he'll soon find that China is even more emboldened to take Taiwan.

Mr. Trump likes to negotiate from strength, but on Ukraine he sounds like the one who wants a deal more. Mr. Putin, meanwhile, is continuing to bomb Ukraine's cities and power plants and take territory in the east—albeit at enormous human cost.

If Mr. Trump wants to end the war on honorable terms, he may have to demonstrate he can raise the pressure on Mr. Putin. The U.S. can increase military support to Ukraine, remove limits on the use of weapons, and intensify pressure on Russia elsewhere around the world. Why does the Wagner Group still have a free ride in Africa?

Mr. Trump has to decide if he wants an honorable peace in Ukraine, or risk his own Afghanistan or Vietnam.

## Trump's Tariff Stress Test

**I**s President Trump trying to put markets through a stress test? It feels like it. Stocks rallied Thursday after Mr. Trump announced a temporary reprieve from the global reciprocal tariffs he threatened earlier this week. Try to catch your breath before his next blunderbuss tariff shot.

Mr. Trump earlier in the week teased plans to impose tariffs on other countries that don't match their duties on American exports with U.S. levies on the same goods. Most countries impose higher tariffs on average than the U.S., so this would mean that duties on most imports would rise, and more so for countries like India with higher trade barriers.

As trade historian Douglas Irwin explains nearby, reciprocal tariffs would amount to outsourcing U.S. tariff policy to other countries. If they impose high tariffs on U.S. goods, American consumers would be forced to pay commensurately high duties on their exports. This system would be inordinately complicated and costly to administer.

The Harmonized Tariff Schedule includes some 13,000 codes for different items, so bureaucrats would have to adjust some 2.6 million duties for imports from the world's countries. Businesses no doubt would lobby for exemp-

tions, as some are now doing for the 25% steel and aluminum tariffs that the President announced on Monday.

All of this explains why markets breathed a sigh of relief after Mr. Trump delayed the pain Thursday by directing his Commerce Secretary and U.S. Trade Representative to study how tariff rates could be adjusted to match foreign trade barriers. Commerce Secretary Howard Lutnick said he planned to complete the report by April 1. Lobbyists, ready, set, go.

Mr. Trump has expressed special pique at European tariffs on U.S. autos and India's on Harley-Davidson motorcycles. But his willy-nilly tariff threats—on one day, off the next—create business uncertainty that will hurt U.S. investment and hiring.

Ford Motor CEO Jim Farley this week warned that Mr. Trump's threatened 25% across-the-board tariffs on Mexico and Canada "would blow a hole in the U.S. industry that we've never seen." Mr. Trump's response? Tease tariffs on autos to stitch the hole. The better course is to negotiate bilateral trade deals, which is what China is doing. Mr. Trump's tariff threats encourage other countries to get closer to Beijing. U.S. businesses are huffing and puffing, but Xi Jinping is smiling.

## The King of Illinois Corruption

**M**ichael Madigan, the longest-serving state House speaker in Illinois history, was found guilty Wednesday on 10 counts of federal corruption, including bribery. The jury said not guilty on another seven counts, while deadlocking on six. This accountability is useful, but Illinois politics is proof that corruption verdicts aren't a cure-all.

Jurors convicted Mr. Madigan on allegations of scheming with the utility ComEd to create no-show jobs for his political cronies, in exchange for supporting legislation favorable to the company. Mr. Madigan was also convicted on three counts of wire fraud for working to get Chicago alderman Danny Solis a seat on a state board, in return for Mr. Solis steering clients to the Madigan family law firm.

Mr. Madigan, who served as Speaker for all but two years from 1983 to 2021, was known as "The Velvet Hammer," the "Sphinx," and the "King of Illinois." He is a protégé of Richard J. Daley Sr., the legendary Chicago mayor and political boss. While Mr. Madigan was in charge, everyone knew which ring to kiss.

On his watch the Illinois government became a one-party Democratic fiefdom and a fiscal disaster. Mr. Madigan worked the political levers

to gerrymander state legislative and congressional districts to lock in Democratic control. Illinois has 17 districts for the U.S. House, all but three of which are occupied by Democrats. In Springfield, the state capital, Democrats have supermajority control of the Legislature.

When Mr. Madigan became Speaker, Illinois had a AAA credit rating. Democrats consolidated power via an alliance with government unions, which deliver votes and then are paid off with fat wages and benefits. But because voters dislike tax hikes, Mr. Madigan underfunded those pensions. According to the Illinois Policy Institute, the state now has the worst credit rating in the country.

Mr. Madigan's attorneys argued at trial that his actions weren't done with corrupt intent, and maybe they'll take that up on appeal. Given the mixed verdict, prosecutors might have overreached by piling on so many counts. In any case, if such convictions could solve Illinois's problems, they already would have: Four of the state's last 10 governors went to prison, including Rod Blagojevich, who received a pardon this week from President Trump. Will Mr. Madigan be the next Democratic felon to start singing Mr. Trump's praises?

A jury finds ex-Speaker Mike Madigan guilty, including of bribery.

## LETTERS TO THE EDITOR

## The 'First Amendment' Dodge at UC Berkeley

In "Mr. Trump, Investigate My Campus" (op-ed, Feb. 3) Prof. Steven Davidoff Solomon calls for an investigation of incidents of antisemitism at the University of California, Berkeley. Chancellor Rich Lyons suggests that such an investigation isn't needed, citing the First Amendment ("No Need to Investigate My Campus," Letters, Feb. 6).

But the issues at UC Berkeley and elsewhere extend beyond the scope of First Amendment protections. Many incidents of vitriol, incitement to violence and antisemitism on American campuses in the aftermath of Hamas's Oct. 7, 2023, massacre can be linked to American Muslims for Palestine and Students for Justice in Palestine, a campus group that receives funding and training from AMP.

As I shared in November 2023 testimony before the House Ways and Means Committee, both groups were aided by people who were, at a minimum, ideologically aligned with nonprofits that were shut down by federal authorities or sued in civil court for funding or providing mate-

rial support to Hamas.

UC Berkeley lecturer Hatem Bazian helped give life to both groups. Mr. Bazian lectures for its Department of Ethnic Studies, established an Islamophobia research center on campus and founded Bears for Palestine.

AMP and SJP are admittedly only part of the problem. Berkeley and many other universities have received funding from foreign countries that seek to promote their agendas. For reasons that have never been entirely clear, the autocratic and terror-funding Qatari regime has invested billions in U.S. universities over the past 10 years. More stringent measures, such as the bipartisan, bicameral Deterrent Act, would help shine a light of accountability on these donations.

Though some universities have already instituted reforms, the problems seen on American campuses since Oct. 7 persist. It's time for Congress, and the Trump administration, to let the investigations begin.

JONATHAN SCHANZER  
Foundation for Defense of Democracies  
Washington

## A Simple Fix for Electric-Vehicle Sanctimony

Kimberley Strassel's column "Donald Trump's Energy Evangelist" (Potomac Watch, Feb. 7) makes a valid point about electric-vehicle production requiring nearly twice the amount of energy needed to produce an internal combustion engine. The hydrocarbons involved in producing electric vehicles and generating the electricity to power them have a large and largely concealed emissions footprint.

I have no gripe with electric vehicles or hybrids, but I do object to "greenwashing," or intentionally obscuring the negative environmental consequences of such vehicles or other favored technologies that supposedly enable our green future. I say let there be light. One way of educating

the public on the environmental costs of electric vehicles would be for the Energy Department to require the equivalent of the yellow EnergyGuide stickers on new appliances to be stuck on the driver's window of new EVs and hybrids in dealers' lots.

These stickers would show the estimated amount of hydrocarbons used to produce the vehicles compared with their gas-powered cousins, along with the amount of hydrocarbon-generated electricity required to power them for, say, 10,000 miles.

I don't know if this would affect the vehicles' sales, but I'm sure it would reduce much of the self-righteousness of their drivers.

EDWARD GRIMES  
Lexington, Va.

## The Classroom 'Facilitator' Will See You Now

Regarding Mike Kerrigan's op-ed "There's No Suspense Left in Snow Days" (Feb. 8): I regret that such pleasant occasions—and lovely memories from my youth—are now in short supply. Snow days have become digital-learning days, on which well-meaning classroom "facilitators" are to continue the learning process and avoid extra June days to meet the state's minimum-attendance law. As to how much learning is taking place, check the results of Zoom education during the pandemic lockdowns.

FRANK BUNTON  
Suwanee, Ga.

Mr. Kerrigan, an '80s child, laments that his son learns of snow days hours before bedtime. He once had to wait for the 11 o'clock news and was forced to play Russian roulette with his homework.

Those who grew up in the '50s and '60s knew no such luxury. All homework had to be done—even studying loathsome quadratic equations—while the blizzards raged during the night. Only early the next morning did the welcome news come, or not, over the radio. I remember sitting with bated breath before our white Bakelite AM receiver while drowsing voices announced, "St. Joseph Star of the Sea is closed; Ye-

shiva of Flatbush is closed; Riverdale Country School is closed," and on and on before what came last of all: "All New York City public schools are closed." Then there was cheering in Staten Island.

SYLVIA WEISER WENDEL  
Valencia, Calif.

Mr. Kerrigan's piece reminded me of an incident in college, eons ago. A major snowstorm threatened the day before the start of Christmas vacation. All the students in my dorm, with the connivance of our hall deans, decamped the night before the storm. Massive class-cutting ensued.

During the night at home, I awoke to the sound of pouring rain. No blizzard. General embarrassment. This was the worst for the classmate who had to sit at Christmas dinner with her aunt, president of the college.

JANE FARRELL-BECK  
Ames, Iowa

## A Better Use for \$40 Billion

Your Feb. 5 editorial "Hurricane Musk and the USAID Panic" details the woke and inadvertently terror-supporting projects of the United States Agency for International Development.

Yet you might have noted the opportunity cost. The latest Arleigh Burke-class destroyers cost \$2.5 billion each. You report that USAID managed \$40 billion in 2023, enough to buy 16 more destroyers. Considering that the USS Arleigh Burke, the oldest ship in the class, is now 35 years old, if the USAID budget-to-destroyer price ratio has held constant, then 35 years of USAID has cost us 560 destroyers.

Might I venture to assert that the hard power of having several times as many destroyers in the U.S. Navy would outweigh the soft power of USAID?

STEPHEN HOUGHTON  
New York

## Nazism and Radical Islam Sleep Under the Same Roof

Regarding Tunku Varadarajan's powerful op-ed "This Is the House That Höss Built" (Feb. 5): I can't recall any other mainstream writer pointing out the fundamental similarity between the Nazi and radical Islamic ideology so explicitly. I'll add to Mr. Varadarajan's observation by noting the left's cynicism in equating genuine, virulent antisemitism with a fictitious "Islamophobia." This equivalence is no less repugnant than equating antisemitism with "Naziphobia."

ROBERT L. MARSHALL  
Newton, Mass.

## Judith Jones Spotted a Gem

In "Two Forgotten Heroes in the Life of Anne Frank's Diary" (Letters, Feb. 7), readers note how Meyer Levin and Miep Gies helped give prominence to Frank's writing. Allow me to add one more: Credit ought to be given to Judith Jones, an editor at Doubleday, who rescued Frank's diary from the reject pile and urged its publication.

ANN RENNE  
Prairie Village, Kan.

Letters intended for publication should be emailed to [wsltrs@wsj.com](mailto:wsltrs@wsj.com). Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

## Pepper ... And Salt

THE WALL STREET JOURNAL



"It's a divorce, Steven.  
Stop calling it a paradigm shift."

## OPINION

# 'Reciprocal' Tariffs Make No Sense

By Douglas A. Irwin

**A**t an Oval Office press conference Thursday, President Trump confirmed that he's going ahead with his reciprocal tariff plan. The U.S., he said, will impose the same tariffs on other countries as they impose on the U.S.: "No more, no less." That sounds fair—we treat them the way they treat us—but it's actually a terrible idea.

It amounts to outsourcing U.S. tariff policy to other countries. They would dictate what our tariffs would be. If other countries put high tariffs on American goods, then we would impose high tariffs on their goods. So much for American sovereignty. So much for deciding what's in our own national interest. The British economist Joan Robinson once said that a country shouldn't throw rocks into its own harbors just because other countries have rocky coasts. The same principle applies here: The U.S. shouldn't have stupid tariff policies just because other countries have stupid tariff policies.

A reciprocal policy would enormously complicate the U.S. tariff system. The Harmonized Tariff Schedule of the U.S., which details

individual rates on particular commodities, has about 13,000 line items. The U.S. trades with roughly 200 countries. Is Washington ready to impose and manage 2.6 million individual tariff rates? The lobbying pressures for exemptions and exceptions on the U.S. side would be enormous. This would fill the swamp, not drain it. Foreign exporters would go to great lengths either to get their products under a lower tariff classification or to tranship them to another country to reduce the duty they would face.

Reciprocal tariff systems lead to nonsensical policies. Consider: China exports rare-earth minerals that are essential for the production of many high-technology goods. The U.S. doesn't export such goods to China. But if China were nonetheless to impose high tariffs on them, would the U.S. then be required to impose real prohibitive duties on mineral imports from China?

It also isn't clear if reciprocal really means reciprocal. Some U.S. industries are heavily protected from foreign competition. Will the U.S. match tariff rates on products from countries with lower tariffs on U.S. goods? If New Zealand doesn't impose any import duties

on dairy products, will the U.S. allow all New Zealand dairy into the U.S. duty-free? If Brazil does the same for U.S. sugar exports, will the U.S. reciprocate? Someone should ask Wisconsin dairy farmers or Florida sugar barons if they are ready to face open competition.

## How is it in America's national interest to let other countries decide what duties we pay?

Behind the superficial appeal of reciprocal tariffs are two major fallacies. The first is that other countries are taking advantage of us in trade, and we know this because we have a trade deficit. But macroeconomic factors, such as the balance between domestic savings and investment and the flow of capital between countries, determine the trade balance—not tariffs. The U.S.-Mexico-Canada agreement, the Trump-negotiated successor agreement to Nafta, ensures that U.S. goods have duty-free access to Mexico and Canada, as we also provide them. That's equal

treatment, or pure reciprocity, but it doesn't guarantee balanced trade. The U.S. runs trade surpluses with Australia, Brazil, the Netherlands, the U.K., Singapore and most of Central and South America. Is the U.S. exploiting those countries? Does our trade surplus justify their putting tariffs on our goods?

Another fallacy is that other countries' value-added taxes constitute discrimination against the U.S. Most European countries tax imported goods because they also levy taxes on domestic producers. In the end, VATs are taxes on consumption and don't discriminate against imports. Even Adam Smith, a champion of free trade, accepted the idea that tariffs designed to equalize the tax treatment of domestic and foreign goods are legitimate because they level the playing field.

Reciprocal tariffs don't make sense even using the mercantilist logic that pervades the Trump administration. A prolonged bout of inflation has made the American public sensitive about prices. The U.S. shouldn't be imposing tariffs that will raise the cost of living for American consumers on all manner of goods and justify it on the illusory basis of fairness and reciprocity. If

we truly want reciprocity—meaning zero tariffs on both sides—then the answer is to conclude free-trade agreements with willing partners. The U.S. could and should be negotiating such trade agreements with the European Union, Japan and other trading partners and allies. But the Trump administration is obsessed with mercantilism and trade balances.

Even worse, by threatening Canada, Mexico and Colombia (with which we have free-trade agreements) with stiff tariffs over non-trade issues, the Trump administration has undermined the value of such agreements. If they no longer constrain U.S. policy, they're no longer credible.

The Trump administration thinks it's using tariffs to beat up other countries. In reality, U.S. businesses and consumers will take the hit. Even Mr. Trump's hero William McKinley said, "Commercial wars are unprofitable." Sadly, it's advice that the administration seems likely to ignore.

*Mr. Irwin is an economics professor at Dartmouth College and author of "Clashing Over Commerce: A History of U.S. Trade Policy."*

## Trump's EEOC and NLRB Firings Will Likely Prevail in Court

By Erin Hawley

**D**uring his second week in office, President Trump fired two Democratic appointees on the Equal Employment Opportunity Commission and a member of the National Labor Relations Board. These dismissals defy statutes that prohibit the president from firing appointed officials from independent agencies or severely limit his authority to do so, and the former NLRB member has already filed suit. That sets up a Supreme Court battle that Mr. Trump is likely to win.

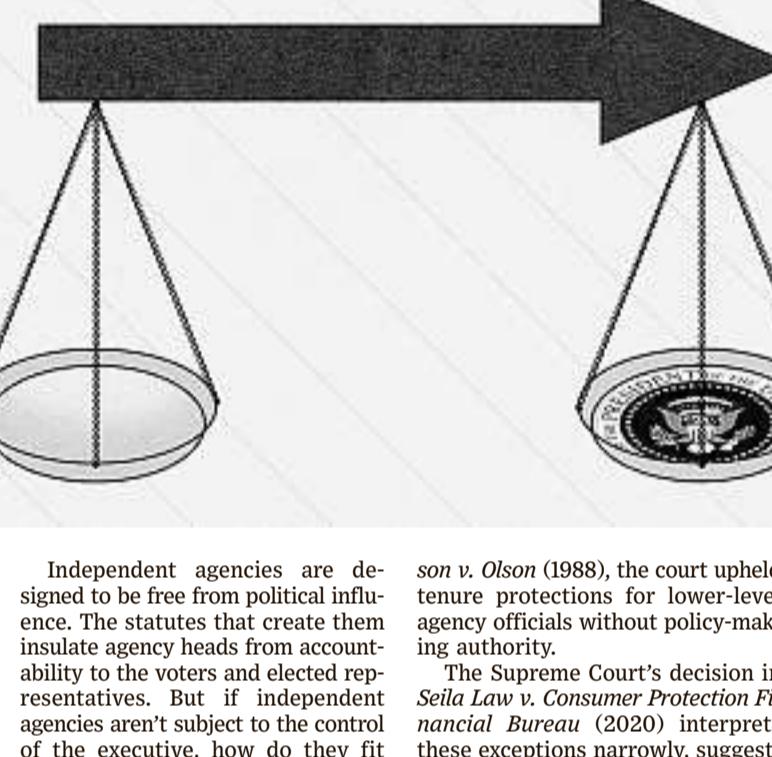
### The justices' precedents imply that he has the power to dismiss officials of 'independent' agencies.

During the Biden administration, the EEOC made a series of controversial policy decisions like requiring employers to allow men access to women's bathrooms and locker rooms. Mr. Trump has since committed to protect women from gender ideology and required agencies to designate intimate spaces by sex. Yet under the EEOC's authorizing statute, the commission may ignore the president's policy directives, and the president can't replace a commissioner until his term expires. Similarly, the NLRB's authorizing statute allows removal only for cause.

The Supreme Court has signaled that the inability of a president to

direct independent executive agencies is on thin constitutional ice. The framers divided the powers of the federal government into three branches: executive, legislative and judicial. Administrative agencies don't fit comfortably within this constitutional design. They often exercise powers granted to all three branches: They enact, interpret and enforce rules with the force of law. Though they're thought to be housed within the executive branch, some of these "independent" agencies can exercise executive power outside the control of the president—like keeping in place the EEOC's gender-identity mandate.

This creates significant tension with Article II of the Constitution, which provides that "the executive Power"—all of it—"shall be vested" with the president, who "shall take Care that the Laws be faithfully executed." As George Washington put it, lesser executive officers "will assist the supreme Magistrate in discharging the duties of his public trust." But the buck has to stop with the president. As the Supreme Court held in *Myers v. U.S.* (1926), the president has the "exclusive power" of removing his appointed executive officers. Without such authority, Chief Justice William Howard Taft wrote, the president wouldn't be able to ensure that the laws are faithfully executed. Neither the president nor administrative agencies could be held accountable.



time." After all, what other kind of power could an executive-branch agency exercise?

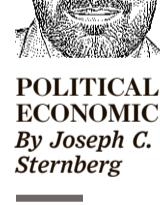
The EEOC and NLRB exercise significant executive authority, and *Myers* reminds us that the president's ability to remove head agency officials "is essential to the execution of the laws." Yet these agencies are insulated from political accountability. That they are headed by multiple members doesn't alleviate this constitutional problem.

As the Supreme Court observed in *Free Enterprise Fund v. Public Company Accounting Oversight Board*, (2010), "Since 1789, the Constitution has been understood to empower the President to keep these officers accountable—by removing them from office, if necessary." That applies whether an agency is headed by one person or several.

The president's power to supervise the executive branch depends on his ability to remove officials who don't follow his policy directives. Otherwise, control of an agency may slip from the executive and thus from the people. That's why Mr. Trump will likely prevail on his claim that the Constitution grants him the ability to say, even to commissioners of independent agencies, "You're fired."

*Ms. Hawley is senior counsel for Alliance Defending Freedom and an associate professor of law at Regent University.*

## Germany's Election Dodges Its Climate Debacle



### POLITICAL ECONOMICS By Joseph C. Sternberg

Berlin Europe's largest economy holds an election in a little more than a week. The country is in the middle of an economic omni-crisis, and the most acute pain for households and businesses alike

concerns energy. You'd think, therefore, that energy would be front and center in the election campaign. You'd be mostly wrong, because, well, this is modern Germany.

German households and businesses pay among the highest energy prices in the world. The average German household paid 39.5 euro cents per kilowatt-hour of electricity in 2024, compared with 32.1 in Britain, 27.8 in France and 14.9 in the U.S. Midsize industrial users pay 24.8 euro cents per kilowatt hour, better than Britain's 46.4 but much worse than France's 16.7 or America's 7.4. (A euro cent is worth slightly more than a U.S. cent.)

Blame a green-energy transition that's been under way for some 20 years. Germany has steadily removed affordable mainstays such as coal from its power mix, while also phasing out dependable nuclear power. Russia's 2022 invasion of Ukraine heightened the contradictions of the energy transformation. The economy had come to rely on cheap Russian natural gas to offset all Germany's other energy expenses. With that stopgap no longer available to the same degree, nothing shields the German economy from Berlin's energy mistakes. Result: two years of recession and accelerating deindustrialization.

A startling aspect of the election campaign is mainstream politicians' resistance to offering any solutions. For the governing parties, Chancellor Olaf Scholz's Social Democrats and his coalition partner the Greens, this is understandable. No politician likes to run against his own record. Instead, Green leader Robert Habeck, the minister for economy and climate change, argues the green transition hasn't been aggressive

enough, and promises heftier taxpayer subsidies for an even faster renewable build-out. Mr. Scholz blames the Russian war against Ukraine, which is partly true and mostly irrelevant.

The bigger disappointment is on the right. The small Free Democrats triggered this election when leader Christian Lindner, then the finance minister in a coalition with Messrs. Scholz and Habeck, published a paper arguing that Germany's climate policies are nuts. He posited that Berlin needs a wholesale reappraisal of the (big) costs and (overstated) benefits of a green transition. Yet since then, Mr. Lindner has campaigned primarily on pledges to rein in excessive bureaucracy and preserve the constitution's balanced-budget amendment.

That leaves the Christian Democratic Union, led by Friedrich Merz, who's in pole position to become the next chancellor. Mr. Merz probably understands Germany's energy problem, and perhaps if left to his own devices would solve it in the obvious way: pulling back from renewables

and doubling down on cleaner fossil fuels such as natural gas (imported from sources other than Russia) and nuclear.

His party, however, isn't there. The energy transition was launched by former CDU Chancellor Angela Merkel, and she started the country's exit from nuclear power in

### The mainstream parties tiptoe around the green fiasco that is devastating the country's economy.

2011. As is typical for European center-right parties, the CDU still houses a greenish wing that really, truly believes in the climate agenda.

This explains why the CDU's promises on energy policy are such a mishmash. The party pledges to lower the hated network surcharge—currently around 30% of household electricity bills, according to energy-industry lobby BDEW—

meant to pay for the enormous cost of building a grid suitable for renewables. How this promise will be funded is a mystery. Unless Germany scales back its renewable ambitions, grid upgrades will have to be paid for in some way. The federal government already spends billions of euros each year offsetting this charge for large industrial users and is brushing up against the balanced-budget amendment.

As for nuclear, the CDU's platform proposes adopting small modular reactors as an alternative to the large plants taken offline over the past decade. Or rather, the party suggests considering that option. The hedging represents deep ambivalence about nuclear power within the party, and indeed within German society.

Which is the problem. Germany's parties can't admit the depth of the energy disaster because the voters haven't recognized it themselves. Hence the country is enduring an election campaign about who can better administer a green transition, not whether there ought to be one.

Left mostly unasked is whether renewables can power an advanced industrial economy, or whether it even matters to the global climate whether a country of Germany's modest size decarbonizes.

The exception is the Alternative for Germany (AfD) on the far right, which argues forcefully against a forced march into a green-energy future and currently polls around 20%. This party has achieved that level of support despite worrying fascist tendencies because it's been a consistent skeptic of an open immigration policy voters once accepted but now dislike. A dispiriting conclusion from this year's election campaign is that mainstream parties are handing AfD a similar opportunity on energy and the economy as politicians' squeamishness about frank climate talk persists.

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## Notable & Quotable: Condoms

*From President Trump and Elon Musk's Oval Office press conference, Feb. 11:*

Q: Mr. Musk, you said on X that an example of the fraud that you have cited was \$50 million of condoms were sent to Gaza. But after fact-check this, it apparently Gaza [province] in Mozambique, and the program was to protect them against HIV. So can you correct the statements? It wasn't sent to Hamas, actually. It was sent to Mozambique, which makes sense why condoms were sent there. And how can we make sure that all the statements that you said were correct so

we can trust what you say?

Musk: Well, first of all, some of the things that I say will be incorrect and should be corrected. Nobody's going to bat 1,000. We will make mistakes, but we'll act quickly to correct any mistakes. I'm not sure we should be sending \$50 million worth of condoms to anywhere, frankly. I'm not sure that's something Americans would be really excited about. That is really an enormous number of condoms, if you think about it. But if it went to Mozambique instead of Gaza, I'm like, OK, that's not as bad, but still, why are we doing that?

## WORLD NEWS

# Ramming in Munich Injures at Least 30

Car runs into crowd in suspected attack, 10 days before German election

By GEORGI KANTCHEV

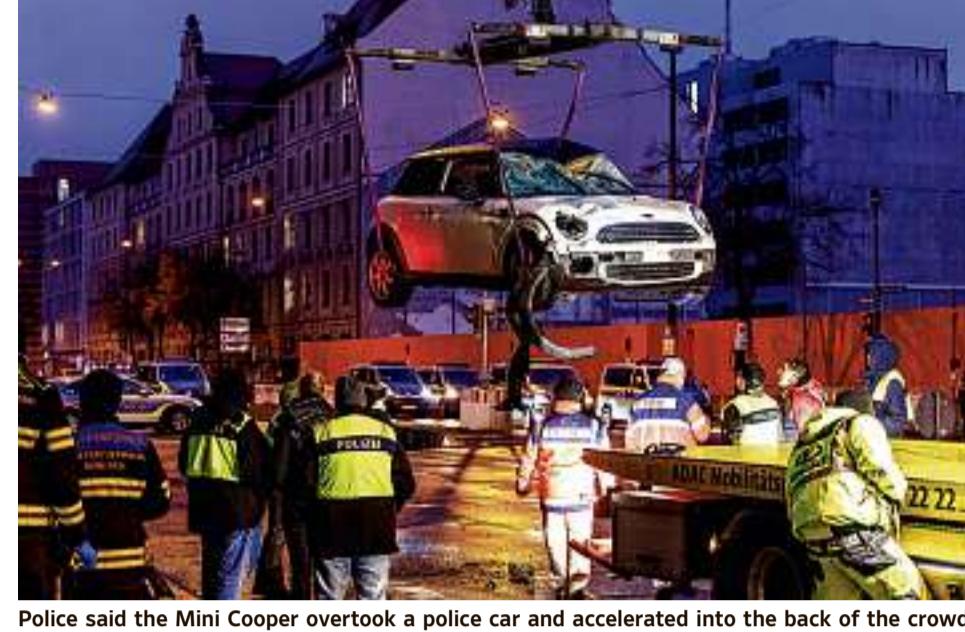
German police detained an Afghan refugee after a car slammed into a crowd in Munich, injuring at least 30 people in what authorities said was a suspected attack.

It took place as world leaders including Vice President JD Vance and Ukrainian President Volodymyr Zelensky converged for this weekend's Munich Security Conference.

Thursday's suspected attack is likely to feed a debate around immigration and crime that has dominated the campaign for the Feb. 23 election to decide the shape of Germany's next government.

Police said the car, a Mini Cooper, overtook a police car and accelerated into the back of the crowd, gathered for a rally connected to a union.

Police said they fired a shot



Police said the Mini Cooper overtook a police car and accelerated into the back of the crowd.

at the vehicle and detained the suspect, a 24-year-old Afghan citizen with a German residence permit. Police said the suspect had worked in store security and was known to authorities from investigations in which he was a witness.

Emergency services said some of the injured were in life-threatening condition and that children were among those hurt. Bavarian Premier Markus Söder called the incident a "suspected attack."

"It is just terrible, we feel

with the victims, we pray about the victims," Söder said.

The scene is around a mile from the site of the security conference, which will host around 60 heads of state and government and some 150 ministers from around the

world. Authorities don't believe there is a connection.

The suspected attack comes less than a month after German police detained an Afghan man in the deadly stabbing of two people, including a 2-year-old. That followed a December attack in which a car rammed into a Christmas market in Magdeburg, killing six people and injuring almost 300. The suspect in that attack, a 50-year-old doctor and Saudi national, is an outspoken critic of Islam and admirer of the far-right party Alternative for Germany, or AfD.

The attacks—coming after other episodes of violence by migrants in recent months—have dominated the electoral campaign. The Christian Democratic Union, a center-right party that leads in all polls, has proposed stricter immigration measures. It has promised to expedite the deportation of noncitizen criminals and prevent nearly all undocumented migrants from entering Germany via its land borders.

AfD, second in the polls, has been more forceful in its language and champions policies such as "remigration." Rooted in far-right ideology, the term has historically referred to the large-scale expulsion of migrants, even naturalized citizens—something the AfD has said it isn't contemplating. The party has been the main beneficiary of the immigration debate. Most polls put its support at around 20%, about 10 points behind the CDU.

Friedrich Merz, the CDU's leader and likely next chancellor, said safety will be the party's priority. "Everyone must feel safe in our country again," he said. "Something must change in Germany."

Chancellor Olaf Scholz of the Social Democratic Party said the suspect has to be tried and deported. He cannot hope for "any kind of leniency," Scholz said.

## Watch a Video

Scan this code for a video on the suspected attack in Munich.

# Germany's Likely Next Leader Warns Musk to Butt Out

By BERTRAND BENOIT

NEUBRANDENBURG, Germany—The man likely to become Germany's next leader warned that Elon Musk would face consequences for boosting the far-right Alternative for Germany, or AfD, through his X social-media platform.

"What happened in this election campaign cannot go unchallenged," Friedrich Merz, the front-runner in the Feb. 23 election, told The Wall Street Journal, referring to what he sees as Musk's interference in Germany's election.

On X, Musk has repeatedly called for Germans to vote for the AfD in the general election, saying that it could save the country. He held a free-wheeling conversation with AfD candidate Alice Weidel on the platform and later addressed a campaign rally.

"It can be a political response. It can be a legal response. I want to analyze this calmly after this election campaign," said Merz, the leader of the center-right Christian Democratic Union.

His warning, delivered

calmly but sternly in clipped, concise answers, marked a departure from the softer language that has dominated German politics.

Asked whether the consequences facing Musk could affect Tesla, whose only European Gigafactory is in Germany, Merz said, "I am deliberately leaving the consequences open for now."

Merz has been an outspoken critic of the AfD and said he would never form a coalition with the party. But he recently came under fire for putting before parliament an anti-immigration motion that passed only because of AfD votes.

Opponents accused him of breaching a firewall that has kept the AfD ostracized by other parties since its creation in 2013.

Since the parliamentary votes, protests have erupted against the CDU, forcing the Federal Criminal Police Office, the equivalent of the FBI, to beef up Merz's security detail.

The issues of immigration and crime have dominated the campaign. The interview was conducted before an apparent attack in Munich on Thursday in which a car slammed into a

crowd; an Afghan refugee was detained by police.

Most polls give the AfD just over 20% of the votes, around 10 points behind Merz's CDU. Few pollsters think the AfD can win, but a stronger-than-expected showing might make it difficult for Merz to form a coalition with a stable majority in parliament.

Merz said the boost Musk had given the AfD went far beyond the backing European politicians often give political allies across borders.

"It is election campaign support. Whether it also represents an economic saving or contribution to the AfD, so to speak, needs to be investigated," said Merz. "The fact that someone from outside Europe intervenes in a national election campaign in this way is new," he said.

He declined to say whether he would address the issue when he meets U.S. Vice President JD Vance at the Munich Security Conference this week.

"I'm looking forward to meeting him," said Merz. "I read his book five or six years ago. I didn't expect that I



Front-runner Friedrich Merz says Elon Musk's efforts on behalf of the far-right AfD party 'cannot go unchallenged.'

would one day meet this author in his role as vice president of the U.S."

Merz likes to call himself trans-Atlanticist. A fluent English speaker, he has chaired Atlantic Bridge, a nonprofit organization that promotes German-American friendship.

Trump has tested the trans-Atlantic alliance by saying he would impose import duties on European goods. Europe, said Merz, had "no interest in a trade conflict. On the con-

trary, we think trade benefits everyone and tariffs damage everyone...But if he wants this conflict, then we will have to give the right answer."

Merz hinted that large U.S. tech companies might be targeted in a European response.

"We aren't only closely connected with the U.S. in terms of trade in goods but also in services. And on the services side, the Americans have a large surplus," he said. "So the scope for negotiations

is much, much larger than what we currently see."

Trump has also called on Europe to shoulder the lion's share of propping up Ukraine in its war with Russia. Pete Hegseth, Trump's secretary of defense, said this week European troops would have to police a future cease-fire without U.S. support or protection.

Merz said it was up to the outgoing German government, not the leader of the opposition, to respond but stressed that, unlike French President Emmanuel Macron, he is skeptical about deploying German troops to Ukraine.

In a nod to the Ukraine fatigue among German voters, he said, "I am very cautious in this regard." He also quashed any notion that Europe could welcome some of the two million Palestinians in Gaza who Trump has said should leave the enclave and be resettled so the U.S. can take it over.

"We have had such massive problems in Germany with refugees and asylum seekers in the last few years," Merz said. "I can't see how we could take in more."

# Unicef Says Armed Men Raped Children in Congo

By NICHOLAS BARIYO

KAMPALA, Uganda—The United Nations' children's agency has accused armed men in eastern Congo of raping hundreds of women and children during a single week of fighting as Rwandan-backed rebels cemented control over the city of Goma, a vital humanitarian hub they seized from government forces in January.

The number of rape cases treated in scores of hospitals across the city jumped fivefold during the final week of January, when the M23 rebels first entered Goma and forced government troops into a chaotic retreat, said Catherine Russell, executive director of Unicef.

**The surge in sexual assaults piles more pressure on aid workers.**

admitted at 10 hospitals around Goma.

A spokesman for the M23, which is currently in control of Goma, said its fighters hadn't participated in any rapes. A Congolese government spokesman couldn't be reached for comment.

The surge in sexual assaults piles more pressure on aid workers struggling to respond to the spiraling humanitarian crisis. They have been hampered further by constrained budgets following the Trump administration's order to freeze foreign aid, despite waivers and exemptions.

"Health workers are risking their lives to address the rise in injuries, deaths, displacements and cases of sexual violence," said Payal Shah, a director at New York-based advocacy group Physicians for Human Rights.

"Now they must do so without the vital support of foreign aid from the United States."

The resurgence of the long-simmering conflict has killed thousands of people and displaced more than one million others in Eastern Congo over the past two years, the U.N. said.

There are growing fears the conflict may spill into the wider region, as it did in the 1990s, when troops from at least six nations entered Congo to back rival rebel factions, resulting in the mass plunder of the country's resources and the deaths of more than five million people from war, famine and disease.

The World Health Organization said it has documented some 42 cases of rape among refugees, including 21 cases of gang rape whose victims were



COMMANDMENT PERFORMANCE: Ultra-Orthodox Jews prayed during a redemption ceremony in Jerusalem on Thursday.

## UNITED KINGDOM Economy Ended '24 On a Down Note

The U.K. economy grew only slightly at the end of last year as the country braces for the impact of higher U.S. tariffs on global demand for its exports.

Gross domestic product rose 0.1% between October and December from the previous three-month period, or 0.4% on an annualized basis, the U.K. statistics authority said on Thursday. That was a little better than expectations for a flat level of output set out by economists in a poll compiled by The Wall Street Journal.

Still, Britain's economy grew just 0.9% in 2024 as a whole, compared with 2.8% in the U.S.

—Joshua Kirby

## TAIWAN Blast at Food Court Leaves Four Dead

A gas explosion at a department store in Taiwan on Thursday killed four people and injured 26, fire authorities said.

The blast occurred at the food court on the 12th floor of the Shin Kong Mitsukoshi department store in Taichung city, the Taichung Fire Bureau said. The higher floors of the upscale department store were blown out, raining debris on pedestrians below.

Part of the store was under renovation, but it isn't clear if the work was connected to the explosion, Taichung Vice Mayor Cheng Chao-hsin told reporters at the scene.

—Associated Press

## BELGIUM Budget Cuts Spark Massive Protests

Close to 100,000 protesters thronged Brussels while airports and public transport were largely paralyzed as trade unions demonstrated against the new center-right government's plans to cut pensions and public-service workers.

The three main unions on Thursday confronted the new government of Prime Minister Bart De Wever, whose plan to cut massive government debt includes measures that weigh heavy on the working classes.

Belgium has debt totaling just over 100% of gross domestic product, putting it among the worst in the 27-nation European Union.

—Associated Press

## CHINA Capacity Extended For Coal Plants

China's power industry began construction on nearly 100 gigawatts of new coal-plant capacity last year, the most in nearly a decade, a report from two clean-energy groups said on Thursday.

The development raises concerns about the ability of the world's largest CO<sub>2</sub> emitter to meet its climate goals and threatens to undercut China's massive expansion in solar and wind power, said the report, part of a review of China's coal projects done every six months by the Europe-based Center for Research on Energy and Clean Air and the U.S.-based Global Energy Monitor.

—Associated Press

# BUSINESS & FINANCE

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## SpaceX's Last Launch Looms Over Its Next

Starship explosion last month raises concerns about risk to planes from debris

By MICAH MAIDENBERG AND ANDREW TANGEL

SpaceX is planning its next Starship test flight, weeks after the last one involved an explosion that rained rocket parts across the Caribbean and disrupted air traffic.

The Elon Musk-led company said in a recent government filing that the earliest it could conduct another test flight for Starship is Feb. 24. Right now, SpaceX isn't permitted to fly the huge vehicle until it completes an investigation into the incident and receives regulatory clearance for another flight.

Aviation-safety officials have weighed potential changes to future launches to avoid a similar disruption to air travel or worse, according to people involved in the discussions.

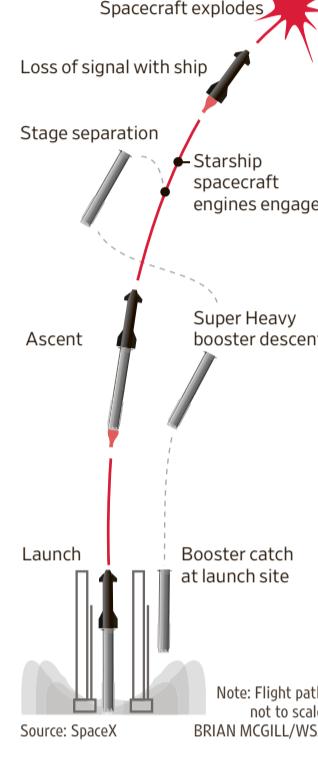
The explosion is expected to be discussed this month by a Federal Aviation Administration safety panel that will review procedures for keeping aircraft safe if there is debris generated by space mishaps. The panel was scheduled before the SpaceX explosion, the agency said.

SpaceX has said that it would "implement corrective actions to make improvements on future Starship flight tests."

The explosion minutes into the Jan. 16 test flight alarmed air-safety officials who worried that falling debris could cause a catastrophic aviation accident. It also alarmed residents of Turks and Caicos, who have been cleaning up detritus from

### SpaceX's Starship explosion

The vehicle's spacecraft came apart shortly after it separated from the booster that propelled it into space.



Source: SpaceX Note: Flight path not to scale BRIAN MCGILL/WSJ

the vehicle.

Lori Kaine said she often finds seashells and pieces of coral while walking the beaches of the island territory.

Since the explosion, she has been collecting pieces of the spacecraft, including lightweight heat-shield tiles and what appeared to be burned rubber.

"I was very upset when I saw all the debris," said Kaine, who is worried about potential health effects from the material. "I want to know what the next steps are with regulatory bodies."

Starship is designed to en-

able deep-space missions, including Musk's dream of sending humans to Mars. The company describes the rocket, roughly 400 feet tall when stacked up, as the most powerful in history. It began testing it in flight in 2023.

SpaceX has a reputation for taking big risks, accepting crashes as a possibility from testing new rockets and spacecraft. Current and former executives have said that failures allow the company to gather data, learn quickly and improve.

The explosion last month renewed tensions between the airline industry and SpaceX, which aims to increase how often it conducts Starship launches.

Video of the explosion from airline passengers and pilots circulated online, showing parts of the spacecraft burning up in the atmosphere. But some debris fell across regularly trafficked airspace, prompting the FAA to impose a temporary no-fly zone.

The mishap delayed the departure of more than 240 flights, with 75 facing delays of at least one hour, the FAA said. A dozen flights in the air at the time of the explosions had to hold positions for an average of 41 minutes.

No planes were hit and no explosion-related injuries have been reported, according to the FAA. The agency confirmed one report of minor damage to a vehicle on the ground in Turks and Caicos.

"SpaceX put people in danger yesterday, and their for-profit corporation should reimburse every other for-profit corporation that had to divert, change course or delay because of their operations in the na-

Please return to page B4



Parts of the exploded spacecraft burning up in the atmosphere. Below, debris collected from the beach in Turks and Caicos.



FROM TOP: MARCUS LAWRENCE/MARCOBIA/WIREIMAGE; BRIAN MCGILL/WSJ

## Publishers Sue AI Startup Over Content Use

By ALEXANDRA BRUELL

**The Atlantic**, **Politico**, Vox and other major publishers are suing AI startup **Cohere** for copyright and trademark infringement, escalating the news industry's legal battle over the technology.

The publishers are accusing the Canadian company, which they say is valued at over \$5 billion, of improperly using at least 4,000 copyrighted works to train its large language model and of displaying large portions of or entire articles for users while bypassing visits to the publishers' websites. In some cases, according to the suit, Cohere is also infringing on publishers' trademarks by delivering "halluci-

nated" material—with information that wasn't actually published by the outlet—under a publisher's name.

"Our content is being stored and used to create verbatim and substitutional copies of our material," said Danielle Coffey, chief executive officer of the News/Media Alliance, which organized the lawsuit on behalf of its members. "That's theft."

The lawsuit, filed Thursday in the Southern District of New York, piles onto existing tensions between publishers and the AI companies that use news and other content to advance their technology.

Publishers say the AI-powered chatbots that provide comprehensive answers to

user queries threaten their business models, which are reliant on advertising and subscription revenue.

A Cohere spokesman said the company stands by its practices for training its AI technology.

"We have long prioritized controls that mitigate the risk of IP infringement and respect the rights of holders," the spokesman said, adding that the company believes the lawsuit is "misguided and frivolous."

**The New York Times** sued

**\$150K**  
Damages publishers  
are seeking from  
Cohere per work  
infringed

**OpenAI** and **Microsoft** in December 2023, and **News Corp** titles, including **The Wall Street Journal** and **New York Post**, sued **Perplexity** in October.

A judge this week ruled in favor of **Thomson Reuters** in another case, against AI company **Ross Intelligence**, concluding material from Reuters-owned

Westlaw is protected by copyright.

Several large publishers, including plaintiffs in this case, also have completed licensing

agreements with AI companies like OpenAI, allowing them to use their content in exchange for payment.

The goal of Thursday's suit is to create a legal precedent and "establish the terms of the playing field for licensed use of journalism for AI, including for training and also real-time uses," said Pam Wasserstein, president of **Vox Media**, which owns **New York magazine** and the **Verge**, among other titles.

A judge this week ruled in favor of **Thomson Reuters** in another case, against AI company **Ross Intelligence**, concluding material from Reuters-owned

Westlaw is protected by copyright.

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Elon Musk said he would withdraw his \$97.4 billion bid for the nonprofit that controls OpenAI if the board stops its conversion to a for-profit firm. "If [the] OpenAI board is prepared to preserve the charity's mission and stipulate to take the 'for sale' sign off its assets by halting its conversion, Musk will withdraw the bid," lawyers for Musk said in a court filing Wednesday.

OpenAI is already on its way to becoming a for-profit company, which it has said it needs to do to keep raising capital to develop advanced artificial intelligence.

It told investors who put \$6.6 billion into an October funding round that they could take back their money if the conversion wasn't complete in two years. The ChatGPT developer and its biggest backer, **Microsoft**, have hired investment banks to negotiate how

Please turn to page B4

## China Sellers Find Ways Around Trump Moves

President Trump's temporary suspension of a popular trade exemption that has in recent years turbocharged China-founded bargain plat-

By Shen Lu,  
Raffaele Huang  
and Esther Fung

forms **Shein** and **Temu** has rattled the country's cross-border e-commerce industry, jolting the platforms and their suppliers.

Last week, after Trump paused a provision for China imports that lets platforms avoid paying import duties and customs inspections on low-value packages, millions of packages were stuck at U.S. customs.

Fashion company Shein responded by increasing previous efforts to encourage suppliers to set up production in Vietnam, meeting with them to offer fresh incentives. Temu raised prices on its website and further pushed suppliers to store inventory in its biggest market, the U.S. Some

Chinese suppliers have begun reconsidering ways to do business with the platforms.

Last week, Trump delayed his plan to end the so-called de minimis treatment for China shipments until U.S. officials can establish a system to process inspections and levies. Industry players nevertheless expect further disruptions that could upend the U.S.-China cross-border e-commerce industry, as they forge ahead with steps to counter the anticipated loss of the duty-free provision.

Singapore-based Shein denied it was making efforts to lure suppliers to produce in Vietnam. Temu, which is based in Boston and backed by Chinese e-commerce company **PDD Holdings**, didn't respond to requests for comment.

Last year, companies sent small packages worth \$46 billion to the U.S. from China under the de minimis exception, representing 11% of U.S.-reported imports from China, Nomura economists estimated.

Please turn to page B2

## INSIDE



### BUSINESS NEWS

Deere says it can manage higher costs this year from U.S. import tariffs. **B3**



### HEARD ON THE STREET

Property delistings may signal a weaker housing market. **B10**

## Honda and Nissan End Talks After Dispute Over Structure

By MEGUMI FUJIKAWA  
AND YANG JIE

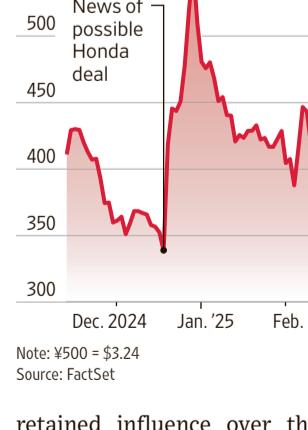
TOKYO—Honda and Nissan on Thursday officially scrapped their planned merger less than two months after announcing it, putting pressure on troubled Nissan to look for other partnerships.

The two Japanese automakers had said in December that they planned to combine operations by 2026, but talks quickly broke down.

Honda had initially agreed to a merger structure in which the two automakers would sit side-by-side under a single holding company. The companies said Thursday that Honda—whose market value is about five times Nissan's—later sought to make Nissan a subsidiary.

At separate news conferences, the chief executives of the two automakers traded jabs about Honda's bid to change the terms of the deal. Honda's Toshihiro Mibe said he was worried that if Nissan

Nissan share price, past three months



Note: ¥500 = \$3.24  
Source: FactSet

retained influence over the board, painful but necessary decisions would get paralyzed by debate.

The initial plan, Mibe said, "would not keep up with the speed demanded by the times."

Nissan's CEO, Makoto Uchida, said he couldn't accept being a unit of Honda because "we could not be certain how

much of our autonomy would be preserved or whether our full potential could truly be realized."

Nissan also reported quarterly earnings on Thursday and said it expected to post a small net loss in the fiscal year ending in March. The carmaker began the fiscal year expecting a profit but withdrew its forecast in November when it said it would cut 9,000 jobs and reduce global capacity by one-fifth. It has hit trouble in its two biggest markets, the U.S. and China.

With the end of the Honda talks, Nissan said it would actively pursue other partnership opportunities. Analysts said it was likely to seek help in shoring up its finances and developing new technology.

Taiwanese electronics manufacturer **Foxconn**, best known for assembling iPhones and other **Apple** products, is one candidate. Young Liu, Foxconn's chairman, said Wednesday that he was open to col-

Please turn to page B2

## Apple, Google Restore TikTok to App Stores

Apple and Alphabet's Google restored the TikTok app to their mobile app stores Thursday night, weeks after removing it to comply with a U.S. law that required TikTok's

By Aaron Tilley,  
Amrith Ramkumar  
and Dana Mattioli

Chinese parent, ByteDance, to sell it or shut it down.

The iPhone maker decided to restore the app after a letter from U.S. Attorney General Pam Bondi, a person familiar with the matter said.

The tech companies removed TikTok from their app stores in January because of the possibility they could face legal consequences for letting users download the Chinese-controlled app. President Trump is trying to arrange a deal to keep TikTok alive in the U.S. He signed an executive order on Inauguration Day delaying enforcement of the law passed last year requiring

Please turn to page B4

## Musk Will Scrap Bid If OpenAI Halts Shift

By GARETH VIPERS  
AND BEN FRITZ

Elon Musk said he would withdraw his \$97.4 billion bid for the nonprofit that controls OpenAI if the board stops its conversion to a for-profit firm.

"If [the] OpenAI board is prepared to preserve the charity's mission and stipulate to take the 'for sale' sign off its assets by halting its conversion, Musk will withdraw the bid," lawyers for Musk said in a court filing Wednesday.

OpenAI is already on its way to becoming a for-profit company, which it has said it needs to do to keep raising capital to develop advanced artificial intelligence.

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Please turn to page B4

## INDEX TO BUSINESSES

A	Foxconn Technology.....	B1
Advance Publications.....	B1	
Airbnb.....	B3	
Alphabet.....	B1, B10	
Amazon.com.....	B4, B10	
American Homes 4 Rent.....	B10	
Apple.....	B1	
AppLovin.....	B10	
B	Baidu.....	B4
Barclays.....	B9	
BHP Group.....	B3	
Blue Origin.....	B4	
Business Insider.....	B2	
ByteDance.....	B1	
Citigroup.....	A6	
Coherent.....	B1	
Condé Nast.....	B1	
D	Deere.....	B3
DraftKings.....	B3	
F	Forbes Media.....	B2
Forbes Media.....	B2	
OpenAI.....	B1	
H	PDD Holdings.....	B1
Honda.....	B1	
HSBC.....	A6	
I	Index Ventures.....	B2
Invitation Homes.....	B10	
J	JPMorgan.....	A1, A6
L	Los Angeles Times.....	B2
M	McClatchy.....	B2
Meta.....	B4, B10	
Microsoft.....	B1	
Moncler.....	B3	
N	Nestlé.....	B2
New York Times.....	B1	
News Corp.....	B1	
Nissan.....	B1	
Nvidia.....	B2	
O	OpenAI.....	B1
P	PDD Holdings.....	B1
Politico.....	B1	
Prada.....	B3	
R	Reddit.....	B4
Renault.....	B2	
Robinhood Markets.....	B10	
Ross Intelligence.....	B1	
S	Salesforce.....	B2
Shein.....	B1	
SoftBank Group.....	B1	
Sony.....	B2, B4	
South32.....	B3	
T	Thomson Reuters.....	B1
U	Ubisoft.....	B4
Unilever.....	B9	
Unity Software.....	B10	
V	Vox Media.....	B1
W	Walmart.....	B10

## INDEX TO PEOPLE

A	G	B1
Altman, Sam.....	Glaser, Todd.....	M4
B	Guthrie, Lucinda.....	B2
Beal, Josh.....	Hickey, Mike.....	B10
Bezos, Jeff.....	Kerr, Graham.....	B3
C	Lauder, William.....	M3
Coffey, Danielle.....	Limp, Dave.....	B4
D	Liu, Young.....	B1
Dessouky, Omar.....	Lynch, Roger.....	B2
F	Mibe, Toshihiro.....	B1
Foroughi, Adam.....	Zhang, Vinci.....	B2
G	Musk, Elon.....	A16, B1
H	Onofri, Silvia.....	B3
K	Ripley, Charlie.....	B9
L	Schumacher, Hein.....	B9
T	Taylor, Brett.....	B1
U	Uchida, Machido.....	B1
M	Zhang, Vinci.....	B2

## Firms Look To Evoke Trump Move

Continued from page B1

A 2023 report by a House committee on China said Shein and Temu accounted for more than 30% of all packages shipped to the U.S. daily under the provision. The Trump administration isn't targeting de minimis shipments from other countries, which represent a quarter of trade under the provision, according to Baird Equity Research.

The exemption dates to 1930 and was originally aimed at helping American travelers bring souvenirs back from abroad. Under U.S. tax law, de minimis lets companies and individuals around the world send parcels to the U.S. with a value of \$800 or less tariff-free. Its use has ballooned in recent years, with the flood of goods from Shein, Temu and others.

Without the provision, merchandise from these platforms would face tariffs of up to 60% and additional customs fees, cutting into either the companies' profits or their sales if they were to raise prices to offset higher duties, experts say. Packages could also face a lengthy clearing process at the U.S. customs, leading to higher operational costs. American consumers would see an average annual cost increase of \$136 per household, according to research by Amit Khandelwal, a Yale University economist.

Last week, Shein called meetings with some top suppliers, offering interest-free loans and increased order placements with them if they were to agree to produce in Vietnam, people familiar with the discussions said.

Shein offered help with raw materials and logistics, such as shipping fabrics from China to Vietnam and helping with local hires. It has also encouraged suppliers to register as independent local entities or through a Hong Kong entity to avoid potential compliance risks in the future, the people said.

The U.S. flip-flop has encouraged Shein to speed up its efforts to diversify its supply chain. The company in the past two years has set up manufacturing in Turkey and Brazil, and has recently started working with a partner in India to source and manufacture there.

Shein built logistics infrastructure and distribution centers in the U.S. and elsewhere. The company is planning to soon open a new warehouse in the southern Vietnamese province of Long

**Shein is encouraging suppliers to set up production in Vietnam.**

An, the people said.

A Shein garment supplier said it is considering several locations for a new factory near Vung Tau, one of Vietnam's major seaports. Shein's Long An warehouse is expected to receive merchandise from China arriving at Vung Tau.

Smaller suppliers and merchants without the capability to transfer manufacturing overseas are in wait-and-see mode.

Wei Gangbing, a Guangzhou-based garment-factory owner, said Temu raised the retail price of a piece of clothing he sells on the platform from \$10 to \$12 in the past week. He decided to pause production until trade resumes and there is more clarity on U.S. trade policies.

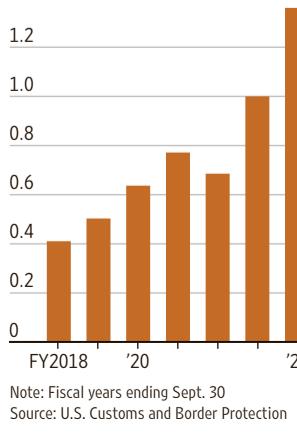
Vinci Zhang, an analyst at research and analytics firm M Science, said apparel and merchandise sold on Shein and Temu are 15% to 35% cheaper than their U.S. competitors, an advantage they're losing with new duties. Economists at Capital Economics estimate the prices of products traded under de minimis would rise 25% if the program ends.

Temu and Shein suppliers and merchants are already struggling with margins of around 10% compared with 15% to 20% margins on Amazon.com. "There isn't much room for more margin cuts," Zhang said.

Liu Dandan, a Guangzhou-based garment-factory owner, said she recently decided to stop supplying Temu and Shein because of low margins and the risk of being stuck with lots of unsold inventory. New U.S. tariffs on China and uncertainty over the fate of de minimis only reaffirmed that decision. "Many factories I know are considering the same move," Liu said.

To avoid losing suppliers like Liu, Temu in the past week started offering some sellers higher wholesale prices to buy up their inventories. Temu planned to temporarily offer more discounts and vouchers to U.S. consumers to keep them on the platform, people familiar with the matter said.

**Number of shipments entering the U.S. under the de minimis provision**



parties still see some hope of a deal.

## BUSINESS &amp; FINANCE

## Nestlé Sales Growth Weakens To Lowest in Quarter Century

By MICHAEL SUSIN

Nestlé reported its weakest annual organic sales growth in more than a quarter of a century, hit by a consumer pull-back, underscoring the challenges facing Chief Executive Laurent Freixe's bid to turn around the packaged-food giant.

The maker of KitKat chocolate bars and Nescafe coffee said Thursday that organic sales grew by 2.2% in 2024, a sharp drop from growth of 7.2% a year prior.

However, the company noted that it is experiencing early signs of progress in a plan to revive sales growth. The Swiss group is looking to boost advertising-and-marketing investment and fix underperforming businesses—which together account for 21% of the group's sales—amid a tough environment for consumer-facing companies after years of high inflation.

Shares rose 6.2% in Switzerland in trading on Thursday, with analysts pointing to relief from a set of results that were slightly better than expected. Analysts had anticipated organic sales growth of 2.1%, according to consensus estimates provided by the company.

The results showed Nestlé's organic sales grew at a slower pace last year than during the pandemic and the 2008 financial crisis.

The company attributed the performance to soft consumer demand and a challenging economic context, although it said sales growth strengthened during the year to 2.3% in the second half from 2.1% in the first.

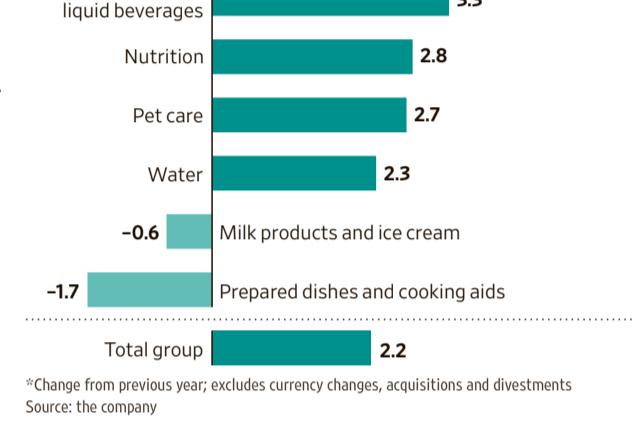
Consumer-goods companies raised prices in recent years to counter higher costs but have struggled to boost sales volumes as budget-conscious shoppers pulled back on purchases of branded products. Nestlé began to ease the pace of price increases in 2024 after acknowledging that shoppers had fled to cheaper brands.

Real internal growth—the company's key measure of



The Swiss company says it sees early progress in a plan to revive sales growth.

## Nestlé's 2024 sales growth by product category\*



\*Change from previous year; excludes currency changes, acquisitions and divestments

Source: the company

sales volume—was 0.8%, returning to positive territory after contracting in 2023.

Pricing contributed 1.5% to sales growth, down from 7.5% a year earlier.

The company said its coffee business—which houses Nescafe and Nespresso—is the main growth driver, with an increase in the mid-single digit percentage range. Sales at Nestlé's pet-care unit—which includes Purina and Friskies and had been a growth engine in recent years—rose at a low single-

digit percentage.

Higher prices for commodities such as cocoa and coffee could hurt the profitability of companies including Nestlé going forward, analysts say, and trade tariffs introduced by the Trump administration threaten to compound those pressures.

Nestlé said it aimed to mitigate the hit from higher cocoa and coffee costs through savings and that its business was resilient against tariffs. The savings are part of a multiyear cost-cutting plan Freixe set out

in November, shortly after he replaced longtime chief Mark Schneider with the task of tackling slowing sales and a deterioration of the stock price.

The company said it continued to expect 2025 sales growth to improve compared with last year, with increased investments driving growth. Underlying trading operating profit margin—Nestlé's preferred profitability metric—is now expected at 16% or more compared with previous guidance of moderately below 17%.

Analysts forecast Nestlé's organic sales growth for 2025 at 3.1% with an underlying trading operating profit margin of 16.2%, according to a consensus estimate provided by the company.

For 2024, underlying trading operating profit came in at 15.70 billion Swiss francs, equivalent to \$17.19 billion, compared with 16.05 billion francs a year before. Its margin contracted to 17.2% from 17.3%.

Net profit fell to 10.88 billion francs from 11.21 billion francs on sales that fell 1.8% on a reported basis to 91.35 billion Swiss francs.

The company declared a dividend of 3.05 francs a share, up from 3 francs the year before.

never published such a piece in 2022.

The publishers are seeking damages based on the maximum amount—\$150,000 per work infringed—under the Copyright Act, along with an order to destroy all copyrighted works in Cohere's possession, according to the suit.

"Rather than create their own content, they're stealing ours to compete with us without our permission, without compensation, and undermining our very business that feeds their machines in the first place," Coffey said.

"The revenue streams available to publishers today would dry up," said Condé Nast CEO Roger Lynch. "This is an existential threat to journalism."

## AI Startup Sued Over Content Use

Continued from page B1

**Forbes Media**, the **Guardian**, the **Los Angeles Times**, **McClatchy**, **Business Insider**, **Newsday** and the **Toronto Star**.

Founded in 2019, Toronto-based Cohere creates software that developers can use to build AI applications for businesses. The company, which also offers a chatbot feature on its website for general users, is backed by venture-capital

firms such as **Index Ventures** and companies including **Nvidia** and **Salesforce**.

Rather than provide answers to user queries that link to a publisher's article page, Cohere's technology provides users with full, nearly verbatim text from an article, including articles kept behind paywalls, according to the suit. For example, when asked for information about financial strains on the public transit system in Miami-Dade County, Cohere shared a complete Miami Herald article from September 2024, with only a minor change to one sentence, according to the suit. The Miami Herald is owned by McClatchy.

The suit also alleges in-

stances of hallucinations, or answers with factually inaccurate information attributed to the publishers.

For example, when prompted to pull an article the **Guardian** published on Oct. 7, 2024, titled, "The pain will never leave: Nova massacre survivors return to site one year on," referring to Hamas's attack on a music festival in Israel, Cohere referenced an entirely different, and nonexistent article—about a 2020 attack in Nova Scotia, Canada. It pulled from an article it said the **Guardian** published in June 2022 about returning to the scene of the 2020 mass shooting, including quotes it attributed to a man who had actually been murdered in that attack. The **Guardian**

never published such a piece in 2022.

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## Honda and Nissan End Deal Talks

Continued from page B1

laborating with Nissan but didn't intend to push for an acquisition.

Liu said that Foxconn has been in discussions with **Renault**, Nissan's longstanding French partner, regarding potential cooperation. Under a 2023 agreement, Renault is gradually reducing its stake in Nissan to around 15%. After the most-recent share sale last September, Renault held just over

## BUSINESS NEWS

# Aluminum Maker Warns Of Tariff Pain

**South32 CEO says consumers will likely pay higher costs, but sales will hold firm**

By RHIANNON HOYLE

Aluminum maker **South32** sells thousands of tons of the metal each month to the U.S., and its chief executive isn't expecting that to change as President Trump prepares blanket duties on imports of a commodity used in everything from cars to cans to airplanes.

Instead, Graham Kerr said he expects the American consumer would bear the cost of planned tariffs on aluminum shipments to the U.S., which has little domestic production compared with its needs and relies heavily on metal from Canada and other countries. Ultimately, "the end user is going to be paying more," Kerr said Thursday after South32 reported earnings for the second half of 2024. The miner said its profit rose more than sixfold from the prior-year period on higher market prices for commodities, including aluminum.

South32, a company spun out of mining giant **BHP Group** a decade ago, is one of the Western world's top aluminum producers. Sales to the U.S. from the Hillside aluminum smelter in South Africa, the largest in the Southern Hemisphere, accounted for roughly 16% of the revenue South32 made from its aluminum business for the half-year period.

While that figure can fluctuate a little depending on market prices, Kerr said he wasn't anticipating Trump's tariff plans would have a meaningful impact on where

South32 sells its metal.

"The reality is, from our perspective, it probably won't impact our product placement too much," said Kerr.

That could change if tariffs lead to increased U.S. production of aluminum, Kerr said. Currently, the U.S. relies on imports for more than 80% of its needs.

He expects future aluminum production growth to happen outside of China, but it is unlikely to be in the U.S., Kerr said. Cheap, renewable energy is needed to power the aluminum smelters of the future, meaning development is more likely in places such as Canada and Europe as well as Indonesia and Malaysia, Kerr said.

To be sure, it remains unclear whether tariffs are more a negotiating tactic than a long-term policy of the Trump administration, Kerr said.

Trump has said the tariffs, due to go into effect next month, are "the beginning of making America rich again."

It is hard to see how the U.S. could shake its dependence, particularly on Canada, which accounts for more than half its imports of aluminum, South32's Kerr said.

South32 has no intention of building an aluminum smelter in the U.S. or anywhere else, said Kerr. The company's existing operations provide sufficient exposure to the market, he said.

South32 has been sharpening its focus on minerals and metals it expects will be critical to the world's energy transition. It recently sold an Australian coal business.

Its growth plans center on the U.S., but in other metals. The miner is currently building a \$2.16 billion zinc, lead and silver mine in southern Arizona.

## Deere Says It Can Manage Costs of Duties



IAN MAULE/AFP/GETTY IMAGES

Deere said it should be able to deflect higher costs this year from U.S. tariffs on imported goods.

The Illinois-based maker of farm and construction equipment said more than three-quarters of the equipment it sells is made in the U.S. and that it exports more equipment from America than it imports. The company

plans to rely on its network of duplicate suppliers to lower its exposure to tariffs, Josh Beal, director for investor relations, told analysts on a conference call.

The company said about 10% of its components for its machinery comes from Mexico and 1% comes from Canada. Beal said higher tariffs on imports from China or-

dered recently by President Trump will be "immaterial" on Deere's costs since less than 2% of its components are sourced from the country.

The company drew the ire of Trump last year when it announced plans to move assembly of some models of construction loaders to Mexico to free up production space for other products at a

Dubuque, Iowa, plant.

Deere on Thursday reported a 50% drop in its quarterly profit from a continued slump in the farm-equipment market.

Equipment sales sank by 35% from the same period a year earlier to \$6.8 billion.

Shares finished the day's trading down 2.2%.

—Bob Tita

## DraftKings VIP Program Draws Suits

By KATHERINE SAYRE

A Pennsylvania psychiatrist who lost thousands of dollars playing online casino games while being showered with betting credits is suing **DraftKings**, alleging that its VIP program fueled her addiction and ignored signs of trouble.

Kavita Fischer, who was profiled in a Wall Street Journal article and lost more than \$400,000 in one year playing

casino games on several betting apps, sued DraftKings Wednesday, claiming negligence and intentional infliction of emotional distress. She alleges that DraftKings' VIP tactics led her to lose about \$153,000 in four months in 2023.

Fischer's case is one of several lawsuits filed this year related to the online gambling company's VIP practices. Some of the suits claim that VIP

hosts—company employees assigned to build relationships with gamblers—accelerate gamblers' losses while ignoring signs of betting addictions or financial distress.

A DraftKings spokesman said loyalty programs are common across many industries and its rewards program is aligned with best practices across industries. "We are dedicated to promoting responsible play on our entertainment

platforms by providing tools, resources, and education to support our players," a DraftKings spokesman said in a statement.

Fischer said her VIP host repeatedly gave her credits, even after she told the host that she should quit gambling. The Journal previously reported that DraftKings gave Fischer about \$36,000 in betting credits in the first four months of 2023.

### BUSINESS WATCH



CASEY HALL/REUTERS

Moncler is highly exposed to China, a country that was once a money spinner for luxury companies but which has become a headache for most. A Moncler event in China last year

#### MONCLER China Improvement Boosts Results

Italy's Moncler reported better-than-expected revenue for the fourth quarter, aided by improving trends in China at a time when some sector rivals point to a potential rebound in demand for luxury goods.

The maker of high-end puffer jackets said on Thursday that it logged revenue of

€1.24 billion, or \$1.29 billion, for the final quarter of 2024, up 8% from the prior-year period. The result surpassed a company-provided consensus of €1.16 billion.

The group is highly exposed to China, a country that was once a money spinner for luxury companies but which has now become a headache for most brands.

The country's economic malaise has led to a downturn in demand for high-end goods,

as Chinese shoppers have opted to save money rather than spend it.

For the year as a whole, the company made earnings before interest and taxes of €916.3 million, higher than €893.8 million it booked in the prior year and ahead of analysts' projections of €878.1 million.

Net profit jumped 5% on year to €639.6 million.

Shares rose 9.5% in Milan Thursday. —Andrea Figueras

#### PRADA

#### Onofri Named CEO Of Miu Miu Brand

Prada said it named Silvia Onofri as chief executive of its Miu Miu brand, at a time when the label is showing resilience in a challenging environment for luxury names marked by waning demand for high-end goods.

The Italian luxury-fashion firm said on Thursday that the appointment is effective from Feb. 26.

Onofri started her career at Bulgari, the jewelry house owned by Bernard Arnault's luxury empire LVMH. She also worked at fashion company Bally and, in 2023, she joined VF Corp. as brand president of Napapijri.

—Andrea Figueras

#### AIRBNB

#### Revenue for 2025 Seen Below Views

Airbnb swung to a profit in the fourth quarter, but is forecasting 2025 revenue to be slightly below Wall Street's expectations.

The online marketplace for short-term rentals posted a profit of \$461 million, or 73 cents a share, compared with a loss of \$349 million, or 55 cents a share, a year earlier.

Revenue rose 12% to \$2.48 billion, Airbnb said Thursday. Analysts surveyed by FactSet forecast \$2.42 billion.

Airbnb expects \$2.23 billion to \$2.27 billion in revenue during the first quarter of 2025, below analyst expectations of \$2.29 billion.

—Katherine Hamilton

#### HERTZ GLOBAL

#### Wider Loss Sends Shares Lower

Hertz Global shares dropped 8.5% after the company logged a wider loss in the fourth quarter amid declining revenue and an overhaul of its rental-car fleet.

The car-rental company posted a loss of \$479 million, or \$1.56 a share, for the last three months of 2024, compared with a loss of \$348 million, or \$1.14 a share, in the same quarter a year earlier. Stripping out one-time items, the adjusted loss was \$1.18 a share. Analysts surveyed by FactSet had been expecting a per-share shortfall of just 69 cents.

Revenue fell 7% to \$2.04 billion. —Dean Seal

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## Explosion Hangs Over SpaceX

*Continued from page B1*  
tional airspace system," said Steve Jangeli, safety chairman for the Air Line Pilots Association, in a post on LinkedIn after the explosion.

At an industry event Wednesday, a SpaceX executive said the airspace was cleared for longer than teams would have liked, but that was done out of an abundance of caution.

"You don't want to ever lose a rocket," Shana Diez, director of Starship flight reliability at the company, said during a panel discussion. But the mishap demonstrated, she said, "that the safety measures that we put in place, to have that pre-coordinated debris response area there, were successful in keeping the public safe."

### Bezos' Blue Origin to Lay Off 10% of Workforce

Jeff Bezos' Blue Origin is cutting about 10% of its workforce as it prepares to ramp up flights of its new rocket.

Blue Origin CEO Dave Limp told staff in a note Thursday that rapid hiring over the past few years left the company with too much bureaucracy and not enough focus.

"Our primary focus in 2025 and beyond is to scale our manufacturing output and launch cadence with speed, decisiveness, and efficiency for our customers," Limp said in the message, which was reviewed by The

Wall Street Journal.

Limp said employees in engineering, project management and research and development would be let go, and the reduction would thin out layers of management. In the summer of 2023, executives at Blue Origin said the company had almost 11,000 people on staff.

Bezos founded Blue Origin more than two decades ago, and has funded the company through periodic sales of his stake in Amazon.com.

Blue Origin executives have estimated orders for \$10 billion worth of launches

and other services, but the company has struggled to develop and consistently launch rockets. In January, Blue Origin launched New Glenn, a long-delayed rocket key to the company's plans for the moon and beyond.

The privately held company doesn't disclose financial information. "It's not a very good business yet," Bezos said at an event hosted by the New York Times in December. "From a financial returns point of view, I think it's going to be the best business I've been involved in, but it's going to take a while."

—Micah Maidenberg

For future launches, U.S. aviation-safety officials have been discussing requiring SpaceX to fly Starship at night, when commercial air traffic is lighter.

SpaceX has pushed the en-

velope with Starship before. During Starship's first flight in April 2023, the rocket's engines destroyed a launchpad, sending chunks of concrete flying into the Gulf of Mexico and spreading debris nearby. SpaceX in-

stalled a water system to prevent a repeat incident, but environmental groups criticized the company and regulators for allowing the mission to unfold as it did.

In Turks and Caicos, SpaceX

representatives in late January met with a local government disaster-management team, along with U.K. aviation accident officials to develop a debris-recovery plan.

"Public safety is our top priority, and it is important the work to clear the debris begins as soon as possible," a representative from the U.K. government said.

A statement from the government in Turks and Caicos urged residents to cover their hands if they touch debris, and wash after coming into direct contact with any. SpaceX has said that hazardous materials aren't present in the debris and that it doesn't expect major effects on marine species and water quality.

Some residents are skeptical that all the debris can be removed. Mathew Slattery, who runs a business taking people out scuba diving, fishing and more, said there are mangrove areas where that won't be possible.

"From an aesthetic standpoint, it's a bit frustrating," he said.

## OpenAI Bid Depends on Its Status

*Continued from page B1*  
the tech giant's prior investments should be converted to equity in a for-profit.

An OpenAI spokesman declined to comment.

After Musk made his bid Monday, OpenAI chief executive Sam Altman and Chairman Bret Taylor said they weren't interested in selling. In a court filing Wednesday, OpenAI said Musk's offer, which is backed by private equity and venture firms, demonstrates that his attempts in court to force the company to remain a nonprofit aren't genuine.

Musk's unsolicited offer has complicated a critical issue: how to value the nonprofit that controls the company but is set to be spun out into an independent charity.

## TECHNOLOGY WATCH

### SONY GROUP

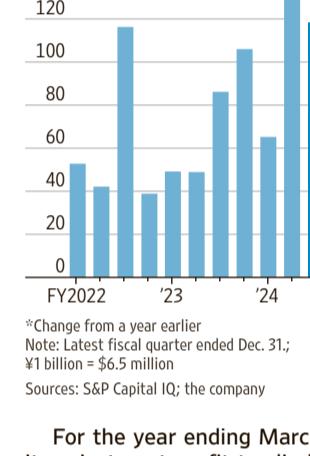
#### Guidance Raised as Earnings Top View

Sony Group raised its annual earnings projections after reporting higher third-quarter net profit thanks to the strength of its game and music divisions, a sign that its focus on entertainment businesses is paying off.

The Japanese electronics and entertainment company said Thursday that net profit for the three months ended December rose, exceeding analysts' expectations, as revenue grew.

The company's third-quarter net profit increased 2.7% from a year earlier to ¥373.74 billion, equivalent to \$2.42 billion. That beat the estimate of ¥290.5 billion in a poll of analysts by data provider Visible Alpha. Third-quarter revenue grew 18% to ¥4.410 trillion.

### Sony's operating profit from its games segment



For the year ending March, it projects net profit to climb 11% to ¥1,080 trillion and revenue to increase 1.4% to ¥13,200 trillion. It previously projected ¥980.00 billion in net profit and ¥12,710 trillion in revenue. —Kosaku Narioka

### REDDIT

#### Stock Tumbles as User Growth Misses

Reddit shares tumbled after the social-media company reported slower-than-expected growth in users for the latest quarter.

Daily users totaled 101.7 million for the three months through December—an increase from the previous quarter but less than the 103.1 million analysts had expected.

The stock fell 5.3% on Thursday.

The shares' decline puzzled some analysts, who pointed to better-than-expected outlook as well as surprisingly strong quarterly results.

Net income more than tripled from a year earlier to \$71 million, on revenue up 71% at nearly \$428 million.

—Sarah E. Needleman

## TikTok Restored at App Stores

*Continued from page B1*  
TikTok to shed its Chinese ownership or close in the U.S.

TikTok's reinstatement to the biggest app stores is critical to its continued growth in the U.S., where it has roughly 170 million users. Consumers who had already downloaded the app before it was removed from the app stores were still able to use it.

Apple and Google previously kept TikTok off their app stores after receiving letters about two weeks ago from the Justice Department before Bondi was confirmed reassuring them they wouldn't face legal consequences for restoring the popular video-sharing app, according to people familiar with the matter.

Trump's executive order directed the Justice Department to give companies doing business with TikTok assurances they wouldn't face legal consequences while a deal is negotiated.

Some legal experts have said companies continuing to do business with TikTok could be seen as not complying with the law while they wait for a resolution. The Supreme Court upheld the law banning TikTok before Trump issued his executive order.

The Justice Department,

under then-Acting Attorney General James McHenry, followed the order's instructions by sending letters to Apple, Google and Oracle, which provides cloud services to TikTok and could be involved in a deal to give the U.S. control of the app, the people said. The stance is an about-face from that of the Biden administra-

tion, under which the Justice Department made a forceful case that the app poses a national-security threat.

Restoring the app to app stores wasn't a sure thing for the companies because they could still face some legal risks for companies doing business with TikTok, analysts have said.

That is in part because executive orders can be challenged in court and Trump could change his mind about a deal. They would face hefty fines if found to be in violation of the law.

Additionally, there are complicated business factors at play. Google's YouTube video-sharing platform has advertised to TikTok users and would be one of the biggest beneficiaries if the app is banned in the U.S.

**The reinstatement is critical to TikTok's growth in the U.S.**

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## COMMODITIES

wsj.com/market-data/commodities

## Futures Contracts

## Metal &amp; Petroleum Futures

	Contract		Contract		Open	
	Open	High	Low	Settle	Chg	interest

**Copper-High (CMX)**-25,000 lbs.; \$ per lb.

Feb 4,7660 4,7700 4,7640 4,7690 0.0710 1,914

May 4,7390 4,8375 ▲ 4,7295 4,8255 0.0740 87,920

**Gold (CMX)**-100 troy oz.; \$ per troy oz.

Feb 2911.30 2937.70 2910.60 2925.90 16.90 5,841

March 2917.20 2945.20 2914.70 2932.30 16.00 15,199

April 2928.80 2958.80 2945.20 2945.40 16.70 394,504

Dec'27 2942.00 2942.00 ▼ 2942.00 3002.30 18.30 27

**Palladium (NYM)**-50 troy oz.; \$ per troy oz.

Feb 1027.00 1030.00 1027.00 1015.30 32.70 12

March 988.50 1026.50 987.50 1020.00 32.70 14,164

**Platinum (NYM)**-50 troy oz.; \$ per troy oz.

Feb 1033.20 1033.20 ▲ 1033.20 -5.00 1

April 1045.90 1063.80 ▲ 1040.60 1043.20 -5.30 76,615

**Silver (CMX)**-5,000 troy oz.; \$ per troy oz.

Feb 32,835 32,880 ▲ 32,535 32,650 -0.045 271

March 32,710 33,045 32,726 -0.059 90,517

**Crude Oil, Light Sweet (NYM)**-1,000 bbls.; \$ per bbl.

March 71.24 71.60 ▼ 70.22 71.29 -0.08 148,333

April 71.08 71.46 ▼ 70.16 71.14 -0.10 257,011

May 70.88 71.19 69.96 70.88 -0.14 135,489

June 70.63 70.85 69.68 70.57 -0.16 170,995

Sept 69.42 69.58 68.57 69.37 -0.16 102,289

Dec 68.20 68.40 67.46 68.19 -0.13 175,883

**NY Harbor ULSD (NYM)**-40,000 gal.; \$ per gal.

March 2,4465 2,4562 2,4005 2,4487 -0.0033 71,966

April 2,3875 2,3979 2,3472 2,3905 -0.0027 76,227

**Gasoline-NY RBOB (NYM)**-40,000 gal.; \$ per gal.

March 2,0760 2,1160 2,0546 2,1107 -0.0211 62,134

April 2,3019 2,3232 2,2837 2,3267 -0.0135 105,963

**Natural Gas (NYM)**-10,000 MMBTu; \$ per MMBtu.

March 3,591 3,786 ▲ 3,583 3,628 -0.063 162,463

April 3,589 3,767 ▲ 3,578 3,621 -0.050 151,931

May 3,639 3,826 ▲ 3,659 3,684 -0.045 175,785

July 3,987 4,123 ▲ 3,972 4,001 -0.030 96,016

Oct 4,029 4,161 ▲ 4,028 4,051 -0.023 127,397

Jan'26 4,920 4,993 ▲ 4,869 4,897 -0.011 122,611

## Agriculture Futures

**Corn (CBT)**-5,000 bu.; cents per bu.

March 489.75 494.25 485.25 493.50 3.25 420,862

May 503.25 506.50 499.50 506.00 2.00 674,346

**Oats (CBT)**-5,000 bu.; cents per bu.

March 333.50 338.50 331.25 331.75 -1.25 1,554

May 343.50 346.25 337.75 338.00 -3.00 2,271

**Soybeans (CBT)**-5,000 bu.; cents per bu.

March 1028.50 1032.50 1024.00 1030.00 2.25 228,252

May 1046.00 1050.00 1041.00 1047.00 1.25 308,733

**Interest Rate Futures****Ultra Treasury Bonds (CBT)**- \$100,000; pts 32nds of 100%

March 118-060 120-090 118-030 120-040 2-010 1,795,212

## Contract

	Open	High	hilo	Low	Settle	Chg	Open interest
--	------	------	------	-----	--------	-----	---------------

**Soybean Meal (CBT)**-100 tons; \$ per ton.

March 294.00 296.20 ▼ 291.60 292.70 -1.40 142,712

**Soybean Oil (CBT)**-60,000 lbs.; cents per lb.

March 45.66 46.38 45.03 46.25 .59 110,982

**Rough Rice (CBT)**-2,000 cwt.; \$ per cwt.

March 13.85 14.07 13.72 14.04 .23 9,967

**Wheat (CBT)**-5,000 bu.; cents per bu.

March 574.00 581.00 571.50 577.75 3.50 119,171

**Wheat (KCC)**-5,000 bu.; cents per bu.

March 588.00 594.00 585.00 592.00 4.00 162,694

**5 Yr. Treasury Notes (CBT)**-\$100,000; pts 32nds of 100%

March 105-300 106-091 105-292 106-085 12.5 6,364,793

**5 Yr. Treasury Notes (CBT)**-\$100,000; pts 32nds of 100%

June 108-105 109-005 108-090 108-090 13.7 320,385

**2 Yr. Treasury Notes (CBT)**-\$200,000; pts 32nds of 100%

March 102-185 102-217 102-180 102-212 3.5 4,084,648

**30 Day Federal Funds (CBT)**-\$5,000,000; 100-daily avg.

Feb 95.6700 95.6725 ▼ 95.6700 95.6700 -.0025 486,515

**Three-Month SOFR (CME)**-\$1,000,000; 100-daily avg.

Nov 95.5525 95.5525 ▼ 95.5525 95.5525 .0025 4,808

March'25 95.6900 95.6950 95.6850 95.6900 .0050 1,211,052

**Index Futures****Mini DJ Industrial Average (CBT)**-\$5 x index

March 44512 44878 44358 44811 349 79,782

**Mini S&P 500 (CME)**-\$50 x index

March 6079.75 6138.00 6053.50 6135.25 62.50 2,068,220

**Mini S&P Midcap 400 (CME)**-\$100 x index

March 3184.90 3212.20 3177.00 3209.80 28.90 42,476

**Mini Nasdaq 100 (CME)**-\$20 x index

March 21861.25 21214.00 ▲ 21753.00 2213.25 308.50 265,149

**Canadian Dollar (CME)**-\$100,000; \$ per AUD

June 6278 .6233 .6261 .6303 .0016 83

**Mexican Peso (CME)**-MXN 500,000; \$ per MXN

Feb .04852 .04894 .04850 .04881 .0008 317

**Euro (CME)**-\$125,000; \$ per €

Feb 1,0391 1,0467 1,0384 1,0437 .0044 1,965

March 1,0400 1,0484 1,0388 1,0451 .0043 600,546

**Swiss Franc (CME)**-CHF 125,000; \$ per CHF

March 1,0988 1,1113 1,0976 1,1100 .0111 98,417

## Contract

	Open	High	hilo	Low	Settle	Chg	Open interest
--	------	------	------	-----	--------	-----	---------------

**Treasury Bonds (CBT)**-\$100,000; pts 32nds of 100%

June 117-310 120-040 117-310 120-000 2-010 981

**Treasury Notes (CBT)**-\$100,000; pts 32nds of 100%

March 113-160 115-030 113-150 115-000 1-19.0 1,999,751

**Treasury Bills (CBT)**-\$100,000; pts 32nds of 100%

June 113-090 114-280 113-080 114-260 1-20.0 27,834

**Interest Rates****Interest Rate Futures****5 Yr. Treasury Notes (CBT)**-\$100,000; pts 32nds of 100%

March 105-300 106-097 105-292 106-085 12.5 6,364,793

**10 Yr. Treasury Notes (CBT)**-\$100,000; pts 32nds of 100%

June 105-310 106-117 105-305 106-107 13.7 320,385

**2 Yr. Treasury Notes (CBT)**-\$200,000; pts 32nds of 100%

March 102-185 102-217 102-180 102-212 3.5 4,084,648

**30 Day Federal Funds (CBT)**-\$5,000,000; 100-daily avg.

Feb 95.6700 95.6725 ▼ 95.6700 95.6700 -.0025 486,515

**5 Yr. Treasury Notes (CBT)**-\$100,000; pts 32nds of 100%

March 105-300

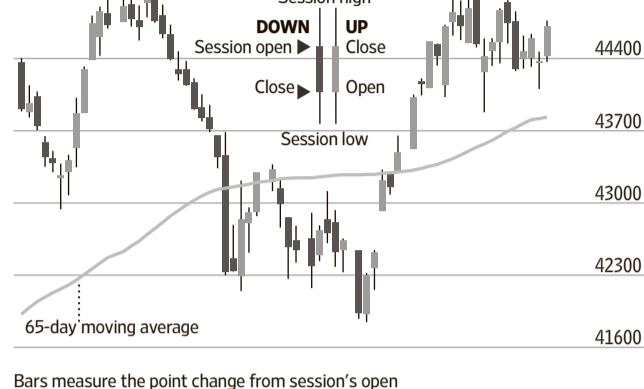
## MARKETS DIGEST

## EQUITIES

## Dow Jones Industrial Average

**44711.43** ▲ 342.87, or 0.77%  
 High, low, open and close for each trading day of the past three months.

Current divisor 0.16268413125742



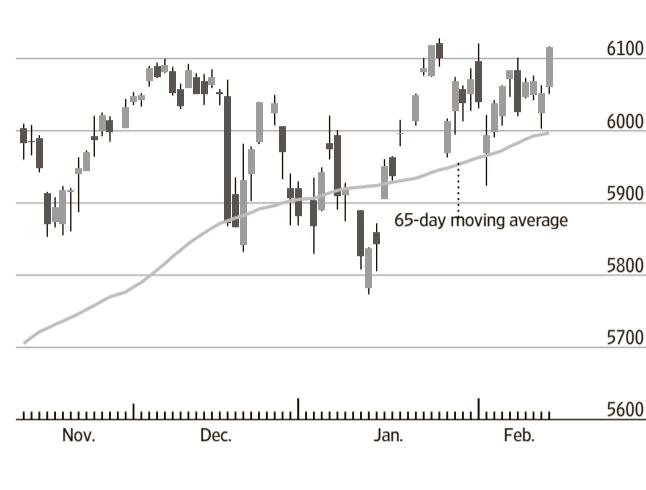
Bars measure the point change from session's open

Nov. Dec. Jan. Feb. 40900

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; Based on Nasdaq-100 Index

## S&amp;P 500 Index

**6115.07** ▲ 63.10, or 1.04%  
 High, low, open and close for each trading day of the past three months.



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
Coeur Mining	CDE	19,245.7	7.19	-0.03	-0.42	7.25	7.17	
Intel	INTC	8,046.9	24.18	0.05	0.21	24.31	22.85	
NVIDIA	NVDA	5,838.7	134.94	-0.35	-0.26	135.29	125.82	
Apple	AAPL	4,851.6	241.27	-0.26	-0.11	252.59	241.09	
Manulife Financial	MFC	4,579.5	29.79	0.15	0.51	29.99	29.64	
GameStop CIA	GME	4,358.4	28.53	2.19	8.31	31.66	26.26	
Toronto-Dominion Bank	TD	4,090.4	59.94	0.01	0.02	60.12	59.70	
Airbnb	ABNB	3,960.4	161.75	20.71	14.68	163.40	135.00	

## Percentage gainers...

Nu Skin Enterprises CIA	NUS	205.2	7.87	1.45	22.59	8.30	6.25
ScanTech AI Systems	STAI	929.6	2.00	0.32	19.05	2.10	1.65
Alpha Modus Holdings CIA	AMOD	1,106.8	4.17	0.55	15.19	4.33	3.51
Airbnb	ABNB	3,960.4	161.75	20.71	14.68	163.40	135.00
Roku CIA	ROKU	3,245.3	96.56	9.76	11.24	101.50	83.39

## ...And losers

Informatica	INFA	1,228.8	17.24	-7.93	-31.51	26.42	16.80
Legacy Education	LGCY	76.4	8.47	-1.21	-12.50	9.99	7.60
InflaRx	IFRX	62.7	2.39	-0.31	-11.53	2.54	2.15
Innovative Sol & Support	ISSC	65.9	9.39	-1.20	-11.33	10.59	8.64
Twilio CIA	TWLO	1,179.3	139.00	-8.28	-5.62	148.54	122.71

## Trading Diary

Volume, Advancers, Decliners

NYSE NYSE Amer.

Total volume\* 1,058,932,030 14,406,671

Adv. volume\* 765,423,369 9,326,100

Decl. volume\* 285,806,578 4,531,553

Issues traded 2,850 296

Advances 2,177 193

Declines 605 93

Unchanged 68 10

New highs 105 5

New lows 48 1

Closing Arms\* 1.25 1.14

Block trades\* 5,398 174

Nasdaq NYSE Arca

Total volume\* 8,414,512,484 264,253,214

Adv. volume\* 6,412,089,926 205,706,182

Decl. volume\* 1,955,237,273 55,715,459

Issues traded 4,504 2,114

Advances 3,171 1,904

Declines 1,205 191

Unchanged 128 19

New highs 214 185

New lows 118 16

Closing Arms\* 0.80 2.93

Block trades\* 62,949 1,141

\*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.

Russell PHX

Sources: FactSet; Dow Jones Market Data

## International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	882.37	9.59	1.10	4.9
	MSCI ACWI ex-USA	346.19	4.09	1.20	6.2
	MSCI World	3894.24	46.06	1.20	5.0
	MSCI Emerging Markets	1113.25	2.24	0.20	3.5

Americas	MSCI AC Americas	2307.32	23.91	1.05	4.3
Canada	S&P/TSX Comp	25698.51	135.40	0.53	3.9
Latin Amer.	MSCI EM Latin America	2075.47	10.71	0.52	12.0
Brazil	Bovespa	124850.18	469.97	0.38	3.8
Chile	S&P IPSA	3930.39	24.68	0.63	8.7
Mexico	S&P/BMV IPC	54160.11	94.39	0.17	9.4

EMEA	STOXX Europe 600	553.75	5.97	1.09	9.1
Eurozone	Euro STOXX	560.70	8.74	1.58	11.0
Belgium	Bel-20	4432.88	52.25	1.19	3.9
Denmark	OMX Copenhagen 20	2003.85	-31.12	-1.53	-4.7
France	CAC 40	8164.11	121.92	1.52	10.6
Germany	DAX	22612.02	463.99	2.09	13.6
Israel	Tel Aviv	2499.31	44.21	1.80	4.4
Italy	FTSE MIB	37908.05	376.86	1.00	10.9
Netherlands	AEX	946.58	3.97	0.42	7.7
Norway	Oslo Bors All-Share	1699.59	-3.38	-0.20	3.3
South Africa	FTSE/JSE All-Share	87841.46	-100.72	-0.11	4.5
Spain	IBEX 35	12936.30	24.80	0.19	11.6
Sweden	OMX Stockholm	1047.43	16.90	1.64	9.7
Switzerland	Swiss Market	12949.06	235.16	1.85	11.6
Turkey	BIST 100	9914.68	135.11	1.38	0.9
U.K.	FTSE 100	8764.72	-42.72	-0.49	7.2
U.K.	FTSE 250	20916.14	35.64	0.17	1.4

Asia-Pacific	MSCI AC Asia Pacific	186.37	1.57	0.85	2.6
Australia	S&P/ASX 200	8540.00	4.74	0.06	4.7
China	Shanghai Composite	3332.48	-13.90	-0.42	-0.6
Hong Kong	Hang Seng	21814.37	-43.55	-0.20	8.7
India	BSE Sensex	76138.97	-32.1		



## MARKETS

# Stocks Rise on Ukraine and Tariffs

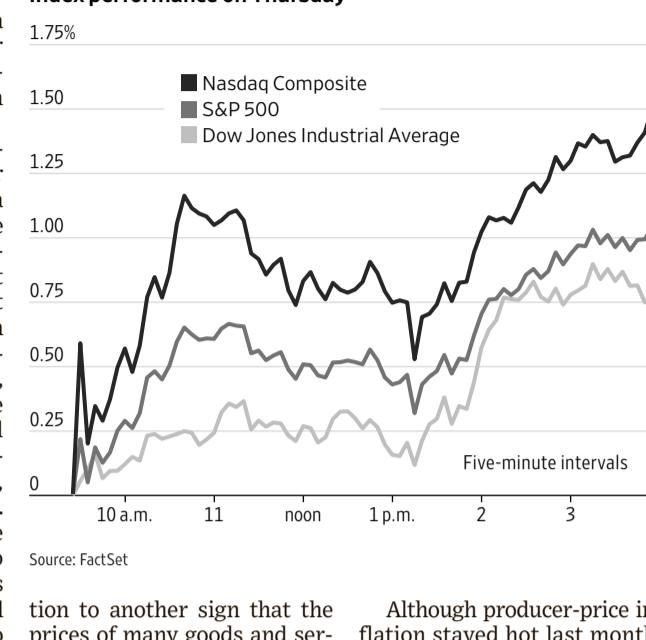
U.S. stocks rose after President Trump raised hopes of a resolution to the Ukraine war and then later put off a decision on additional tariffs on foreign goods.

The president said Wednesday he and President Vladimir Putin agreed to begin talks on a peace deal to settle the Ukraine war, with concessions to Russia.

That helped boost European stocks and currencies. Then, on Thursday afternoon, he signed a memo on reciprocal trade but stopped short of imposing the tariffs immediately, as many foreign capitals feared.

The S&P 500 gained more than 1%, or 63 points, to 6115.07, while the Dow Jones Industrial Average added 0.8%, or about 343 points, to 44711.43. The tech-heavy Nasdaq rose 1.5%, or 296 points, to 19945.64.

Trump's comments on the Ukraine war and tariffs appeared to offset investors' reac-



Source: FactSet

tion to another sign that the prices of many goods and services are creeping higher. Another U.S. inflation reading came in stronger than expected. Wholesale prices rose by 0.4% in January, and the December reading was revised up.

Although producer-price inflation stayed hot last month, the categories that matter for the Fed's preferred inflation gauge, the personal-consumption expenditures price index, were much more muted. Economists now think the PCE,

which draws on data from both the consumer-price index and producer-price index, probably came a bit closer to target last month.

Still, some investors are worried that stubborn price pressures and the Trump administration's aggressive use of tariffs could lead to a meaningful increase in inflation. Traders have pared back their Federal Reserve interest-rate-cut expectations since Wednesday's surprisingly hot consumer-price index.

"The inflation prints are already above trend, and tariffs haven't really ramped up yet," said Charlie Ripley, senior investment strategist for Allianz Investment Management. "I think the Fed is doing the right thing by being a little bit more cautious around the rate-cutting campaign."

## Elsewhere:

◆ Benchmark 10-year Treasury yields retreated below 4.55%, after jumping in the previous

session following the CPI report.

◆ European equities extended recent gains after Trump said Putin agreed to begin Ukraine talks. The Stoxx Europe 600 index gained more than 1%.

◆ The WSJ Dollar Index weakened. The euro and the U.K. pound strengthened against the greenback.

◆ Bitcoin prices slipped to around \$96,000.

—Vicky Ge Huang  
and Ed Ballard

## FRIDAY'S EVENTS:

◆ Data: A flurry of economic indicators round out the week, including retail sales at 8:30 a.m. ET. Readings on industrial production, capacity utilization and business inventories follow.

## EARNINGS EXPECTED:

Moderna

## STOCK SPOTLIGHT

### Cisco Systems

The networking-equipment company raised its annual revenue outlook after its quarterly sales surpassed expectations. Shares rose 2.1%.

### AppLovin

The mobile-advertising tech company reported a surge in quarterly trading and said it signed a deal to sell its mobile-gaming division.

Shares soared 24%.

### Dutch Bros.

The drive-through coffee chain's shares rocketed 29% after the company late Wednesday reported profit and revenue that beat Wall Street expectations.

### Reddit

Shares of the social-media company fell 5.3% after it reported weaker-than-expected user growth late Wednesday.

### Robinhood

The company posted a sharp jump in quarterly profit, helped by a flurry of post-election activity on its trading platform. Shares gained 14%.

### Unilever

The company said it would spin off its ice-cream business, which owns Ben & Jerry's, as part of a plan to slim down. U.S.-listed shares dropped 5.4% after Unilever said revenue grew less than expected.

### Crocs

Shares soared 24% after the clog-and-sandal company reported higher-than-expected quarterly sales and profit, bolstering confidence in its turnaround.

### Nestlé

The packaged-food company's stock increased 6.2% in Switzerland, despite a fall in annual sales, after it increased its dividend and gave solid guidance.

### Baidu

U.S.-listed shares of the Chinese technology company rallied 3.5% after it said it would make an artificial-intelligence chatbot freely available.

### Deere

The farm-equipment seller saw steep declines in earnings and sales last quarter, and expects revenue to continue falling this fiscal year. Shares declined 2.2%.

## AUCTION RESULTS

Here are the results of Thursday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are quoted by the difference between that price and the face value.

### FOUR-WEEK BILLS

Applications	\$264,137,729,500
Accepted bids	\$90,269,236,300
"noncompetitively"	\$6,894,461,200
"foreign noncompetitively"	\$0
Auction price (rate)	99.669444 (4.250%)

### Coupon equivalent

Bids at clearing yield accepted	4.32%
Cusip number	27.06%

### Cusip number

912797N26

The bills, dated Feb. 18, 2025, mature on March 18, 2025.

### EIGHT-WEEK BILLS

Applications	\$249,779,895,800
Accepted bids	\$85,254,537,200
"noncompetitively"	\$1,474,965,500
"foreign noncompetitively"	\$0
Auction price (rate)	99.340444 (4.240%)

### Coupon equivalent

Bids at clearing yield accepted	4.32%
Cusip number	20.74%

### Cusip number

912797N26

The bills, dated Feb. 18, 2025, mature on April 15, 2025.

### 30-YEAR BONDS

Applications	\$65,078,691,300
Accepted bids	\$31,867,850,600
"noncompetitively"	\$43,524,100
"foreign noncompetitively"	\$0
Auction price (rate)	98.024695 (4.748%)

### Interest rate

Bids at clearing yield accepted	4.62%
Cusip number	27.19%

### Cusip number

912810U61

The bonds, dated Feb. 18, 2025, mature on Feb. 15.

### TotBd2

9.39 +0.05 0.8

### TotBd2R

9.14 -0.25 1.6

### TotBd2L

14.90 -0.52 4.2

### VANGUARD INSTL FDS

5.85 +0.31 4.6

### ExtdInstlP1

373.16 +2.48 5.0

### ExtdInstl

20.14 +0.23 6.3

### InPrSel

4.92 +0.05 1.6

### InstIdx

498.50 +0.15 4.1

### InstPlus

498.49 +0.14 4.1

### InstStPlu

103.24 +1.07 4.2

### MidCpStPl

85.52 +0.74 2.1

### MidCpStPl

87.46 +0.95 2.7

### ValueSel

67.44 +0.49 2.0

### WmValAdm

87.46 +0.95 2.0

### WmValAdm

87.46 +0.95 2.0

### WCM Focus Funds

24.29 +0.40 11.6

# Unilever Plans to List Spinoff in Amsterdam

By DOMINIC CHOPPING

Investors will soon be able to scoop up shares of Ben & Jerry's.

Unilever on Thursday confirmed plans to spin off the brand and the rest of its ice-cream business as a stand-alone company, choosing Amsterdam over London and New York for its primary listing.

The move ends months of speculation over how the company would move ahead with its plans to separate the business, which makes the Magnum, Breyers and Talenti brands among others. Unilever considered selling the business.

Unilever first outlined plans to carve out the ice-cream business nearly a year ago as part of Chief Executive Hein Schumacher's plan to boost growth in part by simplifying the company.

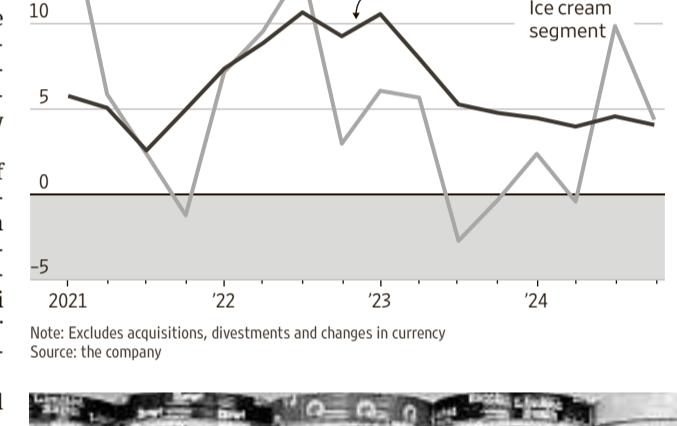
The consumer-goods giant has sold ice cream since it bought Wall's in 1922, which was started in a butcher's shop in London to offset weaker meat sales in the summer months. It bought Ben & Jerry's, known for its quirky flavors and promoting social causes, in 2000.

The ice-cream business, which includes several of the world's top-selling brands, generated sales of more than \$8.6 billion last year, roughly 14% of Unilever's revenue.

But the ice-cream business in recent years posed big challenges for Unilever.

Ben & Jerry's, once regarded

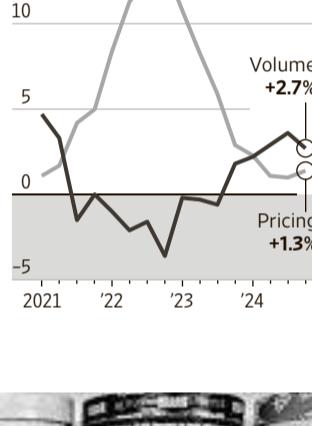
### Unilever's quarterly sales, change from a year earlier



Note: Excludes acquisitions, divestments and changes in currency

Source: the company

### Change in volume and pricing from a year earlier



rose 3.7% in 2024, driven in part by new products, including a snack-size Magnum offering and oat-based Ben & Jerry's ice creams.

Unilever expects the separation to be complete by the end of 2025. The stand-alone business will be based in Amsterdam and have secondary listings in the U.K. and U.S.

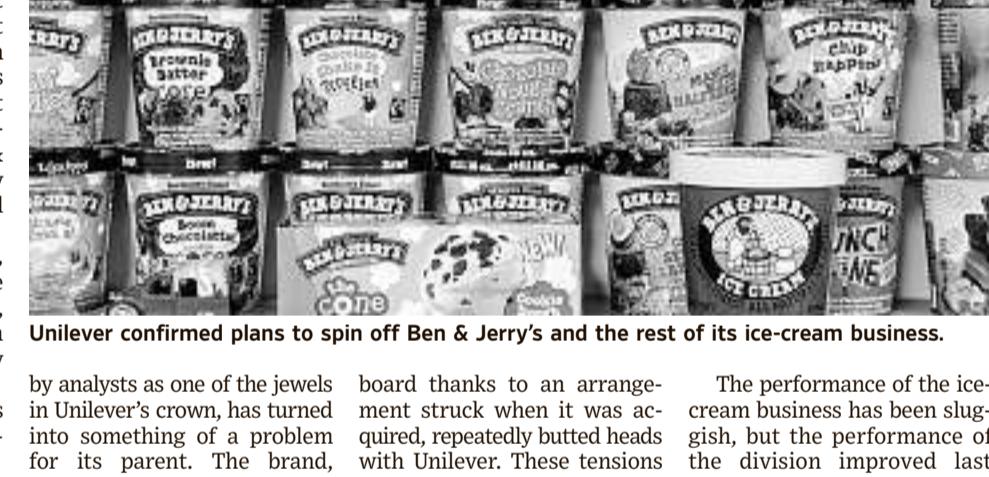
News of the listing came as Unilever reported a 4% rise in underlying sales growth for the fourth quarter, just below the 4.1% expected by analysts.

Sales rose in North America, in part driven by demand for Vaseline skin-care products and Sunsilk shampoo, but fell in China, where it is battling weak consumer sentiment.

The company gave a subdued outlook for 2025, saying it expected its markets to remain soft in the first half of the year. Unilever shares fell more than 5% in Europe.

In recent years, the consumer-goods industry generated much of its growth from higher prices as companies passed on inflation-driven cost increases. Now companies are trying to focus more on volume-led growth.

Unilever said the volume of goods sold in the fourth quarter rose 2.7%, shy of the 3% analysts expected, while pricing increased 1.3% on the year. Analysts expected prices to increase 1%. The company said it expects pricing to make up more of its growth this year as it raises selling prices to offset higher costs for cocoa, dairy and palm oil.



By ELENA VARDON

billion, beating expectations of £6.705 billion. This was roughly split between fees and commissions and net interest income, the difference between what banks earn on loans and what they pay clients.

Barcl

# HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## Frustrated Home Sellers Pull Listings

An increase in the number of properties being delisted could be an early sign of a weakening housing market

An uptick in December delistings is the latest sign of dysfunction in America's housing market.

Nearly 73,000 homes were pulled from sale after they failed to find a buyer in the final month of last year, data from real-estate analytics firm CoreLogic show.

Delistings tend to spike in winter when fewer people are actively looking for a home. But the trend in December was unusually strong, representing almost 1 in 10 properties on the market, and a 64% increase from the same month of 2023.

Most sellers are pulling their homes only temporarily and think they will have a stronger hand if they relist in spring. But the jump in delistings indicates that much of the extra inventory that hit the housing market throughout 2024 sat unsold, so had to be pulled in higher numbers come winter. It also suggests there is a bit more pent-up desire to sell than headline inventory figures would indicate.

The story of the U.S. housing market over the past few years has been that homeowners with cheap mortgages have stayed put as they don't want to give up their ultra-low rates: Around two-thirds of borrowers are paying a mortgage rate less than 4%. This has strangled supply and pushed U.S. home values to record highs.

But the lock-in effect is slowly fading as more people need to move for a job, to accommodate a growing family or some other life event that can't be delayed indefinitely. In December, 1.15 million homes were for sale in the U.S., a 16% increase from the same month of 2023, data from the National Association of Realtors show.

Still, despite more properties becoming available, buyers were thin on the ground. Home sales in 2024 were at their lowest level in nearly 30 years.

Home values have held up despite this weak demand, at least so far. Homeowners don't like to sell for less than their neighbors received and aren't ready to adjust their expectations yet. Delistings are probably acting as a safety valve, allowing sellers to delay rather than accept a lower offer.

But prices for new homes have slipped. This is partly because units are being built smaller to keep them as affordable as possible for first-time buyers. But builders are struggling to sell homes, even



Most home sellers are pulling their listings only temporarily and think they will have a stronger hand if they relist in spring. An Atlanta home last year

though they are offering to buy down mortgage rates.

The number of completed and ready-to-occupy new homes rose 46% from a year earlier in December to 118,000, based on data from the National Association of Home Builders.

It may turn out that December was an unusually weak month for the housing market. The rate on a 30-year, fixed-rate mortgage crept back toward 7% at the end of 2024, damping demand. Some buyers may hold off until it is clearer where the economy is heading under a second Trump administration.

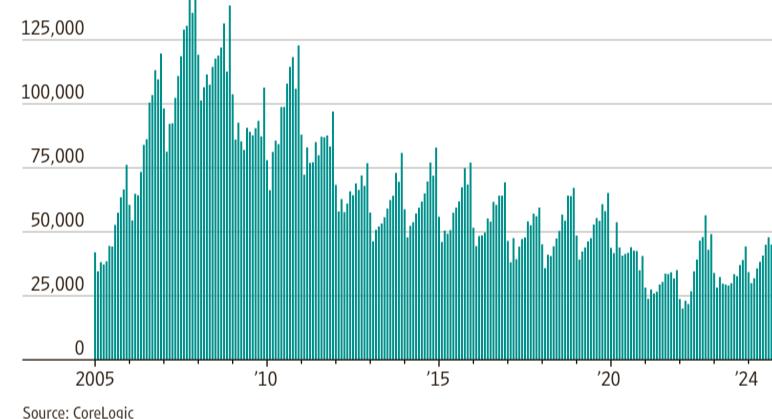
But if delistings and unsold house-builder inventory remain

high over the coming months, it will be a bad sign for sellers. The share prices of single-family housing landlords **Invitation Homes** and **American Homes 4 Rent** already trade at discounts of 33% and 22% to their net asset values, respectively, according to real-estate analytics firm Green Street—an indicator that investors think U.S. home prices are vulnerable to a correction.

The rise in delistings also means there could be a shadow inventory of homes waiting to come onto the market as soon as volumes pick up. That may put prices under pressure, even if buyers come out this spring.

—Carol Ryan

### Housing delistings, monthly



Source: CoreLogic

## Robinhood's Big Quarter Was About Crypto, but There's More to It

Since the meme-stock boom, **Robinhood Markets** has diversified its business away from wild trading, adding fairly sober products like retirement accounts and a credit card. But the return of some animal spirits in trading can be very good for its business.

Robinhood's bumper fourth quarter, reported late Wednesday, was a crypto story. Customers traded \$71 billion of notional crypto in the quarter, after trading \$14 billion in the third quarter.

That powered its big quarterly result. Total net revenue jumped from \$637 million in the third quarter to \$1.014 billion in the fourth quarter. Of that \$377 million jump, just shy of \$300 million came from the rise in crypto transaction revenue.

Robinhood's stock rose 14% on

Thursday, closing at its highest level since a brief peak in August 2021.

But Robinhood is a very different company now. Revenue in the fourth quarter was over \$1 billion,

nearly triple what it was three years prior. More than 10% of its funded accounts are paying to subscribe to its Gold service, up from about 6% a year prior. It has a much bigger base of non-trans-

action net interest revenues, at nearly \$300 million in the fourth quarter.

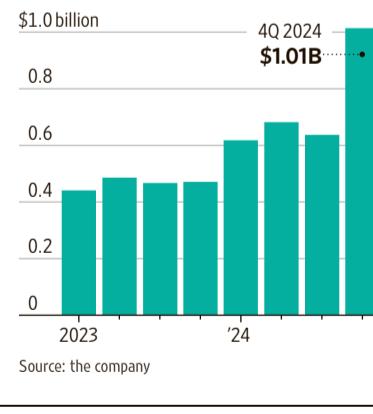
It is also making net profits, not losses. Notably, Robinhood added about \$370 million to its

\$916 million fourth-quarter net income through tax benefits, mostly by releasing deferred tax assets from when it was incurring losses. This is typically an indicator that a company is expecting further profits.

Investors should be cautious about projecting forward the same pace of crypto trading revenue, given how prone to a boom-and-bust cycle that industry is, and also consider the one-time nature of some of its tax benefits in the quarter.

Yet seeing its stock price back at peak levels shouldn't alone be cause for alarm, given some of the durable revenue drivers that the company has developed. Robinhood has done a lot of growing up since its YOLO days.

—Telis Demos



Robinhood is a very different company since its meme-stock days.

### BUSINESS NEWS

## Latest Tech Darling AppLovin Draws Comparisons With TikTok

By KATHERINE HAMILTON

Investors are flocking to **AppLovin**, the latest technology darling.

The company, which connects advertisers with mobile-game developers, could be the next TikTok, according to analysts.

Shares of AppLovin have increased sevenfold in the past year and on Thursday rose another 24%, to \$471.67, after reporting its latest quarterly results.

Investors expect these returns to grow in the long term as the company simplifies its operations and expands into

advertising products other than mobile games, including e-commerce.

The Palo Alto, Calif., company, which went public in 2021, is finding success with its artificial-intelligence model that has cracked the code for advertising to mobile-game users.

More than 1 billion people play mobile games each day, a consumer audience that competitors TikTok and **Meta Platforms**, said Bank of America analyst Omar Dessaouky. "None of those companies have ever tried to monetize this audience," Dessaouky said. "Every four years or so a new customer acquisition model

disrupts the advertising landscape. TikTok was the last one."

Ads on mobile games were, for a long time, primarily marketing other mobile games. That is because it has been difficult for companies to figure out what products those users would be interested in, besides what they were already engaging with: mobile games.

As a result, game developers were often advertising their competitors' products on their own platform, said Benchmark analyst Mike Hickey.

AppLovin has built an AI

model that allows mobile-game advertisements to expand to other industries. The AI model can collect data on game users, including which advertisements they are most engaged with, and then use that data to tailor other ads to them.

"You now have the opportunity to grow your revenue without the reality of cannibalizing your own product," Hickey said.

AppLovin's success is now allowing the company to start working with e-commerce advertisers. While it hasn't disclosed what companies it is working with, Dessaouky said players like **Amazon.com** and

**Walmart** could be interested.

AppLovin in the fourth quarter saw its revenue surge 44% to \$1.37 billion, and nearly quadrupled its earnings per share year over year. Advertising revenue increased 73%.

"The breakthrough is only beginning," Chief Executive Adam Foroughi said on a call with investors.

E-commerce advertising is expected to be 10% or more of AppLovin's business in 2025, Hickey said. AppLovin is starting to work with companies that aren't direct-to-consumer.

Because it is one of the

first to find success in this industry, AppLovin has an upper hand on competitors like **Alphabet Inc.**'s Google or gaming-software company **Unity Software**, analysts said. The longer it collects data on mobile-game users, the better its AI model can personalize ads,

Dessaouky said. That will help it continue to dominate market share.

AppLovin said Wednesday it is selling its game-development business for \$900 million to an undisclosed private buyer. The divestment demonstrates the company is doubling down on its advertising business, Hickey said.

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# MANSION

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**John Legend**  
The singer on the  
L.A. wildfires and  
maybe returning  
to NYC. **M18**



HOMES | MARKETS | PEOPLE | REDOS | SALES

Friday, February 14, 2025 | **M1**

## A Texas Estate Built for a Horse

Charly's owners designed a \$2.2 million house and detached barn where the show-jumping champion could live his best life in retirement



Matt and Tina Ford and their daughter, Daisy, above between her parents, designed this house and barn on 11.5 acres in Dripping Springs, Texas.

FROM TOP: JACK THOMPSON FOR WSJ; JACK THOMPSON



For eight years, Daisy Ford's horse, Charly, competed with her in show-jumping events around the world, leading to dozens of top prizes, including two Grand Prix.

When it came time for Charly, who is now 18, to retire, Daisy didn't want him to be stuck in some cramped barn around people he didn't know.

"I wanted a space for him where he would get

to live his best life," says Daisy, 25. "That horse worked so hard for me."

Her parents, Tina and Matt Ford, stepped in to help. The couple, who started Houston-based design-build firm Ford Design, saw their daughter's request as a perfect excuse to buy what they intended to be a vacation property in Texas Hill Country.

They paid \$400,000 in 2018 for 11.5 acres situated 10 miles from the center of Dripping Springs, a serene, small town outside of Austin surrounded by farms, with so many cows wandering every-

where it necessitated "loose livestock" signs along the roads. Over the next four years, they spent \$2.2 million designing and building a new 3,000-square-foot house and detached barn.

The finished house is minimalist and simple: a long, narrow rectangle with a stained Cypress exterior, an A-frame metal roof, steel windows and doors, a burnt-Cypress kitchen island and marble counters. There are custom plaster-finish walls, floating glass walls recessed into the concrete

Please turn to page M12

## Entry-Level Homes in Miami Are Going Extinct

The number of single-family homes under \$500,000 listed in the Miami area has plummeted in the past five years

By E.B. SOLOMONT

AS DEEP-POCKETED buyers in the Miami area push luxury home prices to record highs, starter houses are disappearing from the market.

Between 2019 and 2024, a five-year period that saw hedge-fund manager Ken Griffin hand Miami its first \$100 million home purchase—followed by a slew of other megadeals—the annual number of single-family home sales in Miami-Dade County below \$500,000 dropped 79.6%, according to research firm Analytics Miami.

Where did all those entry-level homes go? One price tier up, dragged there by the upward tra-



jectory of single-family home prices area-wide. For single-family homes between \$500,000 and \$1 million, inventory rose 43% and sales rose 140% between December 2019 and December 2024. For

the month of December 2024, the median sale price for a single-family home was \$675,000—up 11% year-over-year and up 78% compared with December 2019, Analytics Miami found.



LIST PRICE  
**\$24 MILLION**

LOXE LIVING REALTY (2)

Bay Point, where this waterfront villa with six bedrooms was recently listed, has seen a flurry of deals.

Meanwhile, the annual number of home sales above \$1 million rose 147% compared with 2019.

While the pandemic's blistering pace of home-buying may have cooled, a steady stream of

wealthy buyers who moved to South Florida in recent years has pushed single-family home prices in the Miami area to previously unseen levels—higher than even that during the peak of the pandemic boom in 2021.

Ana Bozovic, a Miami real-estate Please turn to page M8

## PRIVATE PROPERTIES

# In Hawaii, the Longtime Home of Computer Pioneer Gordon Moore Lists

After the death of computer-industry pioneer Gordon Moore in 2023, the Intel co-founder's beachfront Hawaii vacation home is going on the market for \$28.8 million.

Gordon and his wife, Betty Moore, built the Big Island home soon after he retired from Intel, a Silicon Valley-based computer-technology company, in 2006. The Moores paid \$13.45 million for 2 acres in a gated resort community in the South Kohala district, then built the six-bedroom home in 2008, according to listing agent Steve Hurwitz of Hawai'i Life. They furnished the roughly 10,000-square-foot home with about \$3 million worth of furniture, which is included



**FOR SALE  
\$28.8  
MILLION**

in the listing.

The Moore family couldn't be reached for comment. The proceeds of the sale will go to the non-profit Gordon and Betty Moore Foundation, which supports conservation and science-related causes, according to Harvey Fineberg, the foundation's president.

The estate has about 285 feet of coastline, said Hurwitz. The Asian-influenced home has cedar, teak and stone finishes. Built into a wall near the kitchen is a roughly 9-by-13-foot fossil with imprints of fish and palm fronds from a prehistoric riverbed, said Hurwitz. The roughly 2,000-pound fossil is around 51.3 million years old, said the Moores' interior designer Paul Wiseman. "Gordon loved the fossil," Wiseman said. The Moores paid about \$250,000 for the piece, said Hurwitz.

The estate has lanais, koi ponds and an infinity-edge pool, Hurwitz said. The 1-acre parcel with the house is also being offered for \$21.9 million without the adjacent 1 acre, said Hurwitz.

The Moores lived in Woodside, Calif., outside San Francisco, but spent as much time on the Big Island as their schedules allowed. While on the Big Island, they liked to walk on the beach and whale-watch,



said Fineberg, who became a friend of the family. Gordon kept a binocular telescope in his office for whale watching. The Moores, who had two children and four grandchildren, also enjoyed

hosting family and friends on the property, Fineberg added.

Gordon co-founded Intel in 1968 with Robert Noyce, and the company became known for its microproces-

sors and semiconductor technologies for computers. Gordon, who received the Presidential Medal of Freedom, was known for "Moore's Law," an observation that the number of transistors on a chip doubles about every two years. Gordon died at age 94 in March 2023, and Betty at age 95 later that year.

There were 17 home sales over \$10 million on the Big Island in 2024, with a median sale price of \$14.5 million, up 1.4% year-over-year, according to a Hawai'i Life report. The most expensive sale of 2024 in the South Kohala district was a \$21 million deal for a smaller house with less beachfront, said Hurwitz.

—Sarah Paynter

JUSTIN SULLIVAN/GETTY IMAGES (MOORE); PANAVIZ (3)

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## PRIVATE PROPERTIES



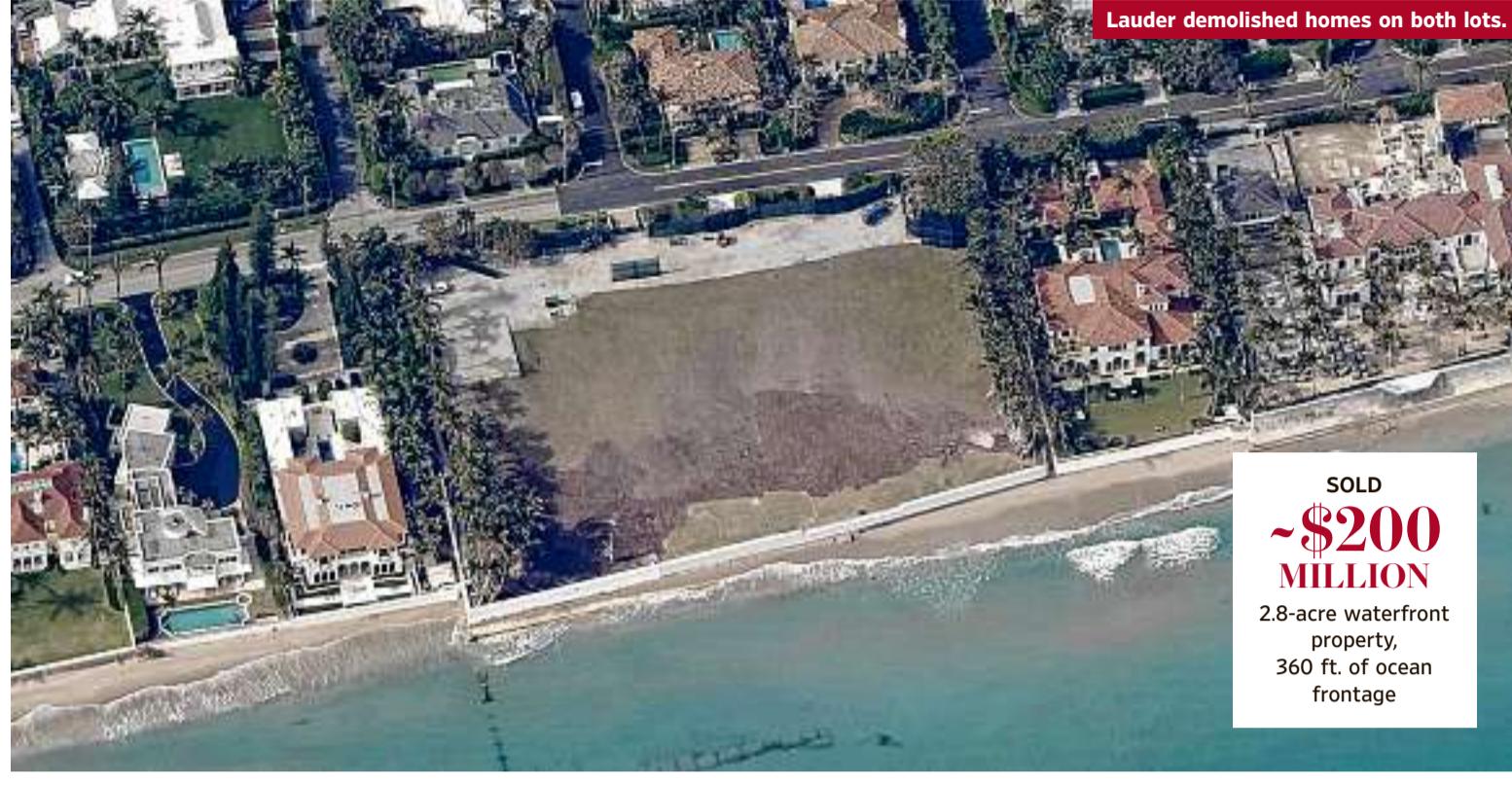
Billionaire William Lauder has struck a deal to sell two oceanfront lots in Palm Beach, Fla., for close to his original \$200 million asking price, according to people familiar with the situation.

If the deal records for more than \$170 million, it would set a record for Palm Beach. The previous record was set in 2023 when luxury car dealership owner Michael Cantanucci and his wife, Kimberly Cantanucci, paid about that amount for a roughly 1.6-acre oceanfront property with 150 feet of ocean frontage.

Lauder, the former executive chairman of the beauty giant Estée Lauder Companies, listed the vacant parcels for \$200 million in 2023. He later lowered the asking price to a combined \$177.8 million.

In total, the parcels span about 2.8 acres with 360 feet of direct beach frontage. Lauder bought one of the properties, a roughly 1-acre parcel, for just under \$25.4 million in 2020, property records show. He bought a second, roughly 1.8-acre property for an undisclosed sum in 2021. He demolished homes on both lots.

Shortly after putting the vacant



Lauder demolished homes on both lots.

**SOLD**  
~\$200  
MILLION  
2.8-acre waterfront  
property,  
360 ft. of ocean  
frontage

## William Lauder Land Sale Could Set Palm Beach Record

lots on the market, Lauder paid \$155 million for the late Rush Limbaugh's longtime Palm Beach estate.

Luxury prices in Palm Beach have skyrocketed since Covid. The median single-family home price in

Palm Beach was \$10.9 million in the fourth quarter, up 24.3% year-over-year. The median luxury sale price in the fourth quarter was \$34.4 million, more than double the median luxury sale price in 2023's fourth quarter. In 2022, Or-

acle co-founder Larry Ellison paid \$173 million for a home in nearby Manalapan.

Lauder owns trophy properties around the country. In 2019, he listed a unit at 778 Park Avenue in Manhattan for \$45 million, then

dropped the price to \$39 million before pulling it off the market. Now, he is listing another unit in the building for \$26.95 million after paying \$25 million in 2023.

—Katherine Clarke  
and E.B. Solomont

## A Former Fish Farm Gets a Major Price Tag in the Florida Keys



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Indiana residents Kurt and Kathi Westman dreamed of retiring in a tropical paradise, but they didn't want to leave the country. So they went as far south as they could without leaving the U.S., to the Florida Keys.

Made up of several islands, Islamorada is located about 80 miles south of Miami between the Atlantic Ocean and the Gulf of Mexico. The Westmans paid \$3 million for their land in 2011 and built a new home, completing it around 2017. The roughly 11,000-square-foot residence is currently

configured as five bedrooms across a main house and guest quarters. The property also has a tennis court, dock and a private beach.

Kurt founded Al-Fe Heat Treating, a commercial aluminum heat-treating operation that was based in Fort Wayne, Ind. The Westmans

would set a record for the Keys, according to listing agents Eric Rizzo and Russ Post of Ocean Sotheby's International Realty.

Made up of several islands, Islamorada is located about 80 miles south of Miami between the Atlantic Ocean and the Gulf of Mexico. The Westmans paid \$3 million for their land in 2011 and built a new home, completing it around 2017. The roughly 11,000-square-foot residence is currently

started vacationing in the Keys in the 1980s and bought a condo there. After Kurt retired in 2018, they started splitting their time between the Keys and Salida, Colo.

The Westmans wanted a large, single-family retirement home in the Keys. They bought a 5-acre parcel of land in Islamorada that had once been home to a fish farm, and still had large concrete tanks used in the operations on the site. They removed the tanks and started building a new home.

The compound has two bedrooms in the main house and three in the guest quarters, which is accessed via breezeway from the main house. There are two offices and a wine cellar. Outside, the heated pool has a waterfall and grotto. There is an outdoor summer kitchen and a saltwater pond with native sea life. They declined to comment on how much they spent building the home.

The Westmans are selling because they recently finished building a new home in Colorado and have been spending more time there. While they plan on keeping a place in South Florida, they don't need quite such a large home there, they said.

—Katherine Clarke



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**Special Advertising Feature****Retirement Communities**

*They may look like vacation oases, but Vi Living's 10 life plan communities across the U.S. are providing more than just a resort lifestyle to their residents. Older adults are flocking to Vi's campuses for a holistic approach to aging well, with the peace of mind knowing that additional health care is just steps away.*

# Value Added

by Kelly Bryant

**A**t the age of 77, Cara Gardner decided it was time to sell her Miami Beach condo in favor of something simpler that required less upkeep on her part. Independent and active, she initially felt too young for a continuing care retirement community (CCRC). But that all changed when she visited Vi at Aventura, a luxury CCRC located in northeast Miami-Dade County.

"I looked at other communities, but I didn't feel at home like I did at Vi," Gardner says. "I wanted to be somewhere I could live for the rest of my life, where my needs could be taken care of directly on campus. Vi at Aventura is a vibrant community culturally and in close proximity to Miami, which has been my home most of my life."

In her Vi community, Gardner can socialize with ease, and there are plenty of activities she finds engaging, both intellectually and physically.

"I'd say it took five or six months to get used to the idea that I'd be moving into a CCRC," she says. "Initially I thought it was too early. But I wanted to make the move before I actually needed to be in this type of place. I'm glad I did, because they say it's better to come five years earlier than five years late."

CCRCs do come with a hefty price tag. According to data service NIC MAP, using data from The National Investment Center for Seniors Housing & Care, the average initial entrance-model fee for a CCRC is about \$460,000. Then you have to take into account the associated monthly fees, which, in the independent living category, are around \$4,063 on average. However, Gardner is quick to point out the enormous value in having everything taken care of for you with that monthly fee.

"I have a beautiful apartment but I don't have to think about assessments, HOA fees and insurance," she says. "Before I lived on the water and insurance was getting ridiculous. I don't have to think about electric bills, housekeeping services — it's all covered here. I always have people to eat a meal with and I enjoy how easy it is to see my friends. That's all part of why I'm here."

#### INVESTING IN THE FUTURE

Joe Chambers, Vi Living's assistant vice

president of sales, has heard resident stories similar to Gardner's for years.

"A lot of folks come to us not thinking they want to move to a senior living community or thinking they don't need to move to a senior living community," he says. "But what they don't understand is the value that a CCRC like Vi offers."

Vi communities provide all levels of care, with most residents coming in before they need any care, not when they need it.

"The value is really walking prospective residents through what the rest of their life might look like," Chambers says. "Not everyone thinks they're going to need care until it actually happens. We help them understand that plenty of care is available to them if and when they need it, for as long as they need it. It's really up to them on how much of a long-term investment or a permanent investment they want to make in their future health care now."

When residents move into a Vi community, everything is covered, from meals to transportation — even property taxes are included. Lifestyle amenities are included in the monthly fee as well, so residents can take advantage of all of the community's programming their heart desires.

"If someone is staying in their own home, they're writing checks to the landscaper, the housekeeper and other services," Chambers says. "At Vi there are really no hidden costs, and any ancillary fees are very much transparent to all of our residents. If they want additional services through housekeeping, for instance, they know what they're going to pay."

#### CONTINUUM OF CARE

Milos Blagojevic, the executive director of Vi at Lakeside Village in the



*Lifestyle amenities are included in Vi's monthly fee, so residents can take advantage of the many activities each community offers. At Vi Lakeside Village, that might mean exploring adjacent Lake Osborne.*

*The Wall Street Journal news organization was not involved in the creation of this content.*



COURTESY OF VILIVING

## Worry-free living for seniors? Priceless

Palm Beach County city of Lantana, sees to it that his residents receive the full value of what they're paying to live in the community.

With 46 acres of land to call home, Lakeside Village is nestled along Lake Osborne with a boat to take residents on sunset cruises or bird-watching expeditions. But Blagojevic believes the real value is in the worry-free living Vi campuses provide.

"When prospective residents are looking to move into the community, they're buying into a future plan," he says. "They're trying to prepare for future care so they can

really live the best life they can today, without having to worry about being a burden to their children down the road."

Gone are the stresses of what to do when a home appliance breaks or the air conditioning goes out, there's staff to take care of it. And for couples, the onsite care center allows partners to be just that — partners and not caregivers of one another.

"The key is to support our residents on that journey of independence and longevity," Blagojevic says. "We're providing them all the services they need so they don't have to worry about anything other than enjoying life."



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## Special Advertising Feature

## Retirement Communities



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*At The Mather in Tysons, Virginia, residents are surrounded by both new opportunities and familiar comforts. Approximately 14 miles from Washington, D.C., the community enjoys access to nearby universities and museums for lifelong learning.*

# Seeking Experiences

*Luxury takes on new meaning in modernized older adult communities*

by Kelly Bryant

**H**igh-end finishes, extravagant amenities and resort-style comforts — today's older adults have more stylish and diverse living options than ever before. But the most sought-after communities are those that go a step further, taking a thoughtful approach to aging well.

In fact, Michael Grust, CEO of Senior Resource Group (SRG), politely eschews the term "luxury" when speaking of the 22 properties the company operates. And that's despite the fact that each community appears very plush.

"To be honest with you, I've got a problem with the word 'luxury' because on the independent living side we need to give people more compelling reasons to leave their home preemptively," Grust says. "Early on, we were on the luxury senior living bandwagon. But I'd like to believe the value proposition has to be more than that. We're in the service business: healthcare, hospitality and real estate."

For SRG, this means differentiating themselves from the pack — creating dynamic dining experiences, providing well-designed living environments and, perhaps most of all, fostering independence among residents.

"We've pivoted to more experiential living," Grust says. "Yes, we want to have fine dining and larger apartments with nicer finishes, but the heart of our community is our programming. We hear so much

about lifespan versus health span, so we create environments that are the catalyst for people living the way they want to live. But we also give them opportunities to experience new things."

#### AN EVOLVING INDUSTRY

For Mather, which consists of life plan communities in Arizona, Illinois and Virginia, it's about providing residents with new experiences while keeping them connected to the life they already know so well.

"What's considered a luxury really varies by market and person," says Gale Morgan, senior vice president at Mather. "People place a high value on wellness programs and staying connected in their communities, as many still work."

For example, at The Mather, a community in Tysons, Virginia, residents can expect programs partnered with nearby universities and museums for lifelong learning. The art is curated with commissioned pieces from around the world. Extensive focus groups were conducted for residents to help shape future programming and share their thoughts on what's working and what isn't.

"Longevity is the buzzword, so it really is all about continuing to age well," Morgan says. "Whether you live here 10 years or 25, it's about having a connection to wellness — and The Mather's wellness ecosystem is ever evolving as a personal, relevant and contemporary way of living and being."

#### AN ADAPTIVE HOME

With residents of varying ages and interests, both Mather and SRG are adept at providing spaces, programming and hospitality to meet a wide range of needs. Morgan points to the flexible living areas, both private and communal, at each of Mather's properties.

"The flexibility offers choice and customized experiences coupled with cutting-edge amenities," she says. "These amenities invite interaction with the outdoors, like yoga on the terrace, al fresco dining and cocktails on the rooftop. Then you add in our person-centric wellness experiences (which we call ContinuWell), infusing wellness into countless aspects of each day. Plus, apartment homes have open floor plans with smart-home conveniences. We have a couple that spread out their furniture to practice ballroom dancing. You can really adapt the spaces to your lifestyle needs."

A genuine sense of attentiveness to residents provides a customized experience for each and every person living in SRG's communities.

"We get into the rhythm of life with our customer," Grust affirms. "The staff knows how a resident likes their tea or how they like their apartment cleaned. We evolve those relationships. I think that makes these communities a great place to live. You feel connected to something bigger than just other residents."

*Kelly Bryant is a freelance writer in Los Angeles specializing in real estate and lifestyle topics.*

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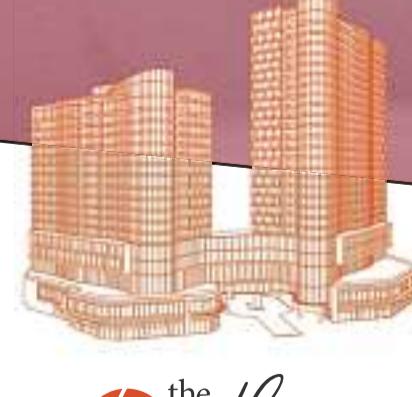


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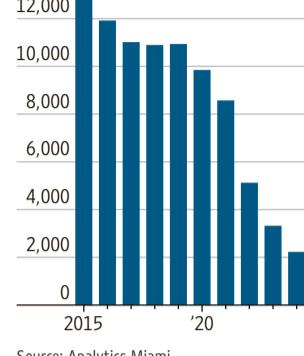
*Continued from page M1* agent and founder of Analytics Miami, said lower-priced inventory is being squeezed out of the market by sellers unwilling or unable to move, and by buyers who continue to bid up prices. “The floor of this market keeps rising,” she said. At the high end, there is a limited pool of single-family properties and high demand, a combination which has led to an explosive price increase.

Not even the threat of rising sea levels, predicted to hit the Miami coastline particularly hard in the coming decades, and skyrocketing property-insurance costs have dampened Miami’s allure for the rich, agents said.

In recent months, consumer-brands entrepreneur Anand Khubani paid \$100 million for three contiguous properties on Miami

**Home Sales Plunge**

Sales activity for single-family homes priced at \$500,000 and below saw significant decrease over the last decade.

**Homes sold**

Source: Analytics Miami

Beach’s La Gorce Island. He later purchased a \$40 million spec home on North Bay Road, about 1.5 miles from where soccer star David Beckham and his wife, fashion designer Victoria Beckham, spent \$72.25 million for a newly built mansion—a deal that local agents said started a market frenzy.

“These price points didn’t exist pre-Covid,” Bozovic said. “The sheer appetite—it’s a completely different reality.”

Danny Hertzberg of the Jills Zeder Group at Coldwell Banker Realty said that a few years ago, everyone assumed that luxury-home prices peaked at the end of 2021. But they have moved “way beyond” those expectations. “The ultra high-end is stronger than it’s ever been.”

Since 2019, wealthy buyers have reshaped Miami’s luxury market. According to Bozovic, the number of single-family home sales above \$10 million was up 248.4% in 2024 compared with that of 2019.

In fact, in Miami-Dade County, the luxury threshold for single-family homes—meaning the top 5% of the market—reached \$3.3 million in 2024, up from \$1.4 million in 2019, according to the Miami Association of Realtors. The threshold for the top 1% of the market was \$10 million.



LUXE LIVING REALTY

A recently listed waterfront property on La Gorce Island

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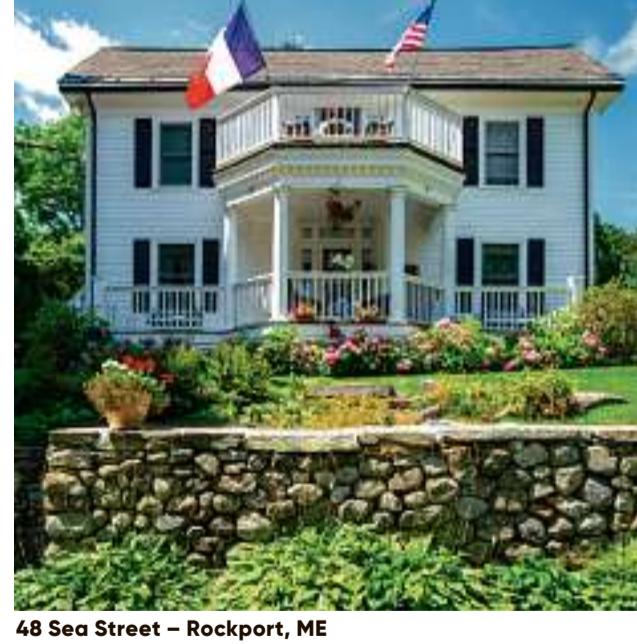
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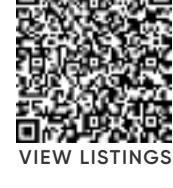
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VIEW LISTINGS

## MANSION

in 2024 up from \$3.5 million in 2019.

"Listen, the millionaires are being pushed out by the billionaires. If they want something they will pay up for it," said Chad Carroll of Compass.

Accountant Joshua Azran, who moved to Miami from Los Angeles during the pandemic, found almost nothing to buy for around \$4 million to \$5 million in Miami Beach during a recent house hunt. Most single-family homes in that price range needed significant work, which he and his wife, Naama Azran, weren't willing to do. He said they ended up looking farther north and found something in Boca Raton that checked all the boxes.

They are currently in contract to pay in the mid-\$6 million range for a roughly 8,000-square-foot house with four bedrooms, an office and theater. Something comparable would easily cost \$10 million to \$15 million in Miami Beach, Azran said.

Still, there are plenty of buyers willing to spend that amount, or more. Prior to 2021, Miami had just one sale above \$50 million. That was in 2015, when Griffin paid \$60 million for two condos at Faena House. Since 2021, there have been seven sales above \$50 million, according to data from real-estate appraisal firm Miller Samuel. Amazon's Jeff Bezos has spent \$234 million combined assembling a compound on Indian Creek, records show. In January, a waterfront estate in Bay Point traded for \$85.2 million. A home on La Gorce Island sold for \$62.5 million in 2024.

**79.6%**  
drop in sales of single-family homes priced under \$500,000 between 2019 and 2024



Victoria and David Beckham purchased a newly built waterfront mansion that spans about 12,552 square feet.

"When someone pays a big premium...they do change the marketplace," said Dina Goldentayer of Douglas Elliman. "People do cling to that last comp."

In Bay Point, for example, a flurry of deals closed after the \$85.2 million mansion went into contract

over the summer. One

was former Miami

Heat player

Goran Dragić's

seven-bed-

room water-

front home,

which sold for \$13.4 million in Janu-

ary.

On coveted

North Bay Road, land is now commanding a premium. Last year, media mogul Barry Diller paid \$45 million for a roughly 1.5-acre waterfront parcel. Recently, real-estate developer Todd Michael Glaser went into contract to pay \$105 million for the roughly 2.34-acre property next door. The seller is fellow

real-estate developer Sonny Kahn, who paid around \$2.5 million in the early 1990s, and then renovated the existing 19,200-square-foot mansion.

Glaser plans to either flip or redevelop the property, which can accommodate a 50,000-square-foot residence, said Nelson Gonzalez of Berkshire Hathaway HomeServices EWM

Realty, who is working with Glaser. He estimated a newly built house could fetch roughly \$250 million. "It's a unicorn of a lot," Gonzalez said.

As luxury home prices skyrocket, Miami's inventory of lower-priced houses is rapidly shrinking.

Not only are longtime owners holding on to their homes, but housing econo-

mists and agents also said a chunk of the sub-\$500,000 market is disappearing as values shoot up.

In December 2019, there were 3,518 single-family home listings under \$500,000, a number that dropped to 641 in December 2024, Bozovic said. "The market below \$500,000 is going extinct. It's kind of shocking," she said. There

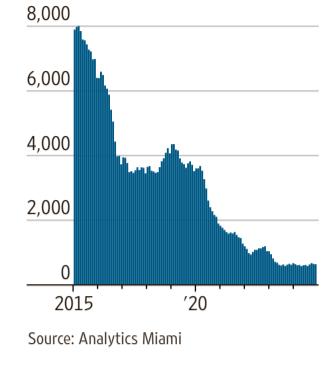


Entrepreneur Anand Khubani bought this spec home, shown above in a rendering, on North Bay Road in January. It is roughly 14,500 square feet with two outdoor pools.

## Inventory Plummets

The number of listings for single-family homes priced at \$500,000 and below has shrunk dramatically over the last decade.

## Active listings



Source: Analytics Miami

is little new product being added to the market at that price point, either, because of high land prices and construction costs, she said.

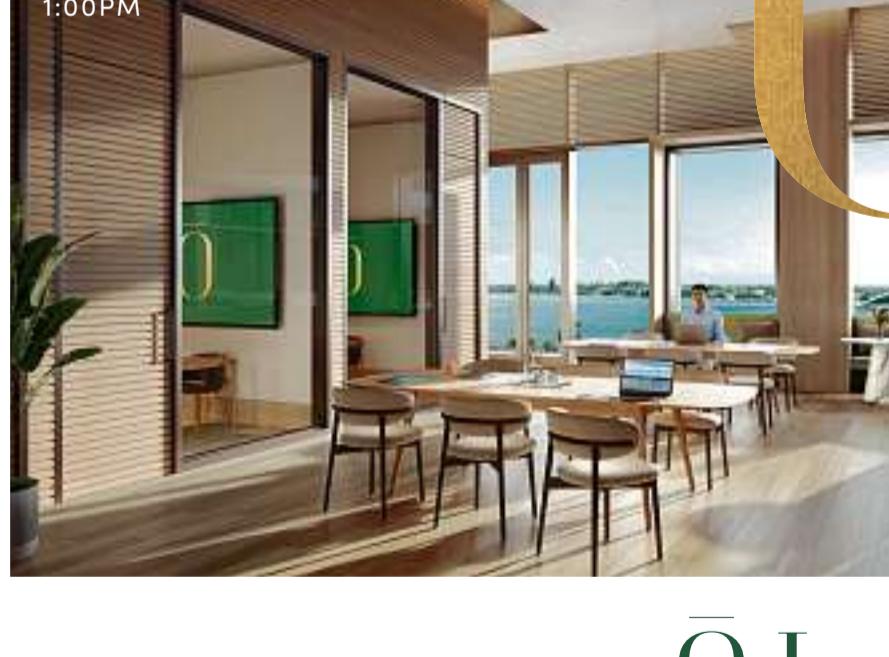
Some longtime owners are seizing the opportunity to cash out. Julianna Castro of Compass described one such deal, in which her client sold a 1,434-square-foot house in Miami's Belle Meade neighborhood for more than three times the \$363,000 purchase price in 2016. Castro said the three-bedroom house went into contract shortly after hitting the market in October, and sold for just over \$1.3 million in January.

In a more extreme example, Jason Sims of Serhant recently listed a teardown on North Bay Road that the owner purchased for \$360,000 in the 1980s. About a month ago, it went into contract to be sold for \$26 million, he said.

Compared with other cities nationwide, rising home prices in the Miami area have outpaced household income, said Alexander Herrmann, a senior research associate at Harvard University's Joint Center for Housing Studies. Miami's

Please turn to page M10

CLOCKWISE FROM TOP: LUXE LIVING REALTY; GETTY IMAGES; KOB KARP/CYRIL MARZ



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# MANSION

**SALE PRICE  
\$13.4 MILLION**

Former Miami Heat player Goran Dragić sold his Bay Point house in January.

*Continued from page M9*  
median sale price is roughly eight times higher than its median household income—up from six before the pandemic and higher than the typical ratio of five in other parts of the country. "You're talking about a six-figure down payment at that ratio," he said. "Who can afford that?"

At lower price points, agents said some would-be sellers aren't budging because they can't find something else to buy, or they are locked into low mortgage rates or can't afford to move.

Sims said one of his clients bought a waterfront home for \$1.6 million about seven years ago, and has since made about \$500,000 in upgrades. The lot is now worth about \$7 million, Sims said, but the client has nowhere else to go. "He's just stacking equity in the house," Sims said.

Miami real-estate agents said buyers continue to pay a premium for a simple reason: There is not enough inventory to meet demand.

"Developers are building

but they can't build fast enough to fill the demand at that level," said Devin Kay of Douglas Elliman.

Agents said most of Miami's trophy homes were absorbed during the pandemic boom, when the first wave of wealthy buyers fled to Florida. "Anyone who needed to sell has sold. Anyone who was thinking about selling has sold," said Hertzberg, who said there

are probably three times as many buyers willing to pay \$50 million or more for a trophy home than there are \$50 million-plus properties. "It's not even related to comps. It's what price is it going to take to convince this high-net-worth individual to sell?"

There are signs of climate gentrification, too. Deep-pocketed buyers are paying a premium for newer, more expensive homes that are being built at higher elevations or on lots that have been elevated with landfill and are less vulnerable to flood damage. "Older homes have effectively become teardowns," Hertzberg said.

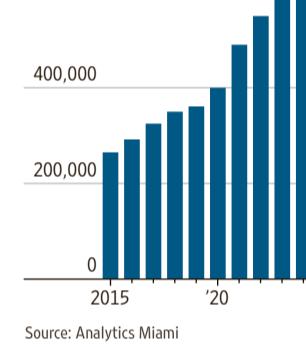
Meanwhile, concessions and make-me-move prices proliferate.

Dora Puig of Luxe Living Realty said she has the only waterfront listing on La Gorce Island, a six-bedroom asking \$38 million. Puig estimated the land value alone is roughly \$22 million, up from \$8 million. The value is in its scarcity, she said. "My phone hasn't stopped ringing," she said.

## Reaching New Highs

Wealthy buyers flocking to the city are boosting annual median prices for single-family homes.

### Median sale price



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## MANSION

## ANNOTATED ROOM

# This Parlor Room Works Overtime

In a Houston-area home, a space that's part home office, part living area and part game room

BY LAURA HINE

**P**ity the parlor. Often near a front entrance and envisioned as a place to greet guests, it is now an oft-ignored space in a modern family's home. In 2023, Katie Davis, an interior designer in Houston, tackled a long, rectangular room off the entrance of a 4,000 square-foot, one-story 1960s ranch in the Tanglewood neighborhood of Houston. Her clients, a husband and wife with three school-age children, needed the space to serve multiple purposes.

"When the wife called me, she needed help," Davis says. "Her husband, who works in finance, started working from home almost every day, but she didn't want to have this space off the entry to be just his office." As Davis talked with the homeowner, a few more ideas bubbled up. "What about a mahjong game table? Or maybe a library?" The wife, who works as a human-resources consultant, wanted a space that incorporated her family heirlooms and looked like a charming living room, but could function as so much more.

Davis created a room with floor-to-ceiling bookshelves, a built-in desk that could be hidden behind cabinet doors, and multiple seating areas, including one with a game table.

Here are some of the design details of the \$115,000 room.

**1. Accessories**

Davis admits that even clients who love books and have lots of sentimental items are often overwhelmed by what is needed to fill floor-to-ceiling bookshelves. Davis "shopped" the homeowner's treasures, and purchased additional accessories to fill in the blanks. For books, the homeowner

used a service that sells hardcover books by the linear foot based on genre or color. // **Price excluding books:** \$11,200

**2. Mahjong Table**

In the evening, the mahjong table serves its intended purpose as a place for card or board games. During the day it provides another place for the wife

to sit with her laptop. The table is custom-made by Madre and finished in a high-gloss lacquer. // **Price:** \$2,000

**3. Sofa**

"We like to call this color dusty rose," Davis says. "The garden stool next to it is definitely pink, but if you layer that color with pieces like the antique

chairs we covered in a green stripe, then it reads as less pink." The sofa is by Lee Industries and covered in linen. // **Price:** \$6,400

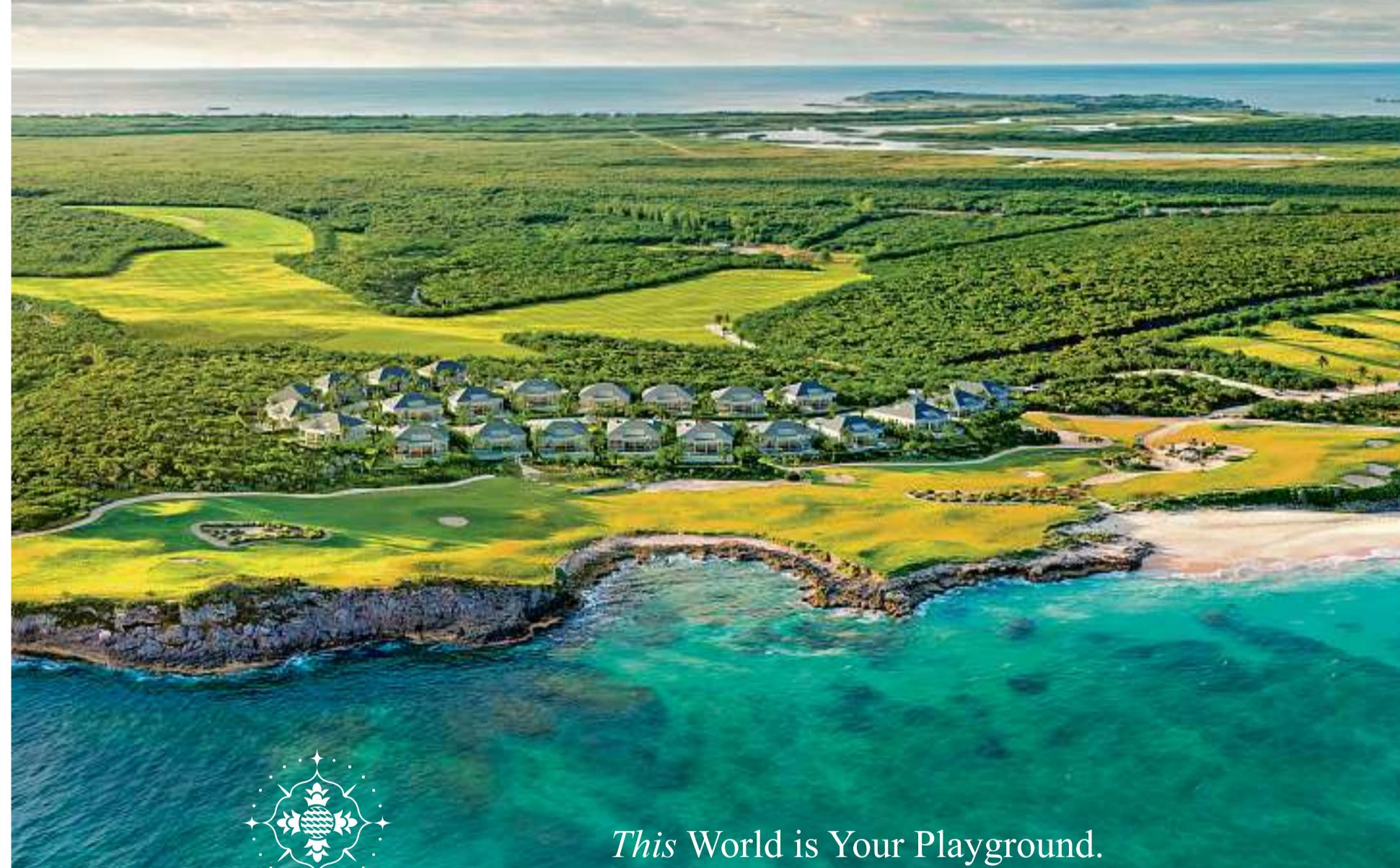
**4. Millwork**

The most expensive single budget item was the millwork. // **Price for millwork and painting:** \$45,000

**5. Banquette**

In a room that's filled with books, the custom banquette near the fireplace makes for a pleasant place to sit and read. Davis calls the floral fabric by Soane's Karun Thakar Collection her "hero" fabric, since it reflects the room's palette and gives a British country home vibe to the space. // **Price:** \$12,000

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DESIGN

**TGR DESIGN**  
BY TIGER WOODS

## MANSION

## Equestrian Estate

*Continued from page M1*  
floors framed by ivory velvet drapes and no baseboards. It is now Tina and Matt's primary home.

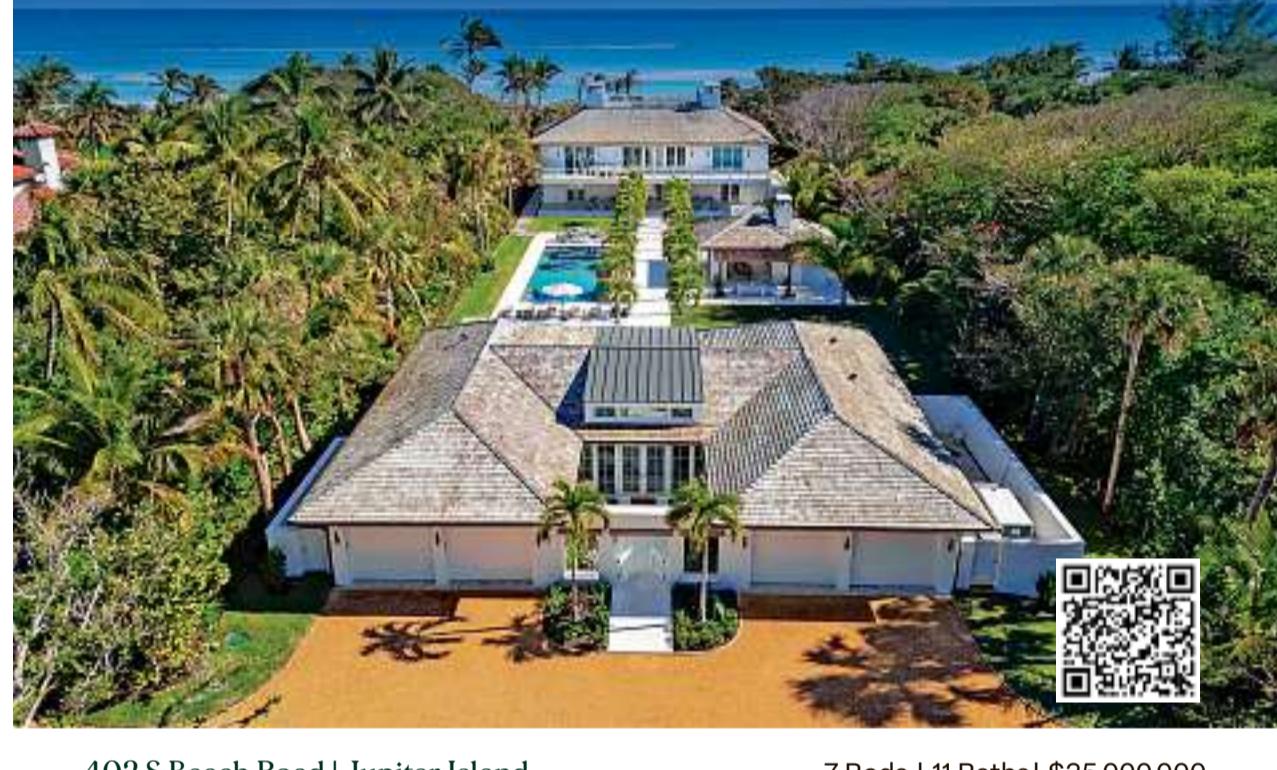
The couple wanted a space that would look elegant but clean up easily when, inevitably, someone wears manure-covered boots inside or the dogs pee on the floors. The aesthetic was partly inspired by Marfa, a small desert town in West Texas with large metal minimalist art installations.

"It's rugged—a love letter to Texas," says Matt, who wears a straw cowboy hat when he rides around the property on his Onewheel, an electric skateboard with a single tire. (It's amusing to see him occasionally get thrown off the board, says Daisy; Matt thinks she digs holes in the ground just to make sure that happens.)

The main room holds a kitchen and dining and living areas. Separating the main room from a guest suite is a screened-in porch with a Cypress ceiling and a



Matt and Tina Ford designed much of the furniture, including an antique pine dining table with sheepskin-covered chairs. The house is minimalist and simple.



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wall of windows that can enclose the space when it's cold. On the other side of the house, behind the kitchen, is the main bedroom and bath, with a black-streaked white marble shower. The couple designed much of the furniture, including an antique pine dining table with sheepskin-covered chairs.

Much of the attention went to the property's new 1,300-square-foot, four-stall barn. The goal was to build

a structure that wasn't only aesthetically pleasing, but also more functional and user-friendly than most barns, both for the horses and for the humans taking care of them.

Instead of just straw, Charly sleeps on a therapeutic mattress made of dense beanbags covered in wood shavings that Daisy says is good for his tendons and ligaments. Rather than being locked inside a stable, dependent on people to let him



FROM TOP: JACK THOMPSON FOR WSJ; JACK THOMPSON

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## MANSION



Daisy wanted her horse, Charly, to live his best life after retirement. The 1,300-square-foot barn is designed to be aesthetically pleasing and ergonomic.



JACK THOMPSON FOR WSJ (2)

out, Charly's stall has an opening he can control, allowing him to enter and exit freely into runs that lead to a fenced-in pasture. "I didn't want him to be just standing there all day," says Daisy.

Each stall has knobs to fill the water buckets inside the stall, much like pot fillers on a kitchen stove, to save time and effort. The hardware, such as the latches on the barn and stalls, is custom designed to be easy to use—clicking in and releasing firmly but fluidly. When a storm rolls in

out of nowhere, it's important to be able to get the horse inside quickly and safely. "Ergonomics are key," says Matt, 58.

Each Ford member contributed a different element of the design. Matt's focus was visual: He would spend hours making sure the front of the stalls were 100% flush with the wood so that it was completely tight. He went through hundreds of colors before he picked the blue-gray hue for the barn doors.

Daisy concentrated on the practicalities that

would ease Charly's life. She designed pastures with flows and curves (most pastures are just square) with pathways to the stable. Her husband, Tate Barnhill, 26, who is in semiconductor sales, built the fences for the pastures. Daisy and Tate recently moved from Houston to Dripping Springs, buying a house so they could be nearby.

Tina, 53, was the go-between for her husband and daughter. For example, Tina negotiated allowing Daisy

Please turn to page M14



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## MANSION

*Continued from page M13*  
to have a horse trailer on the property by reassuring Matt he could design a structure to hide it.

Charly isn't the only animal who gets first-class service at the Ford home. Another horse, Stitch, lives in the barn, and the couple have seven cats and six dogs—all rescued from one place or another.

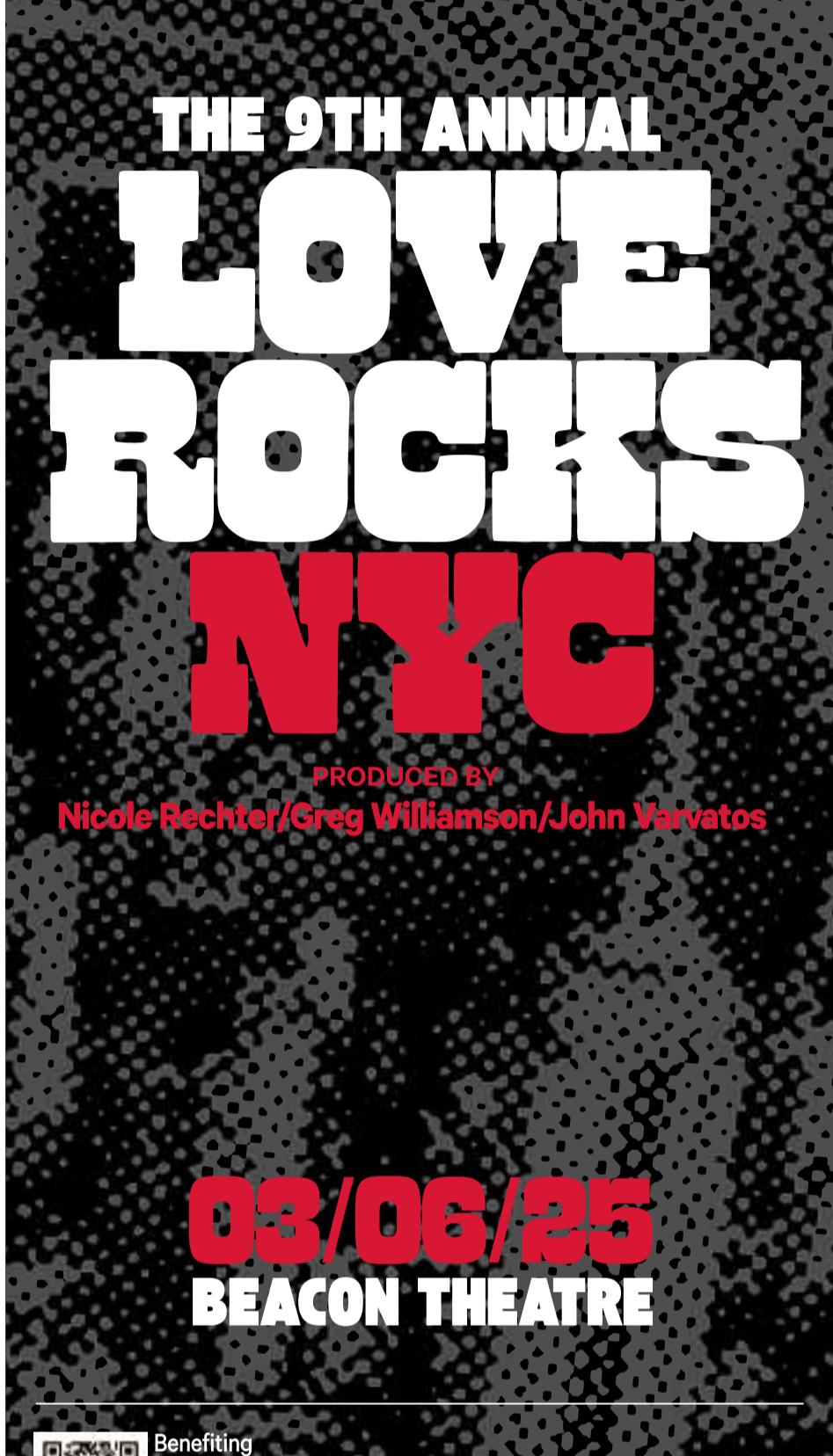
There are four dog beds in the kitchen alone, and six litter boxes and various kennels scattered throughout. They have seven beehives. A

wall by the kitchen is a rare cluttered space: It has ceramic tiles with the paw imprints of their deceased pets mixed in with family photos. Along the same wall are Matt's father's ashes in a blue velvet box near an old rifle once owned by Tina's grandmother.

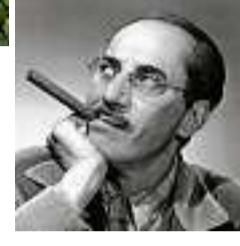
Tina keeps a large metal bowl full of deer corn and protein pellets for the jack rabbits, wild turkeys, deer and foxes, who, she says, come when she whistles. The 4,600-square-foot garden, with vegetables, roses

and lavender, is enclosed with a sealed concrete wall to protect the plants from the wild animals and to keep the dogs from running freely at night.

The Fords found Charly when he was 8 years old, lanky and inexperienced, during a trip to Germany when Daisy was 15. They shipped him home to Texas. When Daisy went to Drexel University in Philadelphia, Charly went too, boarding in a stable in New Jersey. Charly returned to Texas with her when she trans-



## PRIVATE PROPERTIES



## Groucho Marx's Former Home Lists

A Beverly Hills, Calif., mansion built for the late comedian Groucho Marx is hitting the market for \$19.5 million.

Marx, a star of radio, film and television, commissioned the Trousdale Estates home in the 1950s and lived there until his death in 1977. Designed by the noted architect Wallace Neff, the house was one of the first to be built when the exclusive neighborhood of Trousdale Estates was developed, according to listing agent Lea Porter of the Beverly Hills Estates.

The sellers are Fares Fares and Tania Fares, who bought the home for \$14.3 million in 2017, property records show. Fares is the son of the wealthy businessman and former deputy prime minister of Lebanon Issam Fares. Tania is a Lebanon-born fashion writer. The couple declined to comment.



**FOR SALE**  
**\$19.5 MILLION**  
6,000 sq. ft.,  
5 bedrooms,  
wine cellar

The one-story house spans about 6,000 square feet with five bedrooms, a wood-paneled library and a wine cellar.

"No one has a better time at my house than I do," Marx wrote in his 1976 autobiography "The Groucho Phile: An Illustrated Life."

On any given evening, he wrote, dinner guests would end up in the living room for singing and dancing. "An accomplished piano player is always among the invited guests, so that I can commandeer my captive audience and raise my voice in song," he wrote.

Best known as the host of the game show "You Bet Your Life," Marx made a series of films with his brothers Chico, Harpo and Zeppo Marx, collectively known as the Marx Brothers.

The Fareses made few changes to the house, Porter said. There are roughly

12-foot ceilings and curved walls with floor-to-ceiling windows, featuring city and ocean views, she said.

They are selling because they live primarily in London and don't spend much time in California, Porter said. "They thought they'd use it more, but they really don't," Porter said. "They're just not here very much." Fares is vice chairman of Wedge Group, his family's Houston-based investment firm, and Tania is a co-founder of the Fashion Trust, a nonprofit that mentors young designers.

They planned to list the home before wildfires tore through Los Angeles last month, Porter said.

The roughly  $\frac{1}{4}$ -acre property is notable for its size and orientation, Porter said. It is mostly flat, with a motor court, outdoor pool, sports court and a grassy lawn.

Since the fires, displaced people have been scrambling for housing and reshaping the housing market across all price points.

"There's a scarcity value now," Porter said.

—E.B. Solomont

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## MANSION

HOUSE  
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**Can't miss features**

The kitchen has a barrel-vaulted ceiling, and its island has a pewter countertop. Over the custom Lacanche range hangs a circa-1788 fireback used as a backsplash.

The great room staircase's wrought-iron railing—modeled after an antique Italian railing on the primary bedroom's balcony—was so heavy it had to be carted in by crane, said Beau Sylvester of Herlong Sotheby's International Realty. Sylvester is sharing the listing with Michael Schultz.

**Bonus points**

The Hallocks are selling the house furnished, said John. The home comes with a \$50,000 boat, art collected in Europe and antiques passed through the Hallock family. Pieces they are leaving behind include a 19th-century Belgian credenza in the dining room, a Swiss tapestry hung in the 1,000-bottle wine cellar, and an 18th-century French wardrobe inherited from John's parents, he said.

**Reason for selling?**

The Hallocks plan to downsize to a smaller house in the same community. They haven't yet bought their new home and may travel for a few months beforehand.

"At this point it is more house than we need," said John.

**Market snapshot**

The Cliffs at Keowee Springs, where the house is located, is a gated community with boating, golfing and upscale dining, said Sylvester. Buyers are looking for second homes, retirement homes or investment properties, and about 90% of deals there are done in cash, he said. Last year, a home on Lake Keowee sold for \$10 million, according to Richard Seay, director of sales at the Cliffs.

► A new House of the Week drops every Friday at [WSJ.com/RealEstate](http://WSJ.com/RealEstate).

BEN WINS MEDIA (3)

# The Priciest Home for Sale on Lake Keowee

The sellers say owning the European-inspired estate has felt like living on Lake Como, but in South Carolina



end up line-dancing to country music, said Anni.

At their spring party, a live band plays on the terrace, which the Hallocks outfitted with a hot

tub, fire pit and bed swing. In the summer, a country music playlist blares from the property's sound system, and about 200 people float up to their dock to feast.

BY SARAH PAYNTER

**D**uring his travels while working for the U.S. Treasury, John Hallock visited financial institutions in Rome, Paris and Frankfurt. Now retired, John and his wife, Anni Hallock, spent extra time visiting Switzerland, touring Unesco World Heritage sites and hiking or cycling.

So when they left Potomac, Md., to buy their retirement home on Lake Keowee in South Carolina, the Hallocks chose a house with European-inspired architecture, said Anni, a retired clinical research nurse at the National Institutes of Health.

The Hallocks bought the home for \$2.76 million in 2019 and paid about

\$200,000 more for its furnishings. It is the priciest home for sale on the lake.

They loved the home's historic design features, including seven antique doors mounted and displayed as art throughout the house, a sliding ladder in the library, and the primary bedroom's Louis XIV-era mirror.

"It is like a Lake Como house on Lake Keowee," Anni said.

The couple spent about \$1 million on upgrades. They installed a steam shower, expanded the terrace and added a bedroom over the garage.

**Party palace**

The limestone-and-brick house known as "the Castle" hosts three leg-

endary parties each year.

Every fall, a dozen guests dressed in lederhosen and dirndls indulge in rotisserie chicken, pretzels, sauerkraut, beer and wine. Celebrations begin with German dance music, but guests usually

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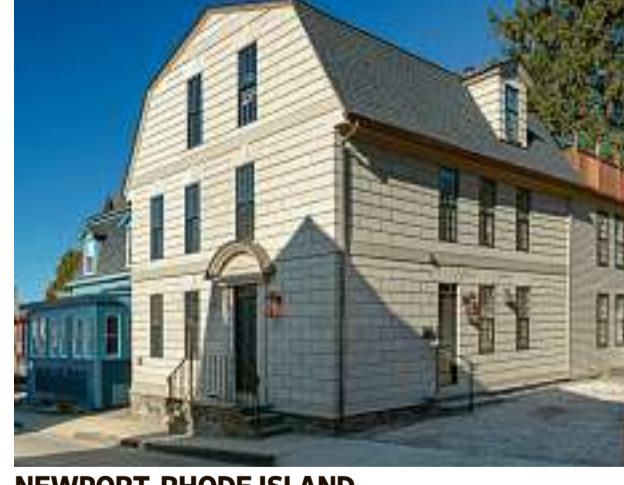
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## MANSION

HOUSE CALL | JOHN LEGEND

## The Trauma of L.A. Wildfires Has Him Rethinking Home

The EGOT singer-songwriter on skipping grades and mom's return

**THE SHOCK HIT US** on Jan. 7 when we landed in Los Angeles after a family vacation. On our ride home to Beverly Hills, we could see the flames and smoke from the Palisades fire.



When the Sunset fire began to expand on Jan. 9, the danger felt too close for comfort. That night, my wife and I gathered our four kids, four dogs and bearded dragon and drove south to a hotel

in Carlsbad. We didn't return until the following week. Our home was safe, but many weren't so fortunate. The fires were a collective trauma that shook everyone.

My childhood in Springfield, Ohio, wasn't as unnerving. I didn't attend public school until I was 11. Up until then, my three siblings and I were homeschooled by our mom. She did such a great job that I skipped two grades, making me two years younger than my eighth-grade classmates.

There was a reason for the school shift. My parents divorced after my mother slipped into a depression following her mother's death. She was emotionally unavailable and eventually left us.

I grew up in a working-class community on the east side of Springfield in a two-story, four-bedroom house.

When I was 4, I begged my mother for piano lessons. At age 7, I began singing in church.

Entering the ninth grade at age 12 was hard. I was the only one who wasn't a teenager yet. Kids called me Doogie, as in "Doogie Howser, M.D.," the TV sitcom. I eventually became student-body president, prom king and salutatorian.

At the University of Pennsylvania, I was 16 but told friends I was 17. I didn't want to feel like a freak again. On weekends, I went to Scranton, Pa., to play piano and direct a church choir. One of the choir members was Tara Michel, who went to high school



John Legend in 2024. Left, Legend, second from the left, in the early '80s with brother, Vaughn, in gray suit, and their mother.

with Lauryn Hill.

Tara invited me in June 1998 to the studio where she was working on Lauryn's solo debut album—"The Miseducation of Lauryn Hill." On a break, I sang for Lauryn, and I wound up on her album, playing piano on "Everything Is Everything."

After I graduated from Penn, my mom returned to our family. It took a little time for us to get to know her and feel comfortable again.

Today, I live with my wife, cookbook author and model Chrissy Teigen, and our kids in a house with cozy, contemporary interiors designed by Jake Arnold.

Chrissy and I have always considered returning to New York, where we once lived. We probably will, once our youngest ones grow up a bit. Every time nature shows its wrath, we wonder if it's time to head back East. Who knows.

*As told to Marc Myers*

**John Legend, 46, is an Emmy-, Grammy-, Oscar- and Tony-winning musician. A 20th anniversary vinyl edition of his debut album, "Get Lifted," comes out March 7.**

FROM TOP: GUY ARCH; PATRICIA LLOYD (FAMILY PHOTO)

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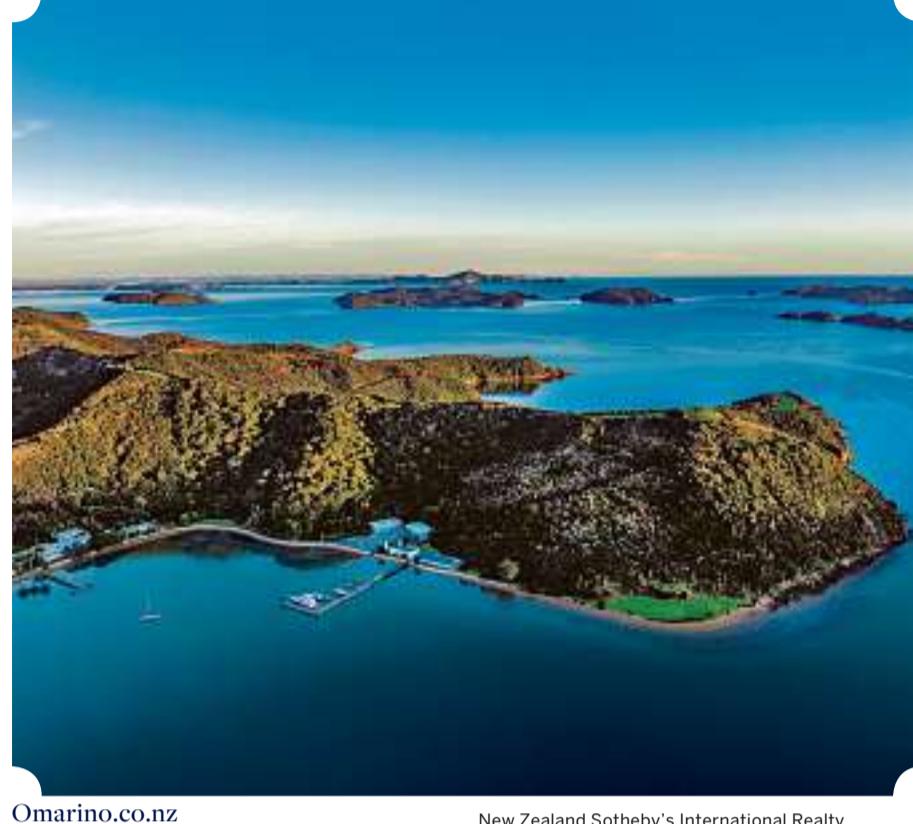




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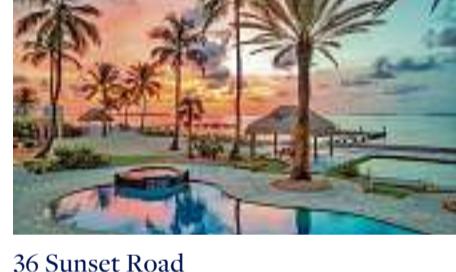
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