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WSJ.com

★★★★ \$5.00

DJIA 44565.07 ▲ 408.34 0.92%

NASDAQ 20053.68 ▲ 0.2%

STOXX 600 530.34 ▲ 0.4%

10-YR. TREAS. ▼ 9/32, yield 4.636%

OIL \$74.62 ▼ \$0.82

GOLD \$2,763.10 ▼ \$4.50

EURO \$1.0418 YEN 156.06

What's News

Business & Finance

◆ **Purdue Pharma** and its owners from the Sackler family struck a new \$7.4 billion settlement of mass litigation alleging that they fueled addiction, reopening a path to end the longest and most costly corporate bankruptcy case stemming from the U.S. opioid crisis. **A1**

◆ **U.S. stocks advanced**, with the S&P 500 rising 0.5% to a record and the Dow and Nasdaq gaining 0.9% and 0.2%, respectively. **B1**

◆ **Trump said he expected** that steps by his administration to reduce energy prices would make it possible to keep a lid on inflation and bring interest rates down. **A2**

◆ **Boeing reported a loss** of about \$4 billion for the most-recent quarter, bludgeoned by a machinists' strike, troubled government projects and costs associated with layoffs. **B1**

◆ **CNN laid off** roughly 200 employees as the cable network comes to terms with a digital future and prepares to launch a streaming service. **B1**

◆ **UnitedHealthcare named** Tim Noel as its new chief executive after the killing of his predecessor, Brian Thompson, on a New York sidewalk in December. **B3**

◆ **The U.K. competition authority** is probing mobile ecosystems controlled by Apple and Alphabet's Google to determine whether it can impose bespoke rules on them under a new law. **B4**

◆ **American Airlines posted** higher-than-expected results for the most-recent quarter but disappointed Wall Street with its forecast for the current quarter. **B3**

World-Wide

◆ **Trump and his allies used** the World Economic Forum to warn the global elite that he intends to follow through on his "America First" promises, spurning allies in the process if necessary. **A1**

◆ **A judge temporarily blocked** Trump's order aimed at ending birthright citizenship in a setback for the administration's immigration agenda. **A3**

◆ **Russia shrugged at** Trump's pressure to bring it to the negotiating table over the war in Ukraine, saying that it saw nothing new in the president's threats. **A6**

◆ **Firefighters worked to** contain new blazes in Southern California, while persistent winds left weary residents on edge following weeks of historic fires. **A3**

◆ **Two centrist Republican senators** said they opposed the nomination of Pete Hegseth as defense secretary, injecting new drama into what was expected to be a close vote Friday. **A5**

◆ **The top lawyer at** Elon Musk's Department of Government Efficiency announced his departure just days after Trump's inauguration. **A4**

◆ **The lower house of** Ireland's parliament, the Dáil, voted 95-76 to make Micheál Martin taoiseach, prime minister, for a second time. **A16**

◆ **Two Iranian ships** docked in China were loaded with a critical ingredient to produce propellant for ballistic missiles, people familiar with the matter said. **A8**

◆ **A teenager who stabbed** three girls to death at a Taylor Swift-themed dance class in England was sentenced to a long prison term. **A16**

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President Trump remotely addressed the World Economic Forum on Thursday, where seated on the stage were, from left, Banco Santander Chief Ana Botín; Bank of America CEO Brian Moynihan; Patrick Pouyanné, CEO of French energy giant TotalEnergies; Blackstone Group CEO Stephen Schwarzman; and World Economic Forum President Borge Brende.

Trump Warns Business Elite: Produce in U.S. or Face Tariffs

By ALEXANDER WARD

DAVOS, Switzerland—President Trump and his allies used the World Economic Forum to offer the global elite a warning:

He intends to follow through on his "America First" campaign promises, spurning allies in the process if necessary.

"My message to every business in the world is very simple: Come make your product in America and we will give you among the lowest taxes of any nation on Earth," Trump said in a video address from

Washington on Thursday. "But if you don't make your product in America, which is your prerogative, then, very simply, you will have to pay a tariff."

Expressing frustration at tariffs the European Union places on U.S. farm products and cars, Trump said the bloc treats the U.S. unfairly. "They put tariffs on things that we want to do."

His remarks offered a protectionist shot across the bow to U.S. allies and companies that hoped being friendly with the U.S. would mean fewer

penalties on their goods.

Trump also sought to take a firmer grip on global affairs, calling on the Saudi Arabia-led Organization of the Petroleum Exporting Countries to lower the price of oil. He suggested such a move could put pressure on Russia to call off its invasion of Ukraine, given much of the Kremlin's revenue comes from energy sales.

"The price is high enough that that war will continue," Trump said. "You got to bring down the oil price. You could end that war."

The Saudi government didn't respond to a request for comment.

Trump reiterated in his Davos address a desire to meet soon with President Vladimir Putin of Russia in an effort to quell the Russia-Ukraine war.

Trump's drive toward immediate negotiations has rankled European leaders, particularly

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◆ **Russia spurns Trump's push on war talks..... A6**

◆ **Alcoa says Canada tariffs would disrupt sectors.... B6**

Sacklers Strike New Deal On Opioid Litigation

Family members to pay \$6.5 billion, won't get full immunity from future lawsuits

Purdue Pharma's owners from the Sackler family have struck a new \$6.5 billion settlement of mass litigation alleging that they fueled addiction, reopening a path to end the longest and costliest corporate bankruptcy case stemming from the U.S. opioid crisis.

By Erin Mulvaney,
Alexander Gladstone
and Akiko Matsuda

The Sackler family members won't receive a blanket shield from liability from civil lawsuits, the main point of contention in a previous agreement that was struck down by the U.S. Supreme Court last year. The Wall Street Journal reported earlier this month that, following the high-court ruling, the Sacklers agreed to increase their settlement contribution to \$6.5 billion over time, up from \$6 billion under the previous plan.

Thursday's agreement is the latest from a major pharmaceutical-industry player that made, sold or distributed opioids, and like the others, the Purdue funds will largely go to local and state governments to help communities hard-hit by addiction. Purdue will also make a \$900 million

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Screens Are Taking Over In American Classrooms

Educators question whether the rapid shift toward more technology has really benefited learning

Class time has become screen time in American schools.

Kindergartners now watch math lessons on YouTube, counting aloud with the videos. Middle-schoolers com-

By Sara Randazzo,
Matt Barnum and
Julie Jargon

plete writing drills on Chromebooks while sneaking in play of an online game. High-schoolers mark up Google Docs to finish group projects.

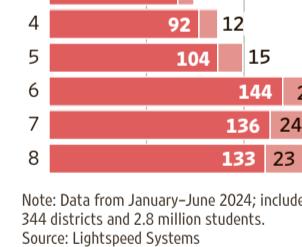
The rapid tech transformation amounts to a grand ex-

American schools. Accelerated by pandemic-era online learning, the move has happened with little debate, conflicting research and high stakes for the nation's children.

Educators wonder whether the digitization

Average amount of time per day students spend on school-provided devices

During school Outside of school



Note: Data from January-June 2024; includes 344 districts and 2.8 million students.
Source: Lightspeed Systems

of the classroom has really benefited learning—or if it's done kids a disservice. Some teachers say online tools help create more engaging lessons and provide personalized instruction. Others say the screen-heavy approach has distracted students and burned out teachers.

"Covid really shifted things toward, 'Oh, we can do this,'" said Stephanie Galvani, a middle-school English teacher in suburban Boston. "But we didn't ask: 'Should we do this?'"

The shift runs counter to the prevailing advice from doctors and psychologists to limit tech use. Some frus-

trated parents are trying to opt their kids out of school technology, with varying degrees of success. Even some students pine for more analog methods.

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Stargate Deal Shows Microsoft Drifting Further From OpenAI

By TOM DOTAN
AND DEEPA SEETHARAMAN

della was thousands of miles away, at the World Economic Forum in Davos, Switzerland.

The developments show how the OpenAI-Microsoft partnership that helped trigger the generative-AI boom is drifting apart as each company focuses on its own evolving needs.

In recent months, the two sides had been haggling over what to do about OpenAI's seemingly insatiable appetite for computing power and its contention Microsoft couldn't fulfill it even though their agreement didn't allow OpenAI to easily switch to others, people familiar with the discussions said.

OpenAI is almost entirely reliant on Microsoft to provide it

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◆ **OpenAI's 'Operator' tool automates tasks..... B4**

◆ **Heard on the Street: Oracle plays cheaply in AI..... B12**

INSIDE



BUSINESS & FINANCE

Walmart's regional store managers get a raise—to more than \$600,000 for some. **B1**

WORLD NEWS

A look at the U.S.'s long, volatile history with the Panama Canal. **A16**

Hot Spot for MAGA World Serves Bone Marrow, Not Burgers

* * *

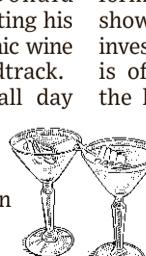
Capitol Hill bistro captures culture shift among D.C. Republicans; 'No Budweiser?'

By MAGGIE SEVERNS

WASHINGTON—Donald Trump's allies are plotting his second term over organic wine and a new wave soundtrack.

Butterworth's, an all-day cafe-and-restaurant in Capitol Hill that opened three months ago and serves food on vintage china, has become the hub of activity for the who's-who of pro-Trump operatives and media figures who mingle among tourists and neighborhood diners.

Steve Bannon, a former Trump aide and icon of the Make America Great Again



movement, regularly rents out Butterworth's for parties. A former co-host of Bannon's show, Raheem Kassam, is an investor in the restaurant who is often hanging out behind the host stand with a Guinness or fretting over a cupboard that won't stay closed. House Speaker Mike Johnson stopped by in December. And over inauguration weekend, conservative activist Scott Presler hugged Rep. Anna Paulina Luna (R., Fla.) just inside the entryway before heading to the Crypto Ball.

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Scientists Are Divided On Moderate Drinking

BY BRIANNA ABBOTT
AND JULIE WERNAU

It is a big year for booze, both for the people who drink it and the companies that make it. U.S. officials are set to sift through competing science on drinking to decide how much is too much.

Any change in the Dietary Guidelines for Americans—currently up to two drinks a day for men and one drink a day for women—could upset people's perception of their nightly tipple with far-reaching consequences for the alcohol industry and the public.

The verdict on heavier drinking has been clear for years: It raises the risk for conditions including heart and liver disease and over half a

dozen types of cancer, resulting in some 178,000 deaths in the U.S. each year. The more drinks, the greater the risk.

The problem? The scientists don't agree on moderate drinking, and whether smaller amounts of alcohol are dangerous or could actually convey some health benefit.

One committee of scientists said last week one drink a day for both men and women raises the risk of death from several alcohol-related illnesses or injuries. The other group said last month moderate drinking was linked to a lower risk of dying overall compared with not drinking at all.

The Health and Human Services and Agriculture departments will consider both re-

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U.S. NEWS

Where Forecasters Think The Economy Is Headed

In WSJ's latest survey, economists project higher inflation than they did in October—and stronger GDP growth

By PAUL KIERNAN, PETER SANTILLI AND ANTHONY DEBARROS

Business and academic economists surveyed earlier this month by The Wall Street Journal have lifted their forecasts for inflation and interest rates over the coming years.

President Trump won a second term in November promising to crack down on illegal im-

migration, extend and deepen tax cuts, and raise tariffs on some of the U.S.'s main trading partners.

The following charts show how the U.S. economy—and economists' expectations for it—have evolved in recent years.

Consumer-price index

Since the Journal's previous quarterly survey, inflation has proved stickier than expected. The consumer-price index rose 2.9% in December from a year earlier, 0.4 percentage point higher than economists had anticipated in October.

Unfortunately for bargain-hunters, economists expect that momentum to continue through the new year. They raised their average forecast for CPI inflation over the next 12 months to 2.7% from 2.3%. Only a few of the economists are projecting lower inflation than they did in October.

(The answers are based on the average forecast of 73 economists. Not every economist answered every question in the survey.)

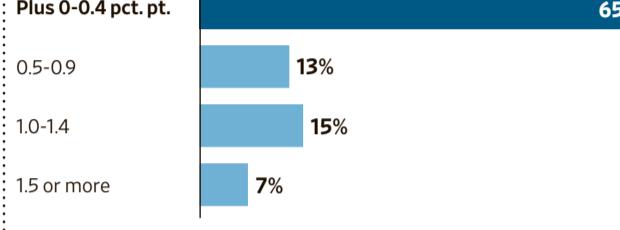
Consumer-price index, 12-month change



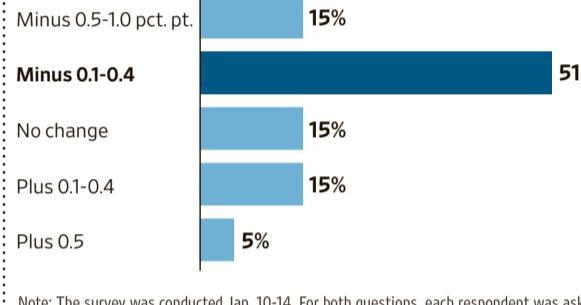
Sources: Labor Department (actual); WSJ survey of economists (forecasts)

Economists' response

Assuming Trump implements tariffs on most countries, how much do you expect tariffs to add to or subtract from—in percentage points—year-over-year (4Q/4Q) headline CPI?



How much do you expect those tariffs to add to or subtract from year-over-year (4Q/4Q) GDP growth in percentage points in 2025?



Note: The survey was conducted Jan. 10-14. For both questions, each respondent was asked to supply a single value, not a range. The average value for inflation was an increase of 0.47 percentage point and for GDP, a decline of 0.16 percentage point. The responses to the GDP question add to 101% due to rounding.

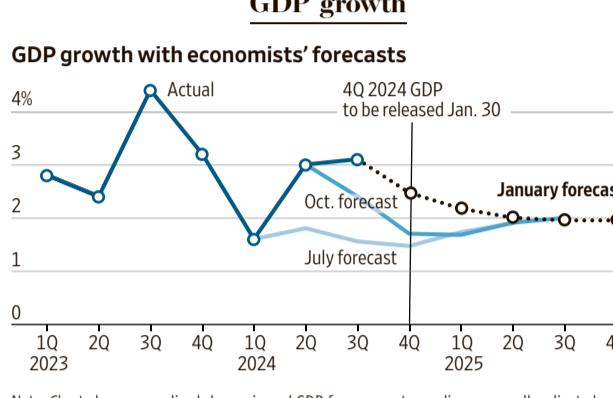
Source: WSJ survey of economists

Higher-than-expected inflation numbers aren't the only aspect of the economic environment that has changed since October, of course. There was also the November victory of Trump, who has floated tariffs of 60% or more on imported goods from China and 25% on Mexico and Canada.

Trump has said the cost of tariffs is borne by other countries. Economists say at least some of the duties are passed on to final consumers.

GDP growth

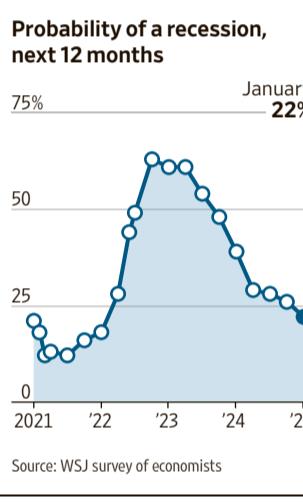
GDP growth with economists' forecasts



Note: Chart shows annualized change in real GDP from a quarter earlier, seasonally adjusted, and average forecasts among survey respondents.

Sources: Commerce Department (actual); WSJ survey of economists (forecasts)

Probability of a recession, next 12 months



Source: WSJ survey of economists

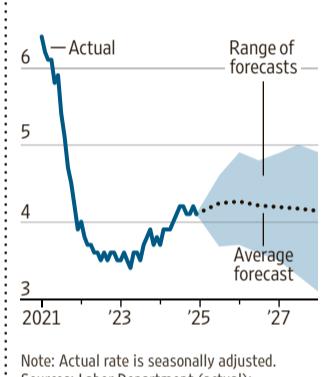
Unemployment rate

Three months ago, economists were growing worried about an uptick in the unemployment rate, a concern that led the Federal Reserve to cut interest rates by a full percentage point between September and December.

Recent data have allayed those fears, with the jobless rate in December falling to 4.1%. In addition, Trump's immigration plans could push down unemployment—all else equal—by curbing the entry of new workers into the labor market.

Economists expect the unemployment rate to rise to 4.3% by the end of 2025—essentially unchanged from their October forecast—before drifting lower in the ensuing years.

Unemployment rate, with economists' forecasts



Note: Actual rate is seasonally adjusted.

Sources: Labor Department (actual); WSJ survey of economists (forecasts)

Ice Flows Past New York City Amid Winter's Grip



ON THE ROCKS: A boat moved between New Jersey and New York on the Hudson River on Thursday.

Sacklers Lift Payment In New Deal

Continued from Page One
payment as part of the settlement plan, which requires approval from the court overseeing its chapter 11 case and could be subject to objections.

"For decades, the Sacklers recklessly marketed their opioid products without concern for the law, safety, or the safety of others," New York Attorney General Letitia James said Thursday. "They basically created the playbook for marketing opioids."

James, a Democrat, said the Sacklers and Purdue essentially helped spark the opioid crisis decades ago by using deceptive marketing tools, even though they knew how dangerous their products were.

Purdue said it looked forward to presenting the final details of its reorganization plan to the bankruptcy court handling its case. "We are extremely pleased that a new agreement has been reached that will deliver billions of dollars to compensate victims,

abate the opioid crisis, and deliver treatment and overdose rescue medicines that will save lives," the company said.

A representative for Sackler family members didn't respond to a request for comment. Family members have previously denied wrongdoing.

Purdue filed for chapter 11 in 2019 after facing thousands of lawsuits from state and local governments, hospitals and other plaintiffs alleging the company mismarketed its flagship prescription painkiller OxyContin. Many lawsuits also targeted the Sacklers, whose wealth was estimated around \$11 billion, alleging they moved money out of Purdue to thwart future legal judgments, which they have denied.

The Sacklers have said in court filings that Purdue was a thriving business when they collected billions of dollars in profit distributions from the company after its guilty plea to federal criminal charges in 2007 and that all the dividend payments were legal. Purdue pleaded guilty to federal charges related to its marketing and sale of OxyContin a second time in 2020.

A prior restructuring plan for Purdue would have provided the Sacklers with immunity from all current and fu-

ture opioid-related lawsuits, including by the relatively tiny number of claimants who didn't accept the family members' \$6 billion proposal. The Justice Department objected, saying that Purdue was improperly forcing people to give up their rights to sue the family members for addiction and deaths allegedly linked to the marketing of OxyContin.

The Supreme Court rejected that plan in June, siding with the Justice Department's argument that U.S. bankruptcy law doesn't allow a blanket release of legal liabilities for parties like the Sacklers when some claimants would rather pursue litigation in the civil justice system.

Following the June ruling, Purdue, the Sacklers and representatives of the governments and opioid claimants went back to the negotiating table to hash out the new plan, with the Sacklers agreeing to up their financial contribution while accepting some exposure to future lawsuits. The Sacklers had previously indicated they wouldn't fund any settlement that didn't include a full release of all opioid-related liability.

Michael Quinn, an attorney for an individual who supported the Justice Department's appeal, said the new

plan reflects what opponents of the previous plan fought for: the right to affirmatively consent to the Sacklers' settlement terms. Opioid plaintiffs can decide not to grant liability releases to the Sacklers and pursue direct claims against them instead, Quinn said.

Purdue and many of its creditors have criticized the Justice Department for sinking Purdue's prior plan, which was originally approved in bankruptcy court in 2021 but never took effect as the government appealed.

Because lawsuits against the Sacklers would face stiff legal obstacles, many opioid plaintiffs preferred the certainty of a settlement plan that would dispense compensation more quickly.

Kara Trainor, who sat on an official panel of opioid claimants in the bankruptcy case, said she was devastated when the Supreme Court blocked the previous plan.

"Everything in my life is tied to the actions of a company and a family that put profits over human lives," said Trainor, who is in recovery from an OxyContin addiction and now works with others who struggle with abuse. "We can't let another five years go by as the court decides our fate."

State, municipal and local governments are expected to receive most of the settlement proceeds for opioid treatment and mitigation programs, while some funds will be earmarked for individuals who claim that they or their family members were harmed by Purdue's products.

"The new settlement is an improvement over the old one," Ed Neiger, a lawyer for individual opioid victims, said Thursday. "But for those who say this is a vindication of the government's senseless appeals over the last three years culminating at the Supreme Court, the hundreds of victims who lost their lives because of the delay would beg to differ."

Yuki Iwamura/Associated Press

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U.S. NEWS

L.A. Firefighters Battle New Blazes

Region reels from weeks of flames while forecast rains bring mudslide threat

LOS ANGELES—Thousands of firefighters worked to contain new blazes Thursday, including one near the affluent Bel-Air neighborhood, while

By Gareth Vipps,
Sara Randazzo
and Alyssa Lukpat

persistent winds left weary Angelenos on edge following weeks of historic fires.

The Hughes fire in northern Los Angeles County, near the city of Santa Clarita, started Wednesday and exploded to more than 10,100 acres. It was 24% contained by Thursday, according to the California Department of Forestry and Fire Protection.

More than 16,000 people remained under evacuation orders Thursday evening, down from 31,000 previously, according to the Los Angeles County Sheriff's Department. An additional 38,700 were under an evacuation warning.

Overnight, a new blaze called the Sepulveda fire broke out near Bel-Air—roughly 2 miles from the perimeter of the Palisades fire that has already ravaged more than 23,000 acres and destroyed thousands of structures this month.

Officials lifted evacuation warnings for the Sepulveda fire after firefighters said they stopped “all forward progress” of the blaze. The fire wasn’t immediately threatening any homes, fire officials said. As of Thursday, the fire had reached 45 acres and was 60% contained.

Another blaze, called the Laguna fire, started Thursday morning around the city of Camarillo in Ventura County. The county’s fire department said Thursday afternoon that forward progress on the fire had been stopped and it had been held to 50 acres, and no structures were damaged.

Two others erupted Thursday, both in San Diego County. The Border fire had burned 228 acres and the Gilman fire

◆ Heard on the Street: How many catastrophes? B12



Extent of active Los Angeles County fires



Firefighters were building a containment fire line Thursday to control the Hughes fire in Castaic, in Los Angeles County.

cast to die down later Friday, heavy rain into the weekend poses the risk of flash flooding.

Fire stations and other sites were distributing sandbags to help homeowners mitigate risks from potential mudslides. Officials have advised residents near steep slopes that have burned to not be home while it rains.

“Those burned areas are really vulnerable to flooding as everything just runs off,” Roth said. “Some of the first rains after a fire can be almost as bad as the fire itself.”

The Hughes fire originated in the Castaic area, a remote, unincorporated part of northern Los Angeles County with a population of around 19,000, and spread into Ventura County.

Skies were clear Thursday morning over Six Flags Magic Mountain, an amusement park south of the blaze, with no visible smoke in the sky from nearby Santa Clarita. Firetrucks remained on watch near the Castaic jail complex.

The velocity of the Hughes fire was evident Thursday

around Castaic Lake, which serves as a reservoir and recreation area. Few active flames remained, but the landscape sat blackened in almost all directions. Birds chirped as wisps of smoke smoldered from hot spots.

A church overlooking the lake appeared untouched by the fire, with keys hanging from the front door lock. Fire and service trucks, including several hauling bulldozers on flatbeds, dodged downed power lines on the road hugging the lake.

Strong winds returned to the Los Angeles area this week after firefighters made progress containing the wildfires that devastated neighborhoods including the Pacific Palisades and Altadena. The Palisades fire was 72% contained Thursday and the more than 14,000-acre Eaton fire was 95% contained. Together, the two fires have destroyed more than 15,000 homes, businesses and other structures. At least 28 people have died.

—Ben Fritz contributed to this article.

Returning to Homes Still Standing Is Difficult

BY NICOLE FRIEDMAN
AND DEBORAH ACOSTA

The day after the Eaton fire started, Miles Loudermilk and his parents drove through their Altadena, Calif., neighborhood, down street after street of burning and destroyed homes. They were shocked to find their home intact.

“We were just elated that the house was still there,” Loudermilk said.

But the family was left with more questions than answers. They don’t know whether the home is habitable or how long and costly the cleanup process might be.

“It’s probably going to be a lot of smoke and ash damage,” Loudermilk said.

While thousands of structures have been completely destroyed by the Los Angeles wildfires, many others within the fire perimeters are still



Christine Taylor, above left, said she is prepared to be kept out of her home for months. Above right, Miles Loudermilk, at right, with his parents Keenan and Barbara Selico.

standing. But that doesn’t mean residents will be able to move back in any time soon.

Government authorities first need to clear the neighborhoods of hazardous material. Then property owners can start working with insurance adjusters and restoration companies to repair damage to their buildings, furniture and possessions.

Electricity and water services need to be restored, and some older damaged homes might also have asbestos that needs to be removed.

“The properties have been damaged beyond belief,” said

Mark Pestrella, director of Los Angeles County Public Works, at a news conference last week. “They are full of sediment, debris, silt and hazardous materials.”

Homeowners with minimal damage can expect to return within weeks, but restoration specialists say it could take months before homes with major damage become fully habitable again.

“I’m preparing myself mentally for months, rather than weeks,” said Christine Taylor.

She visited her house in Pacific Palisades to pick up

some items this week. The outside looked the same, but Taylor noticed soot residue and an acrid smell inside the house. Taylor, who is 83 and has owned her home since 1985, plans to stay with her partner in Brentwood until she can move back.

Homeowners’ insurance policies should typically cover the cost of the cleanup, but the extent of the coverage can vary.

After the 2021 Marshall Fire in Colorado, homeowners whose houses suffered smoke damage fought with their insurers about whether items in their homes needed to be

fully replaced or if cleaning them was sufficient, said Michael McCarron, owner of Lakeside Insurance.

“These were the hardest claims,” he said. “You’re in a gray area [to determine] what is reasonable.”

California home insurance has become more expensive and harder to obtain in recent years, and many wildfire victims could be underinsured or even uninsured.

The longer it takes to access the homes, the worse the damage could get, especially if any part of a house’s interior was exposed to the outside, said Jeff Moore, president of ATI Restoration.

“It could be something as simple as one blown-in window—it’s amazing the amount of smoke that can come into your house,” he said.

Homes might also have water damage from hoses or sprinkler systems. Water can damage multiple areas of a home and cause mold growth if not treated immediately.

Restoration companies can start their work in California as soon as local authorities provide access to the affected areas, even if power or other utilities haven’t been restored yet, said Brett Ponton, chief executive of restoration company Servpro.

Judge Puts On Hold Bid to End Birthright Citizenship

BY JAN WOLFE
AND MICHELLE HACKMAN

A federal judge in Seattle temporarily blocked President Trump’s executive order that aimed to end birthright citizenship, an early setback for the Trump administration’s immigration agenda.

In a written ruling issued on Thursday, U.S. District Judge John C. Coughenour, who was appointed to the federal bench by Republican President Ronald Reagan, entered a temporary restraining order that prohibits the Trump administration from implementing the executive order until he can more fully hear arguments over its legality.

The federal government has long recognized birthright citizenship—the automatic granting of citizenship to children born on U.S. soil. Trump issued an executive order hours after taking office to end recognition for birthright citizenship for babies born to immigrants in the U.S. illegally as well as to visa holders.

The court ruling is one of the first legal hurdles Trump faces as he seeks to deliver on his campaign promise to crack down on illegal immigration. Trump and his allies believe that the promise of citizenship for their children is a core draw for immigrants coming to the U.S. illegally—and ending it is a key step in deterring illegal immigration.

The ruling came in a lawsuit brought by a coalition of Democratic state attorneys general who argue the executive order violates the Fourteenth Amendment of the Constitution.

Many legal experts say birthright citizenship is clearly mandated by the Fourteenth Amendment, one of three amendments from the Reconstruction era that followed the abolition of slavery.

The judge agreed with the state attorneys general that they were likely to prevail on the merits of their case. He said his temporary restraining order would be in effect for 14 days, so that he can next consider a request by the states for a more permanent injunction.

Though the president’s advisers know reinterpreting the U.S. Constitution via executive order will be a tough battle, it is one of Trump’s top priorities, and one he has told associates he feels he was wrongly talked out of taking on during his first term.

Coughenour wrote in his ruling that the states backing the lawsuit would face irreparable injury from Trump’s executive order.

“These harms are immediate, ongoing, and significant,” the judge wrote.

“This unconstitutional and un-American executive order will hopefully never take effect thanks to the actions states are taking on behalf of their residents,” said Washington Attorney General Nick Brown.

The Justice Department said in a statement that it looks forward to “presenting a full merits argument to the Court and to the American people, who are desperate to see our Nation’s laws enforced.”

In a Wednesday court filing, Trump administration lawyers argued that the executive order is “fully consistent” with Supreme Court precedent.

‘Emilia Pérez’ and ‘Wicked’ Fly to the Top of Oscars Nominations List



Zoe Saldaña is nominated for her role in ‘Emilia Pérez.’

“Emilia Pérez,” a kaleidoscopic musical drama about a transgender drug lord, dominated Thursday morning’s announcement of the 2025 Academy Award nominees, racking up more honors than any other film in contention.

The haul by the Netflix movie—nominated for directing, best picture, best actress and best supporting actress—sets up the streamer for a shot at the best picture Oscar, an honor that has slipped from its grasp several times. Oscar voters delivered 13 nomina-

tions to “Emilia Pérez,” the Spanish-language movie about a Mexican cartel kingpin starting over as an altruist.

“Emilia Pérez” was followed close behind by “Wicked,” the pink-and-green fantasy that killed at the 2024 box office, as well as “The Brutalist,” about a post-war Hungarian-Jewish architect who flees to circles of American wealth, with 10 nominations each. “Conclave,” a papal conspiracy catfight between Cardinals at the Vatican, received eight nods.

The nominations offered a hint of fun with a mix of pop stars (Ariana Grande in “Wicked”), ’90s actresses (Demi Moore in “The Substance”), millennial A-listers (Timothée Chalamet as Bob Dylan in “A Complete Unknown”), first-time nominees in political powder kegs (Sebastian Stan as Donald Trump in “The Apprentice”) and dueling “Succession” brothers (Kieran Culkin in “A Real Pain” and Jeremy Strong in “The Apprentice,” both nominated for supporting actor).

At 29 years old, Chalamet could become the youngest lead actor Oscar winner in history.

The Oscars are set to air live on March 2 on ABC and Hulu, with Conan O’Brien hosting.

—Ellen Gamerman

See the nominees

 Scan this code for a longer article and list of the 2025 Oscar nominees.

U.S. NEWS

Rift at DOGE Started Early On

Musk, Ramaswamy differed in focus and on mission to remain an outside entity

By KEN THOMAS
AND JOHN MCCORMICK

WASHINGTON—The Department of Government Efficiency was originally envisioned as a joint Elon Musk-Vivek Ramaswamy mission outside the federal government. Now it is all Elon—and he is inside.

Musk's vision for DOGE—along with his relentless, 24/7 online promotion of its goals—has quickly won out in President Trump's first days in office, as Ramaswamy has decamped for his home state of Ohio to announce next week a planned bid for governor in 2026, and the DOGE operation has been installed inside the new president's administration. Musk has been working this week from a West Wing office, according to a person familiar with the situation.

Tensions and philosophical differences between the two billionaires, who first met in 2023 when Ramaswamy was still challenging Trump for the Republican presidential nomination, didn't take long to emerge.

People familiar with the situation said Trump's inner circle of aides had become annoyed with Ramaswamy's outspokenness on virtually any topic, a tendency that had also aggravated the Tesla and SpaceX chief executive.

"There were always going to be tensions between two CEOs who have built successful companies," said a person familiar with DOGE. "Everyone saw the writing on the wall."

A frequent poster on Musk's X platform, Ramaswamy also angered some Trump supporters and aides in late December when he let loose with a long message as part of a debate over H-IB visas, suggesting some U.S. technology companies hire foreign workers in part because U.S. culture has "venerated mediocrity over excellence for way too long."

The split was also predicated in part by DOGE's increasing attention on achieving spending cuts, which Musk has championed, and less of a focus on cutting regulations and bureaucracy, which had been helmed by Ramaswamy, according to another person familiar with the discussions.



Elon Musk, left, carrying his son, was reportedly aggravated by Vivek Ramaswamy's outspokenness on virtually any topic.

There are "no hard feelings" between Musk and Ramaswamy, the person said, but "as the mandate narrowed and shifted, Vivek's ability to add on to that changed and it was his decision to step away."

During Trump's transition, there had been internal speculation on whether DOGE would be set up within the government, potentially as a federal advisory committee, or in the form of an outside think tank or an advocacy group set up as a nonprofit. Ramaswamy had long argued that the effort needed to exist outside the government.

"We concluded that if this job were ever going to be done, it had to be done by outsiders and in many ways from the outside," he said in a November Wall Street Journal interview. "Politicians for a long time have talked about downsizing the federal government. Doing it in the standard way wasn't going to work."

DOGE, which has largely operated in secret helped by encrypted messages on Signal exchanged by staff, has quickly faced lawsuits. One filed Monday by the advocacy groups Public Citizen and State Democracy Defenders Fund as well as a labor union, the American Federation of Government Employees, argued that DOGE was failing to comply with the Federal Advisory Committee Act because its meetings have been held in secret and records haven't been available to the

public.

One aspect of Trump's executive order—in a nod to a key Musk priority—urges agencies to implement the DOGE agenda "by modernizing federal technology and software to maximize governmental efficiency and productivity."

Musk's effort, which will give him considerable additional insight into a government he does significant business with, is expected to be completed by July 4, 2026.

'Everyone saw the writing on the wall.'

A person familiar with DOGE

hasn't been made clear if those employees would be new or if they would be compensated. Musk initially said on X "compensation is zero."

DOGE, which has largely operated in secret helped by encrypted messages on Signal exchanged by staff, has quickly faced lawsuits. One filed Monday by the advocacy groups Public Citizen and State Democracy Defenders Fund as well as a labor union, the American Federation of Government Employees, argued that DOGE was failing to comply with the Federal Advisory Committee Act because its meetings have been held in secret and records haven't been available to the

"senior partner" because of his global stature and relationship with Trump.

The thinking had been that Ramaswamy would focus on deregulation and constitutional arguments for reducing government, both topics he had spoken about for years in his writings and on the campaign trail. Musk would focus on the technology piece of the mission and the use of artificial intelligence to reduce the federal workforce.

Once the decision was made that DOGE wouldn't be an outside entity, Ramaswamy knew it would conflict with his goal of running for governor in Ohio because of the disclosures and other requirements associated with being part of the federal government.

Next week, Ramaswamy is expected to announce a campaign to succeed Republican Gov. Mike DeWine, who is term-limited after he completes his second term. DeWine, a more traditional Republican, bypassed Ramaswamy last week to fill the Senate seat vacated by Vice President JD Vance.

"He could not credibly run as an employee of the federal government," the person said.

—Annie Linskey

and Dana Mattioli

contributed to this article.

Top Lawyer Is Next To Depart At DOGE

By BRIAN SCHWARTZ

The top lawyer at Elon Musk's Department of Government Efficiency said he is leaving just days after President Trump's return to the White House.

Bill McGinley, whom Trump appointed as DOGE's legal counsel in December, is in discussions with several large companies to return to the private sector. McGinley is a partner at law firm Holtzman Vogel and served as cabinet secretary during Trump's first term.

McGinley said he is leaving DOGE days after Vivek Ramaswamy, its co-chair, stepped down to pursue a campaign to be Ohio's next governor amid tension with Musk.

"I am in discussions regarding a number of private sector opportunities and will have something to announce in the next couple of weeks," McGinley said Thursday. "I support President Trump, Vice President Vance, and the great teams in the White House and across the administration 100%."

Though DOGE was conceived as an outside advisory panel, Trump signed an executive order after taking office that made clear DOGE will function within the executive branch, replacing the U.S. Digital Service.

Trump said soon after his election in November that he planned to choose McGinley as White House counsel, the most senior legal adviser to the president.

Weeks later, Trump changed his mind, tapping McGinley as DOGE's counsel instead.

Trump said in December that McGinley would help DOGE slash regulations and reduce spending. Musk has said that DOGE aims to help cut up to \$2 trillion in government spending, a figure he also has described as a best-case outcome.

DOGE will be based in the Eisenhower Executive Office Building, a short walk from the White House.

At least three lawsuits have been filed against DOGE by watchdog groups including Public Citizen and the State Democracy Defenders Fund arguing that the group violates laws by giving private citizens specific roles within the federal government but not allowing public access that is required by the law.

Presidential Pardons Taken to New Level in Fraught Times

By C. RYAN BARBER
AND JESS BRAVIN

WASHINGTON—U.S. presidents have held the right to pardon crimes since the country's founding, and they have exercised it often with political and personal considerations in mind. But legal scholars said the power's bounds have never been so stretched as Monday, when incoming President Trump used it to religitate the Jan. 6, 2021, riot and departing President Biden used it not for mercy but as a shield.

Trump's final decision to issue blanket pardons and commutations to the more than 1,500 of his followers charged in connection with the Capitol attack came just days before the inauguration, people familiar with the matter said. While some people close to Trump discussed the merits of issuing pardons on a case-by-case basis depending on the severity of a defendant's conduct, Trump ultimately favored quick action that could broadly apply to everyone, the people said.

Trump's pardon proclamation cast Jan. 6 defendants as victims of a "grave national injustice" whose absolution would begin "a process of national reconciliation."

Mark Osler, a law professor at the University of St. Thomas in Minnesota, said Trump's pardons set a new marker because he granted mercy not to his opponents, but his most loyal supporters. "There wasn't reconciliation needed between those



Ford to the presidency. Before this week's escalations, the presidential pardon had generally come to be an accepted mechanism for addressing what each administration views as inequities in the justice system.

President Obama, for example, granted clemency to nearly 2,000 people, many of whom were lower-level drug offenders, viewing the long, mandatory sentences of the 1980s and '90s as damaging excesses from the drug war, particularly in the Black community. Inmates applied through the Justice Department's pardon attorney, and the White House signed off on its recommendations.

The president this week signaled he could use his second term to deploy pardons aggressively in politically charged cases. On Tuesday, he pardoned Silk Road founder Ross Ulbricht, who was serving a life sentence on drug and money laundering charges in connection with the underground online drug bazaar. Ulbricht had become a cause célèbre for libertarians and crypto enthusiasts who said he was treated unjustly.

Trump had promised to pardon Ulbricht if elected; in a Tuesday social-media post, the president said he freed the prisoner in honor of Ulbricht's mother "and the Libertarian Movement, which supported me so strongly."

—Meredith McGraw,

Sadie Gurman

and Katy Stech Ferek contributed to this article.

who participated in Jan. 6 and Donald Trump," Osler said.

President Biden broke boundaries of his own Monday in granting pre-emptive pardons to his siblings and their spouses, and to public figures Trump has publicly attacked, including Dr. Anthony Fauci and Gen. Mark Milley. He also pre-emptively pardoned members and staff of the House Jan. 6 committee that investigated Trump's efforts to overturn the 2020 election results, along with police officers who testified before the panel.

Biden had previously caused uproar by pardoning his son Hunter Biden before he was sentenced for conviction on gun and tax charges. The pardon, like the one issued to the elder Biden's siblings, covered a more than decade-long period dating to January 2014.

Biden said Monday that Trump had essentially forced his hand, requiring him to take pre-emptive measures against the possibility of politically motivated reprisals, after Trump's repeated threats of retribution against perceived enemies.

While familial favoritism has been a feature of pardons in the past, Biden's were different because his relatives weren't facing criminal charges. His extraordinary use of pardons to put up a protective bubble around

them and others risked setting a dangerous precedent and deepening public distrust in the justice system, said American University professor Jeffrey Crouch, author of "The Presidential Pardon Power."

"It shows a lack of faith in the fairness of the criminal justice system, but even more disturbing, it makes it easier for future presidents to follow suit," Crouch said.

The pardon power is one of the most unchecked authorities the Constitution grants to the president. In an 1866 decision involving a member of the Confederate Congress pardoned by President Johnson, the Supreme Court described the authority

as "unlimited," except in cases of impeachment. "It extends to every offence known to the law, and may be exercised at any time," from before legal proceedings have begun to after a defendant has served his sentence, Justice Stephen Field wrote for a 5-4 court.

In 1947, President Harry Truman pardoned draft resisters from World War II; three decades later, President Jimmy Carter granted clemency to men who evaded the Vietnam War draft. President Gerald Ford pardoned his predecessor former President Richard Nixon, whose decision to resign rather than face impeachment during the Watergate scandal elevated

the president.

—C. Ryan Barber and Jess Bravin contributed to this article.

Two in GOP Will Oppose Hegseth

Murkowski, Collins say they plan to vote no as defense pick faces vote on Friday

By LINDSAY WISE
AND NANCY A. YOUSSEF

WASHINGTON—Two centrist Republican senators said they opposed the nomination of President Trump's defense secretary pick, Pete Hegseth, injecting new drama into what was expected to be a nail-biter of a vote Friday.

Sen. Lisa Murkowski of Alaska said Thursday that Hegseth's "nomination to the role poses significant concerns that I cannot overlook," pointing to worries about his character and his lack of experience running large organizations, as well as his past opposition to women's serving in combat roles in the military.

"I cannot in good conscience support his nomination," she said.

Sen. Susan Collins of Maine followed with her own statement. "While I appreciate his courageous military service and his ongoing commitment to our service members and their families, I am concerned that he does not have the experience and perspective necessary to succeed in the job," Collins said.

Republicans control the Senate, 53-47. If Democrats unite against Hegseth, he can't afford more than three "no" votes from Republicans. In a procedural vote Thursday, the Senate voted 51 to 49 to advance the pick, with Collins and Murkowski joining Democrats in opposition. Some Republicans who voted to advance the confirmation Thursday haven't committed to supporting Hegseth on final passage Friday.

The expected tight margin contrasts with the unanimous confirmation vote for Secretary of State Marco Rubio on Inauguration Day. Central Intelligence Agency pick John



Defense secretary nominee Pete Hegseth arriving for his confirmation hearing last week.

Ratcliffe was confirmed easily on Thursday, 74-25.

Hegseth's nomination has been controversial since Trump announced him last year, but the tide turned in his favor after a series of meetings with GOP senators, boosted by a pressure campaign from Trump allies.

In response to questions from lawmakers, Hegseth acknowledged he paid \$50,000 to a woman who had accused him of sexual assault in 2017, but he said the allegations were false.

At a contentious confirmation hearing last week, Hegseth said he isn't perfect, but dismissed questions about his character and qualifications as an anonymous "smear campaign" irrelevant to the job of running the U.S. military. Hegseth told senators he would abstain from consuming alcohol as Pentagon chief.

But allegations that surfaced this week in a sworn statement from Hegseth's former sister-in-law, Danielle Hegseth, accusing him of alcohol abuse and erratic behavior, rekindled uncertainty surrounding his confirmation.

The statement, made under penalty of perjury and submitted in response to a request from Democratic Sen. Jack Reed of Rhode Island, focuses on events and conversations she said happened about 10 years ago, when she was married to Pete Hegseth's brother, Nathaniel. She alleged that Pete Hegseth regularly abused alcohol, to the point that he passed out at family gatherings and holiday parties.

The statement also says that Hegseth's ex-wife, Samantha Hegseth, told Danielle that she once hid from Hegseth in a closet because she feared for her personal safety. Samantha Hegseth hasn't responded to requests for comment. Court documents in Samantha and Pete Hegseth's divorce state that neither claimed to be a victim of domestic abuse. He has denied wrongdoing.

"There is no basis to credit this deeply flawed and questionable affidavit, which was submitted at the 11th hour in a clear and admitted partisan attempt to derail Mr. Hegseth's confirmation," according to a letter from Hegseth's

attorney, Timothy C. Parlato, to Senate Armed Services Committee Chairman Roger Wicker (R., Miss.).

Danielle Hegseth said she came forward because she personally observed Pete Hegseth's behavior and that she thinks he is unfit to serve as defense secretary.

In one allegation that had been redacted in the statement but that was described to The Wall Street Journal by people with access to the full sworn statement, Danielle Hegseth said Samantha had described an incident from the mid-2010s in which Pete Hegseth had allegedly "grabbed her groin without consent" at their home. In the affidavit, Danielle said that she believed the allegation because it was consistent with her own observations of what she viewed as Pete Hegseth's aggressive behavior.

Separately, Samantha also recently told the Federal Bureau of Investigation that Pete Hegseth abused alcohol and continues to abuse alcohol, according to people familiar with the matter. Reed and Wicker were briefed about her

comments after Hegseth's confirmation hearing last week, the people said. It was not included in the initial briefing Reed and Wicker received on Hegseth's FBI background check, they said.

Parlato, Hegseth's attorney, disputed that characterization, based on information he said he got directly from the people that briefed the FBI report.

"What the FBI paperwork says is that she claimed that he drank more often than he didn't, but she hasn't had regular contact with him since 2017," Parlato said. The FBI said it doesn't comment on specific background investigations.

In a Dec. 4 interview on "The Megyn Kelly Show," Hegseth said he has never had a problem with alcohol. "No one's ever approached me and said, 'Oh, you should really look at getting help for drinking.' Never," Hegseth said.

Some Republican senators said they were taking the new allegations seriously.

Sen. Thom Tillis (R., N.C.) said he wants to do his due diligence and get to the facts. He said he read Danielle Hegseth's statement and was trying to corroborate the allegations.

Tillis, who is up for re-election next year, said he has been a "presumptive yes" on Hegseth but that he was paying attention to new information. "I've just got to confirm facts and corroborate," he said.

Tillis said that he wants to know why Danielle Hegseth's allegations weren't included in the FBI background report presented to Senate Armed Services leadership by the Trump transition team this month, given that she said she gave her account to the FBI in December. The FBI report is compiled at the behest of the Trump team, which has control over what is shared with Congress.

Tillis voted to advance Hegseth's nomination Thursday. He said he was "completing due diligence on the latest affidavit" to determine whether the account is firsthand.

U.S. WATCH

GEORGIA

New Challenge Over Voting Rights Act

The state of Georgia is seeking another Supreme Court showdown over the Voting Rights Act, asking a federal appeals court on Thursday to interpret the 1965 law in a way that could make it much harder to prove minority votes have been illegally diluted.

A lawyer for the state on Thursday asked a panel of the 11th Circuit U.S. Court of Appeals to overturn a lower-court ruling requiring lawmakers to draw more Black-majority electoral districts.

Georgia Secretary of State Brad Raffensperger, a Republican, argued in court filings that the Voting Rights Act is being misused to bolster Democratic election chances.

Lawyers for the federal government and the groups who sued to redraw Georgia's congressional and legislative maps say Georgia is trying to persuade the judges to make up a new, harder-to-prove standard that could hobble Voting Rights Act lawsuits.

—Associated Press

ECONOMY

Claims for Jobless Benefits Increase

More Americans filed for initial jobless benefits last week, according to the Labor Department.

The week through Jan. 18 brought 223,000 new jobless claims, compared with 217,000 a week earlier. Economists polled by The Wall Street Journal had been forecasting 221,000 initial claims.

The number of continued claims, a gauge of the size of the unemployed population, hit its highest level since November 2021. Continued claims rose to 1.9 million in the week through Jan. 11 from 1.85 million the week before.

The continued-claims data lag behind the new-claims data by a week.

—Matt Grossman

OpenAI Partnership Strained

Continued from Page One

with the data centers it needs to build and operate its sophisticated AI software. That has been part of their agreement since Microsoft first invested in 2019. With the success of ChatGPT, OpenAI's need for computing power surged. Its executives have said ending the exclusive cloud contract could be crucial to compete with rival AI developers that don't have the same constraints.

The two have been arguing over capacity on and off for years, the people said, and talks have intensified in recent months. Like other tech giants, Microsoft has rapidly increased its investment in AI infrastructure and recently said it would spend \$80 billion on AI data centers in its current fiscal year. But it also has other customers and partners besides OpenAI.

OpenAI has wanted Microsoft to allow it to get cloud computing elsewhere, such as Google. Microsoft has insisted that would be a violation of the exclusivity agreement. Altman has complained that Microsoft was violating the agreement by not providing it with enough data center capacity, people familiar with the matter said.

Last year, OpenAI and Microsoft discussed building their own supercomputer for training OpenAI models but it didn't happen, people familiar with the matter said. Some of the details about the supercomputer were earlier reported by The Information.

While Microsoft wasn't the center of the announcement this week, Altman maintained that his relationship with his biggest backer remains good.

When one X user said Stargate meant that the friendship between OpenAI and Microsoft was over, Altman responded



Sam Altman of OpenAI, at left, Masayoshi Son of SoftBank, center, and Larry Ellison of Oracle announce Stargate.

with a popular internet misspelling of the word "more."

"absolutely not! very important and huge partnership, for a long time to come," he posted. "we just need moar compute."

Microsoft said the relationship between the two companies was still strong. Nadella said in a television interview that Altman wanted to build enormous AI models and Microsoft wants to focus on integrating it into software.

"This was an adjustment, quite frankly, that we made in order to support both his needs

while at the same time keeping the integrity of what we wanted as the strategic value," he told CNBC.

Microsoft has invested nearly \$14 billion in OpenAI since 2019, making it the startup's largest investor by far. OpenAI is a major customer for Microsoft's Azure cloud business, and its technology is the backbone of Nadella's broader AI strategy.

Altman first approached Microsoft in 2018, asking it to help finance the company. Despite some resistance from leaders such as then-chairman Bill Gates, the company invested and began allocating significant resources for the startup—often at the expense of its in-house projects.

Microsoft has diversified away from OpenAI. It invested in French competitor Mistral AI and offers Meta's Llama models on Azure. Last year, Microsoft incorporated models from OpenAI's rival Anthropic into its popular AI coding assistant GitHub Copilot.

Microsoft said much about its relationship with OpenAI will remain the same. It will continue to host OpenAI software on its Azure cloud computing platform. That means when people use software such as ChatGPT, OpenAI has

the details of how and when the Stargate money will be raised for the build-out remain to be seen. Elon Musk, whose xAI is a competitor to OpenAI, questioned the scale of the announcement.

The details of how and when the Stargate money will be raised for the build-out remain to be seen. Elon Musk, whose xAI is a competitor to OpenAI, questioned the scale of the announcement.

Berber Jin contributed to this article.

Microsoft, OpenAI have been at odds over computing resources.

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WORLD NEWS

Russia Spurns Trump's Push on War Talks

Moscow believes it has the resources and manpower to keep up the fight

By MATTHEW LUMMOORE AND THOMAS GROVE

President Trump's initial attempts to lure Russian President Vladimir Putin to the negotiating table on Ukraine have been met with what essentially amounts to a shrug.

"We don't see anything new here," Kremlin spokesman Dmitry Peskov said on Thursday, a day after Trump took to Truth Social to warn he would be willing to increase the economic pressure on Moscow after a raft of sanctions were applied following its invasion of Ukraine nearly three years ago.

Putin's inner circle has reason to regard Trump's threat as hollow. While the war has drained the country's resources and manpower, the Kremlin believes it has withstood sanctions and that Moscow has the capacity to weather at least another year of the conflict while Russians continue to sign up to serve on the front line.

To be sure, Russia's economy is showing some stress cracks as it struggles to stay on



A woman in Kramatorsk, Ukraine, salvages items from her home damaged in a Russian attack.

which include de facto recognition of the land it has gained, an end to NATO-Ukraine ties and a vastly reduced Ukrainian military.

Rather, the Kremlin is inclined to see Trump's statement on Truth Social as posturing ahead of any negotiations, as opposed to part of the negotiations themselves, and is still waiting for a more substantial overture from Washington.

"We remain open to dialogue," Peskov said. "President Putin has repeatedly said that."

Some Russian officials have voiced cautious optimism since Trump's November victory in the U.S. presidential election. Putin has angled for a summit with Trump in which the two leaders could hash out a settlement amenable to Moscow, some analysts say, shutting out a Ukrainian leadership he has dismissed as illegitimate.

Kyiv, meanwhile, has conceded that regaining all the territory lost to Russia during the war is an unrealistic goal, but it is asking for security guarantees that will make it impossible for Russia to regroup forces after a cease-fire and attack it again. Russia has said Ukraine must take into account "the new territorial realities," in effect permanently ceding the land it has lost in battle.

In the broader scope of the

years-long public back and forth between officials in the U.S., Ukraine and Russia, some analysts say Putin is likely to treat the latest warning by Trump as little more than a ploy by the new president to shore up his base and demonstrate the tough stance he has promised in regard to U.S. adversaries.

"Putin sees these statements as part of a political game. He doesn't take them seriously," said Tatiana Stanovaya, a Paris-based political scientist who maintains contacts with people close to the Kremlin. "He's ready for any scenario and has no illusions that a deal will come quick."

Stanovaya argues that the strain on Russia's economy, while a concern for Putin, will have little effect on his calculus vis-à-vis Ukraine. For the Russian president, who has been in power for 25 years, the war is a historic opportunity to unify the two Orthodox Christian countries and arrest what he has long denounced as a creeping Western expansion into Russia's backyard.

"Of course Putin wants to stop the war, but he wants it exclusively on Russian terms," Stanovaya said. "The war in Ukraine is a way to bring the West to the negotiating table about a Yalta 2.0."

Ukraine Envoy Faces Uphill Fight

By ALAN CULLISON

WASHINGTON—President Trump has given retired Lt. Gen. Keith Kellogg the job of ending the Ukraine war in 100 days. Almost no one thinks he can do it—especially the Russians.

Rather, they say Kellogg's role as a special envoy to Ukraine is an opening gambit in peace talks that Trump is determined to control. But deal-making with Russian President Vladimir Putin will be more difficult than Trump promised on the campaign trail, when he said he would end the conflict before he took office.

As Trump's Ukraine envoy, Kellogg will be advising him on negotiations, but it isn't clear that Trump is seeking much advice. John Bolton, who clashed with Trump while serving as his White House national-security adviser in 2018 and 2019, said he once heard Trump say he liked Kellogg because he "never offers his opinion unless I ask for it."

Kellogg described himself as a stalwart Trump supporter in 2015, when he said he got into Trump's good graces by volunteering as an unpaid adviser. He served for four years in Trump's White House on the National Security Council where colleagues say he was a constant fixture in the Oval Office, often listening to conversations but seldom taking part in them.

Like some of Trump's other special envoys, he appears to have been named despite a lack of relevant expertise. Kellogg's past military experience could be important to the president as he weighs the consequences of extending or withholding aid to Ukraine, former colleagues say. But he has never served as a diplomat, and if his experience in the White House is any indication, he won't partake in any real negotiations with Russia, his former colleagues say.

"Trump enjoys his company and sees him as a fiercely loyal guy, but he has never exerted any kind of meaningful policy influence," said one former National Security Council staffer who worked with him in the Trump administration. "He's certainly not going to come up with anything that deviates from where Trump's head is."

Kellogg, a decorated Vietnam-era veteran who rose to become a lieutenant general in the army, lately has been publicly buttressing the notion that Ukraine can make battle-



Lt. Gen. Kellogg co-wrote a peace proposal last year.

field gains against Russia with U.S. assistance. He has praised the Biden administration's decision to give more potent weapons to Kyiv, saying it gives Trump leverage in talks, and suggested that more weaponry might be used as a cudgel to get Moscow to negotiate.

Russia, meanwhile, has expressed no interest in engaging Kellogg.

Bolton fears Trump could force Kyiv into ruinous concessions to Moscow "because I think Putin knows how to play Trump," and Kellogg is unlikely to serve as a check against Putin's influence.

Former colleagues of Kellogg say he was appointed as Ukraine envoy on the back of a proposed peace plan that he co-wrote last year that was deeply critical of the Biden administration, blaming it for slow-rolling military aid while provoking Moscow by drawing Kyiv toward membership in the North Atlantic Treaty Organization.

The plan, published by the pro-Trump think tank America First Policy Institute, called for a cease-fire and a negotiated settlement, using carrots and sticks to get the Russians and the Ukrainians to negotiate. In a concession to Russia, the plan advised NATO to hold off on accepting Ukraine into its alliance, and offer Russia some sanctions relief in return for it signing a peace agreement.

The plan also threatened a cutoff of military aid to Kyiv if it didn't pursue peace talks.

Kremlin officials have derided the road map, and the Kremlin-controlled tabloid Komsomolskaya Pravda called the plan a combination of "gingerbread and whips," neither of which scared or enraged the Russian side much.

The paper also lashed out at Kellogg, calling him a Cold War relic of the U.S. military-industrial complex.

"He is Pentagon flesh and blood. Republican flesh and blood. And he loves money," the tabloid opined last month.

Seth Jones, a political scientist and defense expert at the Center for Strategic and International Studies, called Kellogg a serious thinker whose presence in Trump's orbit is meant to give heft to White House decision-making on Ukraine. But he said Kremlin attacks on Kellogg and his plan bode ill for a deal. "The negotiations haven't even started yet, and they're already going after the lead American involved in this."

U.S. Warns Its Allies On Tariffs

Continued from Page One

those from the east and near Ukraine. They said now isn't the time for talks because Putin has no intention of withdrawing troops after nearly three years of war and hundreds of thousands of casualties. A more preferable course, they recommend, is providing Ukraine with more weapons and economic aid to reverse trends on the battlefield, giving it more leverage by effectively forcing Putin to talk.

"I want Vladimir Putin to beg us, Ukraine and allies of Ukraine, to sit at the table," President Andrzej Duda of Poland said earlier Thursday at a pro-Kyiv breakfast on the sidelines of the conference.

At that event, Trump's allies beamed in via videoconference to chide European leaders for their handling of the war in Ukraine, with one top administration official warning against efforts to fold the country into the North Atlantic Treaty Organization during talks with Russia.

For days in this snowy ski town, allied officials were bewildered at Trump's continuous threats to impose tariffs on friendly nations, seize other countries' territories, and force Ukraine into peace talks with Russia. Some of the U.S.'s closest counterparts in the Swiss Alps repeatedly expressed their hopes for freer trade and stronger pushback

Economy and International Affairs at the Moscow-based Higher School of Economics. "We are in a position to press on with our demands...and if Ukraine's defense continues to collapse as it is now, it would be wiser for the other side to agree to our terms."

With another U.S. aid package for Ukraine off the table, Trump's warning appears to be too little to force a change in Russia's basic demands,

against Putins, not-so-subtly rebuking Trump's opening foreign-policy gambits.

As for Trump's continued threat of new tariffs on European goods, officials here countered that the trans-Atlantic economy could take a plunge if Trump followed through with the duties.

"Tariffs against friends and allies is a crazy idea," Foreign Minister Elina Valtonen of Finland said in an interview.

An argument Europeans repeat in front of Trump's aides is that an economically weaker Europe complicates U.S. efforts to curb China's military and technological advances as well as the global competition for semiconductor dominance.

But there was also a realization that Trump, a Republican, is stronger at home and abroad than he was at the start of his first term. While European officials said the first term provided a blueprint for dealing with Trump, it is clear that their wounds from that era never healed. And as a newly GOP-controlled Washington

holds firm, there is a good chance those wounds could reopen in the months ahead.

The war in Ukraine isn't lost, European officials insist, even though Russian troops have a manpower and equipment edge while Moscow skirts Western-imposed sanctions.

The quickest way to ensure Ukraine falters, and that parts of its territory become part of Russia, is by ending the conflict prematurely, they said.

"We need to end the war, but to end the war in a way which ensures that we don't lose the war," Jens Stoltenberg, until last year NATO's secretary-general, said in an interview. "To get that deal, we need leverage, and if we stop supporting Ukraine, we will not have any leverage."

Once peace talks begin in earnest, Mark Rutte, Stoltenberg's successor, told the breakfast audience that the bloc should ensure Russia never attacks Ukraine again, guaranteed by the invaded nation's entry into the alliance.

But Richard Grenell, Trump's envoy for special mis-

sions, shortly afterward appeared on screen to slam the former Dutch prime minister's stance because some allies don't spend the requisite 2% of gross domestic product on their own defense.

"I think you're going to run into a big buzz saw in America if we have the NATO secretary-general talking about adding Ukraine to NATO," Grenell said.

Vitali Klitschko, the mayor of Ukraine's capital Kyiv, said in an interview that he left the session feeling that his country was unlikely to become NATO's 33rd member soon. So, he said, Ukraine needed to work with allies to draft other options that might deter another Russian invasion.

In interviews here this week, European allies have questioned whether Trump, who wants to upend free trade and muses about taking territory from Denmark and Panama, will uphold what is known as the "liberal international order" ushered in by the U.S. after World War II.

But they concede they have few tools to counter the new president, save for imposing their own tariffs on the U.S. and arming Ukraine even if aid from Washington dries up.

"He's the apex predator," said Ian Bremmer, president of the Eurasia Group, a consulting firm. "It's a very attractive position for Trump to be in, but it's a very dangerous position for the rest of the world."

Watch a Video

Scan this code for a video on Trump's message to the Davos forum.

Crew Members Freed by Houthis Land in Bulgaria



REUNITED: Lubomir Chanev, center, captain of the Galaxy Leader and Danail Veselinov, left, first mate, arrive at Sofia Airport. They were part of an international crew seized by Houthi rebels off Yemen's Red Sea coast more than a year ago.

WORLD NEWS

Battle Over Data Cables Is Heating Up

Russian spy ship seen in U.K. waters points to worries for the global economy

BY MAX COLCHESTER
AND BOJAN PANCEVSKI

LONDON—For around a decade, the Russian spy ship Yantar has crossed the globe and loitered over undersea cables in what Western officials suspect is an attempt by the Kremlin to map vital arteries for the global economy running along the ocean floor.

This week, the Yantar passed through British waters, where it was tracked by two British Royal Navy ships, said U.K. Defense Secretary John Healey, adding that he had recently changed the naval rules of engagement to allow for such a close encounter.

In November, the Yantar had encroached into British waters and floated over critical undersea cables.

At the time, the British deployed patrol aircraft and ships, and surfaced a Royal Navy submarine near the Yantar to make clear the Russian vessel wasn't welcome.

Healey told Parliament this week that the decision to track the spy ship so closely was taken deliberately for "President Putin to hear this message: We see you."

The Russian Embassy in the U.K. denied wrongdoing on Thursday.

"The accusations made by the British defense establishment that Russia poses some kind of threat to the submarine communications of that country and its NATO allies

are completely untenable," it said. "Russia has never made such threats."

In an increasingly fraught hybrid war between Russia and the West, undersea cables and pipelines are a soft underbelly.

The length and remote location of the cables leaves them vulnerable to sabotage. Undersea cables are vital for funneling data and energy across the globe.

According to the North Atlantic Treaty Organization, 99% of the world's data is transmitted through subsea cables, including an estimated \$10 trillion a day in financial transactions.

Since starting the full-blown war in Ukraine, Russia is suspected of being increasingly willing to rip these cables up to destabilize its opponents.

However, the alleged attacks, often in remote locations by boats that aren't even under Russian flags, makes it hard to pin blame.

NATO is ramping up efforts to monitor alleged attacks by Russian-linked ships.

In January, it announced a new mission in the Baltic Sea to provide both enhanced surveillance of undersea cables and deter any Russian actions.

On Wednesday, Britain said it would send P-8 Poseidon submarine-hunting aircraft and spy planes to aid the continuing NATO mission.

"Russia's use of the so-called shadow fleet poses a particular threat to the maritime and environmental security in the Baltic Sea region and globally," NATO allies said.

Two high-profile investigations related to suspected



A British naval vessel, right, in November patrolled near Russian spy ship Yantar, which had passed over undersea cables.

sabotage in the Baltics are continuing.

Finland detained a Russian shadow fleet tanker called Eagle S after its anchor severed a power cable linking the country with Estonia in December.

Eight crew members have been identified as suspects, but Finnish investigators haven't been able to raise any charges related to the cutting of the cable.

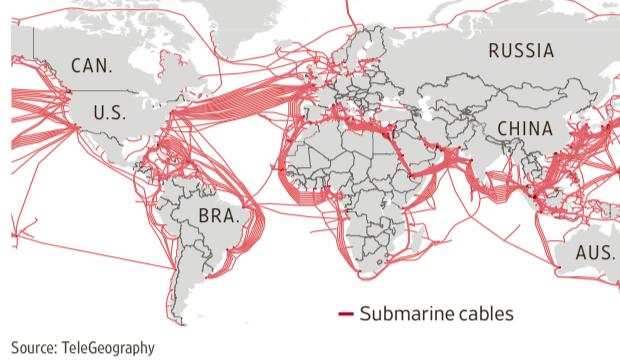
The ship is sailing under the flag of the Cook Islands. Finnish authorities indicated that they could withhold the cargo—Russian oil—because of customs violations.

In a separate investigation, Germany is probing a Chinese ship called Yi Peng 3 that cut two data cables with its anchor late last year.

After lengthy negotiations, China agreed to allow European investigators to board the ship under the condition that Beijing officials would lead the investigation.

German investigators including expert engineers spent over five hours on board, questioned the crew and inspected the anchor.

They haven't uncovered



Source: TeleGeography

any evidence that would justify issuing arrest warrants.

The ship has since left the Baltic and resumed normal operations.

A Russian Foreign Ministry spokeswoman said accusations that Russia damaged undersea cables in the Baltic Sea were an attempt to limit Russian oil exports and create preconditions to restrict shipping, state-run news agency TASS reported on Wednesday.

Russia has suffered, too: its Nord Stream 2 pipeline was blown up by operatives linked to Ukraine who used a small rented yacht for the operation.

The North Atlantic has hundreds of cables running across it. To guarantee major disruption, several cables would likely have to be cut at the same time, a challenge in an ocean where the average depth is over 2 miles.

That requires detailed knowledge of which cables lead to what and where they are.

The 354-foot Yantar, which has two on board mini-submarines, is part of the Kremlin's Main Directorate for Deep-Sea Research, an elite unit of the Russian military specialized in deep-sea work.

The ship is also equipped

with a variety of sensors. Russia describes Yantar as an oceanic research vessel.

Over the years, it has been spotted near undersea cables. In 2015, it was reported by the U.S. as being seen near Guantanamo Bay in Cuba and in subsequent years near Greenland, Israel and Hawaii.

The Russian deep-sea unit, the chief directorate of deep-sea research known by its acronym GUGI in Russia, also contains the Losharik, a submarine equipped to inspect cables deep underwater, which has recently returned to action after a fire disabled it in 2019.

The waters around Britain have long been targeted. In 2022, mobile phones stopped working in the Shetland Islands after an undersea cable was damaged in an attack suspected of being linked to Moscow.

In November, Ireland, which is home to Alphabet-owned Google data centers, observed the Yantar near important undersea cables and sent a ship to escort the Russian vessel away.

—Kate Vtorygina contributed to this article.

FROM PAGE ONE

The Mystery Of Moderate Drinking

Continued from Page One
ports, as well as federal input and public comment for the new dietary guidelines.

The departments in 2022 tasked a group within HHS, the Interagency Coordinating Committee on the Prevention of Underage Drinking, with a review on alcohol and health. Months later, Congress provided funding for the National Academies of Sciences, Engineering and Medicine to conduct its own report.

The ICCPUD-led committee set out to estimate the risk of dying from conditions caused by alcohol consumption, eliminating causes of death that might not be alcohol-related. The estimates were based on 56 published scientific reviews on the risk of alcohol use and different health conditions.

The scientists' findings released in January were stark: Men and women in the U.S. have a one in 1,000 risk of dying from alcohol use if they consume more than seven drinks a week. This risk increases to one in 100 if they consume more than nine drinks a week.

Having one drink a day was linked with an increased risk of liver cirrhosis, esophageal cancer and oral cancer. It also was linked to a lower risk of strokes due to blood clots; but that benefit could vanish if people drink a lot in one sitting, even rarely, the report said.

"This study highlights the nuanced relationship between alcohol intake and health," said Dr. Annie DePasquale, a family medicine physician and founder of physician-matching service Collaborating Docs, who wasn't involved with the study. "While moderate consumption has often been framed as safe, the evidence increasingly shows that even low levels of alcohol can contribute to serious conditions."

Even casual drinkers could see adverse effects: The risk



hind the National Academies' review, 'Science Over Bias,' a coalition of more than two dozen industry trade associations, recently called the ICCPUD report flawed and biased. The coalition didn't respond to requests for comment.

The National Academies group drew scrutiny before the review even began: Two researchers were removed before the group was set, following concerns about prior research funding from the alcohol industry. Calonge, who was added when the others were removed, said that he stands by the integrity and rigor of the report.

Some other scientists took issue with the report itself, including the connection between moderate drinking and lower mortality. Some non-drinkers have health problems that preclude them from drinking, researchers said.

Moderate drinkers also might be moderate in other activities including diet, and some studies show that they have higher incomes. That can make moderate drinking look good, even when the health halo isn't from the alcohol.

"I don't believe the association is a real one," said Dr. Michael Siegel, an alcohol and tobacco researcher at Tufts University School of Medicine, who wasn't involved in either report. "It's such a normal part of our culture that people who don't drink, there's something unique about them."

Alcohol research often relies on asking people about their drinking habits and recording their health outcomes, making direct causes sometimes difficult to tease out, researchers said. People also underestimate how much they drink.

Some newer research that uses other methods hasn't found a beneficial link for longevity or heart health. That, along with the evidence of cancer risk, has led many doctors and researchers to turn away from the notion that a bit of alcohol is healthy.

Genetics, smoking history and behaviors including exercise add or detract from personal risk, researchers said. Binge drinking is worse than spreading it out.

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WORLD NEWS

China Courts Neighbors to Fight Scams

Abduction of young actor trafficked to Myanmar prompted public-pressure bid

BY FELIZ SOLOMON AND CLARENCE LEONG

Authorities in Beijing are increasing pressure on neighboring countries to rein in cyberscams after the high-profile kidnapping of a young Chinese actor who says he was trafficked into a criminal enclave in Myanmar.

Parts of war-torn Myanmar and other countries in Southeast Asia have become havens for sprawling scam compounds, where hundreds of thousands of people are forced to swindle billions of dollars out of victims in the U.S., China and elsewhere. The scammers, many of whom have themselves been duped and effectively enslaved by criminal gangs, often ensnare victims in fake relationships and persuade them to pour money into bogus investments.

This week, the Chinese government called an unusual crisis meeting in the southern city of Kunming with officials from other countries in the region. The officials from Myanmar, Thailand, Laos, Cambodia, Vietnam and China pledged to arrest ringleaders, shut so-called scam dens and free victims of human trafficking, according to a report on Chinese state television.

China in recent years has arrested tens of thousands of people suspected of involvement in the scams, including in raids of scam compounds led by Chinese law enforcement abroad. But Beijing has been



THE ROYAL THAI POLICE/ASSOCIATED PRESS

Wang Xing, right, was rescued four days after disappearing near the Thai-Myanmar border.

criticized for not doing enough to stop the practice, as many of the alleged crime lords behind the scams are Chinese.

China's latest moves against the burgeoning scam industry were prompted by the kidnapping of a minor film and television actor who says he was lured to Thailand for a shoot.

Wang Xing disappeared from a town on Thailand's border with Myanmar on Jan. 3 and was rescued four days later, following an unusually powerful public-pressure campaign on China's tightly controlled domestic news and social-media outlets.

China's Ministry of Public Security later said authorities "dug out a criminal group" that

recruited models, actors and film crews by enticing them to Thailand with job offers that were fake and selling them to scam dens. Twelve people have been arrested in connection with the scandal, it said.

The case struck a chord in China, where censorship usually curtails public expression.

News of Wang's disappearance spread fast after a plea for help from his girlfriend, known by her nickname Jiajia, on Chinese social-media site Weibo. Jiajia said Wang had traveled to Bangkok for a film shoot after a successful online audition. Upon arrival, he got in a vehicle arranged by the recruiter. He felt something wasn't right, she said.

Wang shared a map with her showing his location and they kept in touch throughout the roughly seven-hour drive, Jiajia said. When they lost contact, she immediately alerted Chinese authorities.

Jiajia said she took to social media—tagging A-list celebrities in her post—after her dayslong effort through official channels went nowhere. Within a day, news of Wang's disappearance was trending on Weibo, with related posts viewed more than 400 million times. The story was picked up by state newspapers and local radio stations.

"The authorities and his captors really responded to the public pressure," said Bang

Liu, a spokesman for Bangkok-based Mandarin Law Firm, which represented Wang. Two days after Jiajia's post, Wang was found and freed.

The public outcry didn't stop when Wang returned. Two days after his rescue, a spreadsheet began circulating online listing the names of other missing people who loved ones think are trapped in a similar situation. A hashtag referring to the document, called "Star Homecoming Project"—Wang's given name, Xing, means "star" in Chinese—has been viewed more than 90 million times. As of Wednesday afternoon, the list had grown to include almost 2,000 people purported to be missing.

This week's gathering in Kunming also signals that authorities in Beijing might be fed up with the scam industry's proliferation. Similar meetings and public statements by officials preceded a crackdown in 2023, when Chinese law enforcement launched a series of raids in Myanmar.

Over 53,000 Chinese nationals suspected of cybercrimes including scams have been deported from Myanmar to China since the raids began, official figures show. Human-rights groups say many of those suspects might have been victims of human trafficking, but China doesn't distinguish between them.

China's Foreign Ministry and Ministry of Public Security didn't respond to requests for comment.

The actor's ordeal also alarmed officials in Thailand, who worried that safety concerns might hurt revenue from Chinese tourism that is important to the Thai economy.

Criminal Gangs Have Wide Reach

Law-enforcement officials in the U.S. and elsewhere say the emergence of industrial-scale scam compounds in Southeast Asia has grown into a global crisis. They are often run by transnational gangs and staffed by slaves, typically job-seeking migrants who are trafficked into heavily guarded office buildings and forced to defraud people online.

Many Chinese nationals, including some who were wanted for crimes at home, were deeply involved in establishing this new criminal empire, officials say.

Some of the schemes are known as "pig butchering," as scammers "fatten" their victims by gaining their trust and then "butcher" them by absconding with their money.

Authorities have struggled to get a handle on the problem in part because the compounds are often in remote and lawless areas,

such as Myanmar's militia-controlled borderlands and Cambodian cities where corruption is deeply entrenched.

Authorities in Thailand, a transit point for traffickers, have had difficulty stopping the flow of people because victims typically arrive through airports, believing they have legitimate job prospects, and don't realize they have been kidnapped until it is too late.

Chinese Supply Chemicals for Iran's Ballistic-Missile Program

BY LAURENCE NORMAN AND BENOIT FAUCON

Two Iranian ships docked in China have been loaded with a critical ingredient to produce propellant for ballistic missiles, people familiar with the matter said, demonstrating the challenge the Trump administration will have in pressing Beijing to reduce cooperation with Iran.

The vessels are loaded with about 1,000 tons of sodium perchlorate, a material Iran could turn into 960 tons of ammonium perchlorate—one of the main ingredients for producing solid propellant for ballistic missiles, the people said.

That could be enough to produce 260 midrange Iranian missiles, said one of the people, a Western official.

Tehran's growing reliance on Beijing is partly a result of Israel's recent battering of

Iran's missile program and network of militants, but also points to a bigger challenge for Washington. Iran and China have become increasingly aligned with Russia and North Korea, a bloc of authoritarian nations that are united by their interests in undermining the U.S.-led world order.

There is no evidence that Chinese authorities knew of the deliveries. A spokesman for the Chinese Embassy in Washington, D.C., said he wasn't familiar with the shipments but that China strictly controls dual-use items. The delivery was reported earlier by the Financial Times.

Iran has one of the most powerful ballistic-missile stockpiles in the Middle East, with more than 3,000 ballistic missiles in 2023 by the U.S.'s estimate. But its inventories are running lower since it

launched two missile attacks on Israel last year and shipped missiles to Russia.

Israel's retaliatory airstrikes in October also degraded Iran's missile-production facilities.

The strikes destroyed most of Iran's planetary mixers, machines that are used to blend components for solid propellant and can't be easily replaced. Solid propellant is a mixture of fuel and oxidizer that burn together to generate thrust in missiles and rockets.

U.S. and Israeli officials told The Wall Street Journal after the strike that Iran's production of solid-propellant missiles could be set back by a year or

more. U.S. officials have reiterated that assessment recently, meaning Tehran might struggle to quickly use the shipments if they are delivered.

China has been involved in supplying solid propellant for Iranian rockets and missiles as far back as the 1990s, said Fabian Hinz, research fellow for defense and military analysis at the International Institute for Strategic Studies. The U.S. Treasury has imposed sanctions on Iranian officials and companies for procuring other solid-propellant ingredients, like nitrile butadiene rubber, from China.

"China was and is still the main supply chain for Iran for everything needed to build weapons," said Ronen Solomon, an Israeli security analyst following Iran.

It wasn't clear when the deliveries from China were ordered, the Western official said, noting it might have been before Israel hit Iran in October.

Beijing and Tehran might have reason to reconsider the delivery now that the ships' presence at Chinese ports is in the public domain, the person said.

According to the shipping-tracking website Marine Traffic, a containership, the Golbon, loaded a cargo on Tuesday at Xiushan Island, near the city of Ningbo. It departed the port on Wednesday, giving its destination as the northern port of Taicang, but stopped sailing Wednesday afternoon.

The second ship, a cargo vessel named the Jairan that is partly loaded, arrived in Liuheng, another port near Ningbo, on Dec. 19, and mostly has been stationary.

The two vessels are controlled by Rahbaran Omid Darya Ship Management Co., a U.S.-sanctioned affiliate of Iran's biggest non-oil shipper, Islamic Republic of Iran Shipping Lines,

says the European Union database Equasis. The shipper also is under EU sanctions.

IRISL and Rahbaran Omid Darya didn't return requests for comment. There was no comment by the Iranian United Nations mission in New York.

Hinz said Iran's Islamic Revolutionary Guard Corps runs a program aimed at producing only solid-propellant missiles and has been expanding sites where those missiles are produced. Iran has at least one domestic facility to turn sodium perchlorate, the material loaded onto the two ships, into ammonium perchlorate.



VENEZUELAN Interior Minister Diosdado Cabello, center, has ridiculed allegations that Caracas ordered the hit on Ronald Ojeda.

PEDRO MATEU/AGENCE FRANCE PRESSE/GT IMAGES

Venezuelan Official Ordered Dissident Killed, Chile Alleges

BY RYAN DUBÉ

Chile accused Venezuela's second-most powerful man of giving the order to kill a dissident in Santiago last year, a hit it alleges was carried out by the transnational gang Tren de Aragua in a demonstration of strongman Nicolás Maduro's ability to strike opponents across borders.

Attorney General Ángel Valencia on Thursday said a protected witness told investigators that Diosdado Cabello, Maduro's interior minister and the country's No. 2 official, ordered the killing of Ronald Ojeda, a former Venezuelan soldier who had conspired to overthrow the Maduro regime and was living in Santiago, the Chilean capital.

"The person indicated that the order and payment came from Mr. Diosdado Cabello," Valencia told Chilean broadcaster Tele13Radio. Two other witnesses also implicated the Maduro regime, Valencia said.

Chilean officials said the Tren de Aragua, which has spread across Latin America and into the U.S., took part in the killing. President Trump has said the U.S. would designate the gang a foreign terrorist organization.

The designation will give

the U.S. more tools to dismantle the group, from greater surveillance and economic sanctions to possible military action in other countries. Security experts say some of those steps could help strengthen law enforcement in Chile and other South American countries that have been grappling with the gang, though they also risk sparking a backlash there.

The Tren de Aragua gang has expanded across Latin America alongside the roughly eight million Venezuelan migrants who have fled their country. The gang traffics drugs and carries out kidnappings, extortions and contract killings, law-enforcement officials say.

"If they know their counterparts in the United States are combating these individuals, they are going to want U.S. intelligence support," said Daniel Brunner, a former FBI agent who has investigated the Tren de Aragua and is president of Montana-based Brunner Sierra Group, a security-consulting firm. "A lot of countries are going to feel emboldened to move more aggressively to investigate these members and hit elements of them and disrupt them."

Venezuela's Communication Ministry didn't respond to re-

quests for comment.

Cabello, a former army officer, is widely seen as the second-most-powerful man in the country after Maduro. He is known for his rants against rivals and the U.S. on his state television show, "Hitting it with a Sledgehammer," where he holds a spiked club. The U.S. has put a \$25 million bounty on Cabello, accusing him of narco-terrorism.

Cabello has ridiculed allegations that Caracas organized a hit on Ojeda, suggesting that Venezuela's government didn't have the capacity to pull off an elaborate operation thousands of miles away. "We must be some champions. If we're able to do that, who in this world could stop us?" Cabello said on state television last year.

Ojeda's killing sent shock waves through the Venezuelan diaspora, sparking concerns that the Maduro regime was

one of Maduro's closest allies to go after opponents abroad.

Ojeda's body was found last March in a suitcase buried under more than 4 feet of concrete, days after he was kidnapped in the middle of the night from his Santiago apartment.

The 32-year-old former army lieutenant and his family had received political asylum in Chile after the plots he joined against Maduro failed.

On Wednesday, police carried out raids targeting the Tren de

Aragua's branch in Chile, known as "the Pirates of Aragua." One

of the people arrested allegedly dug the hole to bury Ojeda's body, investigators said.

The leader of the group in Chile, Rafael Gámez, who is known as "El Turco," was detained in Texas in December for human trafficking, said Chilean police investigator Hasel Barrientos. Chile is seeking to extradite Gámez, he said.

—Patricia Garip contributed to this article.

FROM PAGE ONE

Screens Take Over Classrooms

Continued from Page One

"I don't like having my eyes glued on a screen for a while," said eighth-grader Aubrey Ortiz, in San Antonio. "It gives you a headache and I really lose my focus."

Students in grades one through 12 now spend an average of 98 minutes on school-issued devices during the school day—more than 20% of the average instructional time—according to data that educational software company Lightspeed Systems analyzed at the request of The Wall Street Journal.

The time spent on devices peaks at two hours and 24 minutes daily in sixth grade, or nearly 35% of instructional time, Lightspeed's analysis of more than 2.8 million students in 344 school districts nationwide shows. Use of school devices declined among high-school students, down to 70 minutes a day for 12th-graders, with possible factors including a shift to personal devices and more flexible school schedules, according to Lightspeed.

'Paper is better'

Fifty percent of teachers said their students completed at least half of their classwork on a device, up from about 20% of teachers before the pandemic, according to a 2023 survey of nearly 1,000 educators conducted by Brian Jacob, an education researcher at the University of Michigan. Use of technology for homework, group work and assessments also dramatically increased.

Research on the effectiveness of tech use in education is mixed and full of company-backed analyses. "I don't think there's one easy answer," Jacob said. "I just don't think we know yet."

On an August day in Abby Ramos Stanutz's San Antonio classroom, 25 eighth-graders filed into first-period English and began class as they often do, with several minutes of free writing. The students each grabbed a school-issued Chromebook and began to type.

"I know your fingers are getting tired, but keep going," Ramos Stanutz urged, dimming the lights and playing pop music softly to help students focus.

Later in the class, the students turned back to Chromebooks to record influencer-style videos explaining why they liked a book they were reading.

Some of Ramos Stanutz's students later explained that while they like the ease of turning in assignments online and using computers for technical skills like coding, the devices create distractions in class and can slow down lessons when the internet goes out or a video a teacher wants to play gets blocked by district software.

"I feel like paper is better, anything other than technology," said 14-year-old Carlos Miranda. "I'm hands-on. You can't learn to dissect a frog with a computer." (Education technology companies have, actually, created virtual dissection apps.)

Ramos Stanutz said there's no getting rid of technology at this point but she's learned to strike the right balance. She's had to find new strategies to keep students from playing on-



Carlos Miranda worked on a writing assignment in English class in San Antonio.

work today," Dyer said.

At one table, students looked up from their screens to say they liked using technology in class because they can find information and write responses more quickly and it makes life easier.

Many parents are content with the growth of educational technology. In one survey from 2023, commissioned by the nonprofit EdChoice, about three in four parents said that computer use was having a positive effect on their child's learning.

Still, about 40% of parents said their children spent too much time on screens. In a separate EdChoice poll, 35% of teenagers said their school used too much technology.

"For parents who want to reduce screen time, schools are undercutting them," said Jonathan Haidt, a social psychologist at New York University's Stern School of Business whose recent book, "The Anxious Generation," helped fuel smartphone bans in schools across the country.

Phone bans

Mileva Repasky, a mother of three in Phoenixville, Pa., who co-founded the nonprofit Phone-Free Schools Movement, had her children track their school and home screen use for two weeks at the Journal's request.

One Wednesday in October, her 17-year-old son, David, spent nearly 2½ hours on his school-issued Chromebook doing work at school and 70 minutes doing homework on his Chromebook. That was on top of the 42 minutes at lunch watching TikTok and Netflix on his phone that day and 80 minutes at home gaming or looking at Instagram. Total screen time: more than 5½ hours.

centile points higher on state exams.

The most rigorous published evaluation of the product—which is used by 15 million U.S. students—was less impressive. A Johns Hopkins University research center report, commissioned by the company, found that IXL had no clear effect on state math scores during the spring of 2023 in a Michigan school district. On a different test, IXL boosted math scores by about five percentile points, the researchers found.

In a separate, unpublished Johns Hopkins study—a summary of which was reviewed by the Journal—the effects of IXL were described as "directionally positive" but "not statistically significant." The company chose not to release the study, a spokesman said, because it had a relatively small sample size.

Bo Bashkov, senior manager of research at IXL Learning, said the company's figures of 15 to 17 percentile points are "better-case scenario" benchmarks from its own state-by-state research.

Removing barriers

In lower-income districts, school leaders say giving students and their families access to personal devices has been a huge benefit. Computer access is now nearly universal in U.S. public schools, with 95% of schools reporting that they provided devices to students last school year, according to a federal survey.

"It has removed barriers," said Pamela Maddox, the principal of Compton Early College High School, a high-performing school in a district serving majority Latino and Black students. Parents tell her they like that students can easily access their homework from anywhere.

The school has doubled down on technology, moving its library into a smaller room to make way for a high-tech lab funded by Verizon, equipped with a podcasting room, robotics equipment, 3-D printer and esports stations.

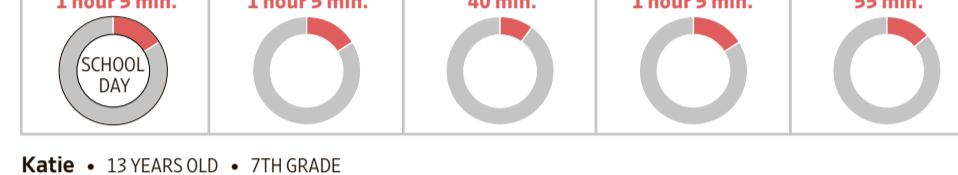
On a walk through campus in September, Maddox entered an Advanced Placement English class taught by Porsja Dyer. There, students sitting with Chromebooks typed out reflections on factors that have shaped their identity. Their responses were instantly shared with the entire class.

"And yes, I turned the hearts on so you can like each other's

"There's this misconception that we've let the cat out of the bag," Davis said. "But no, this is an opportunity we have now."

Amount of time at school Mileva Repasky's children spent on school-provided devices

Madelyn • 11 YEARS OLD • 5TH GRADE



Katie • 13 YEARS OLD • 7TH GRADE



David • 17 YEARS OLD • 11TH GRADE



Note: Data for Oct. 28-Nov. 1, 2024

Source: Mileva Repasky

line games or watching videos.

"It's like the ocean: You can never turn your back on it," she said.

Computer and internet use in schools grew rapidly in the 1990s, alongside technology's rise in everyday life. Schools saw an opportunity to close a digital divide between low-income and wealthier students.

The adoption of school technology sped up when the pandemic forced students to learn online. Federal Covid aid helped schools buy student devices across the country their own laptops or tablets. A multibillion-dollar education-technology industry promised its products could revolutionize teaching and catch students up after the pandemic.

Other research on specific technology products—including digital tutoring programs—has shown improvements in student learning.

Richard Culatta, the head of an association that supports teachers' use of technology, said lessons using technology have to elevate what the teacher could otherwise do to be effective.

"Does it spark curiosity? Or is it just presenting information?" Culatta said. "That distinction right there makes it clear pretty quickly whether the tech use is valuable."

Some teachers say they find technology essential for assisting students with specific needs, like using instant-translation apps for recently arrived immigrants or software to make fonts more readable for students with dyslexia.

Technology companies often tout internal analyses claiming their products have led to breakthrough gains in student learning. But such results are often overstated, and companies may choose not to release unfavorable findings.

For instance, a review of 24 studies published last year found that college students retain more information when they take notes by hand rather than on a computer. Some research has found students have better comprehension when reading on paper rather than on a screen.

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ARTS IN REVIEW



FILM REVIEW | KYLE SMITH

Rethinking the Ghost Story

'Presence,' a clever mystery directed by Steven Soderbergh, adopts the perspective of the specter

The tingly thriller "Presence" starts with a knockout premise: What if you told a ghost story from the perspective of the ghost?

Each scene in Steven Soderbergh's impeccably crafted film is a single take that glides silently from room to room observing what happens in an ordinary suburban house. Occasionally the unseen force knocks down a shelf or moves some books to make itself known. David Koepp's elegant screenplay (spurred by an idea of Mr. Soderbergh's) begins with the home vacant and continues as a married couple and their two teen children decide to buy it and move in. Whether the presence is benevolent or not is an open question. As for the family, and its visitors, they are far from innocent, and being free to go anywhere in the house, the ghost knows all. The inversion is deliciously suspenseful.

Rebecca (Lucy Liu), a hard-charging corporate type, is always pushing a deal on the phone, and whatever she's doing sounds ethically challenged. She dotes on her older child, a cocky high-school swimming star named Tyler (Eddy Maday) who sometimes brings home a friend from school, Ryan (West Mulholland). Rebecca's husband, a gentler soul, is Chris (Chris Sullivan), who is more wor-

ried than his wife about the trauma suffered by their daughter, Chloe (Calina Liang), another high-schooler, who recently lost a friend under odd circumstances, possibly linked to drug use.

This background information turns out to be central to the movie, which is both backward-looking and rapidly on the move to a brisk, clean resolution. Thanks to a friendly neighborhood psychic, Lisa (Natalie Wools-Torres), who is called in after one too many objects

get broken, we learn that the spirit is fretful about an event that has yet to occur and doesn't quite understand what has happened so far. In a way, the spirit is us: It's like a moviegoer peeping into someone else's life, anticipating terrible things but unable to intervene.

Rather than being the horror film it appears to be, "Presence" is more of a disguised mystery. Those expecting such standbys as jump scares, ear-stabbing musical cues or bursts of gore are likely to find the film too quiet and re-



▲ A scene from the film, written by David Koepp, top; Chris Sullivan and Lucy Liu, above.

strained. But though its setup overlaps a bit with such works as "The Uninvited" (1944) and Mr. Koepp's 2020 film starring Kevin Bacon, "You Should Have Left," "Presence" keeps the audience guessing thanks to Mr. Soderbergh's allergy to cliché. The family disputes are so relatable and pedestrian, the filming so matter-

of-fact (many scenes take place with no musical score beneath them, as though we were floating along silently with the ghost) and the running time so taut—a mere 85 minutes—that you don't notice the climax quickly approaching.

Mr. Soderbergh is somewhat of a restless, kinetic spirit himself—at age 62, he has directed many episodes of high-end television and more than 30 full-length movies, ranging from "Magic Mike" to "Ocean's Eleven," in so many tones and genres that it's difficult to

identify a common characteristic except intelligence. (His next film, the spy thriller "Black Bag," also with a script by Mr. Koepp, bows in March.) He works fast, he seems to have more ideas than he can keep up with, and he is perfectly all right with making small films for niche audiences.

Tight as it is, "Presence" is effectively a cinematic short story, a chamber piece. In contrast to many other directors of low-budget indie films who owe him a debt after he revitalized the form with "Sex, Lies, and Videotape" in 1989, Mr. Soderbergh does not feel the need to shout his themes so loudly as to capture the attention of awards voters.

Like several of Mr. Soderbergh's other satisfyingly succinct recent films, such as 2018's "Unsane" and 2022's "Kimi" (which was also written by Mr. Koepp), both of which ran under 100 minutes, "Presence" puts storytelling where it belongs, which is first, but it still has something to say. One character's chilling hypocritical chatter is both wicked and very much of our time. If the film has a classic, throwback appeal, to such a degree that with a few changes it could have been made in the 1940s, some of it is so startlingly up-to-date that it is in part a wry social commentary.

Some art-house films in which nothing much happens seek to be described as having a lot going on beneath the surface, but really don't. Mr. Soderbergh's latest is much the opposite: The plot is so cleverly constructed that its undertones sneak up on you. Their subtlety makes them that much more effective.

NEON (2)

TELEVISION REVIEW | JOHN ANDERSON

Targeting Tuna In Massachusetts

When a show like "Deadliest Catch" can last for 20 seasons—and even outlast a collapse in the Alaskan crab population—there is a decided hunger for something like "Harpoon Hunters," which makes a lot of sense, especially for its producers. Humans are battling the ocean and the treasure is aquatic, but summer on Cape Cod is considerably more congenial than winter in the Bering Sea. And the contest at hand is still daunting—catching high-priced Atlantic bluefin tuna with a spear (and enough accompanying voltage to kill the fish instantly). There are

rivalries, deadlines, anguish, setbacks, mangled men and mangled language. It's a combination sea-food platter.

There's no shortage of fishing shows on TV, many of which are instructional. "Harpoon Hunters" is not, except perhaps for the way the quality of bluefin is judged and bought. Drama is a far higher priority than technique, as it is in programs such as "Deadliest Catch," "Wicked Tuna" and "Battlefish," in which the struggle of man against the sea, the bank, the canneries, wives, colleagues and, naturally, themselves is the point. It is a fish-

ing show for people who don't necessarily fish, and/or aren't likely to buy a harpoon boat and start practicing the javelin.

Those familiar with the seagoing series cited above, or almost any Discovery documentary, will get with the TV program immediately. The music is obvious, the vistas are glorious and the characters all have backstories. Joe Dion, captain of the Redrum (see: Stephen King) is coming back to the game after several years looking after his children, two of whom developed muscular dys-

trophy. Niko Chaprales is making his first bid for glory after the death of his father, the celebrated harpooner-captain of the Ezyduzit. Tyler Macallister is the big dog in the fleet; he calls his Cynthia C. 2 "arguably the best harpoon boat ever fished." No one's arguing. Father and son Dylan and Emmett Caldwell of the Pine Box (the names are a bit macabre) wear

matching powder-blue sweatshirts and seem to set their competition's teeth on edge.

"Failure is not an option," says one of the four captains, and one supposes not, though one starts to suspect that speaking in clichés is a requirement to come on board,

◀ Niko Chaprales, captain of the Ezyduzit, lies next to a massive specimen.



The show is packed with drama and daunting feats of fishing.

► Niko Chaprales, captain of the Ezyduzit, lies next to a massive specimen.

► The Pine Box makes its way across the water in the new Discovery series.

along with a considerable bankroll. The boats are expensive, the fuel is expensive, spotter planes are expensive, the fishing window is tiny and there's a quota on how much bluefin can be taken by harpoon. During the 2024 season, as we are told, it was a little over 59 metric tons (about 130,000 pounds) and as soon as that number is reached by the fleet in toto, the pursuit of tuna is over for the year. A single fish might weigh 400 pounds, but from what we see (only two episodes were made available) the buyer could offer \$20 a pound, or \$9.

What determines that? Color, fat content, texture. The advantage to harpooning bluefin—and zapping them—is that they don't struggle, panic, build up lactic acid in their system and thus ruin the meat or make it less desirable for the high-end market, i.e. sushi. There is a beauty in the fish—they move like chromed darts through the waters of Cape Cod Bay. But there's a primal equanimity between the harpooned and the harpooner, who has to display considerable skill hurling his spear from the 27-foot extension or "pulpit" at the bow of his boat. Unlike the crabs and tuna subjected to wholesale harvesting on other shows, the bluefin of "Harpoon Hunters" seem to have the advantage.

Harpoon Hunters
Begins Friday, 9 p.m., Discovery

Mr. Anderson is the Journal's TV critic.



DISCOVERY (2)

SPORTS

The Buffalo Bills Have a Chiefs Problem. The Solution Weighs 1,909 Pounds.

The team aims to dethrone the reigning Super Bowl champs with a jumbo-sized set of linemen



The Bills are lining up with a positively gargantuan set of players ready to heave, smash and flatten anyone who dares try to stop them.

By ANDREW BEATON

Josh Allen and the Buffalo Bills know better than anyone how daunting it is to run into Patrick Mahomes and the Kansas City Chiefs in the playoffs.

In three of the past four years, Buffalo's season has ended with a January loss to Kansas City, and no matter how brilliantly Allen performs, the guy in the red No. 15 jersey always seems to have an answer. It's why the Chiefs are angling for a three-peat while the Bills are still in search of their first Super Bowl trophy.

But this time around, as they prepare to square off in the AFC Championship, the Bills are better equipped than ever to take on the heavy lift of trying to dethrone the reigning champs.

That's because Buffalo has found a jumbo-sized solution to their Kansas City Chiefs problem. They're lining up with a positively gargantuan set of players ready to heave, smash and flatten anyone who dares try to stop them.

Buffalo broke the huddle with at least six offensive linemen on the field, instead of the traditional

five, more than any other team in the NFL this season. But they didn't just do it more frequently than everyone else—they did it more effectively, too, gaining the most yards per play and scoring the most touchdowns.

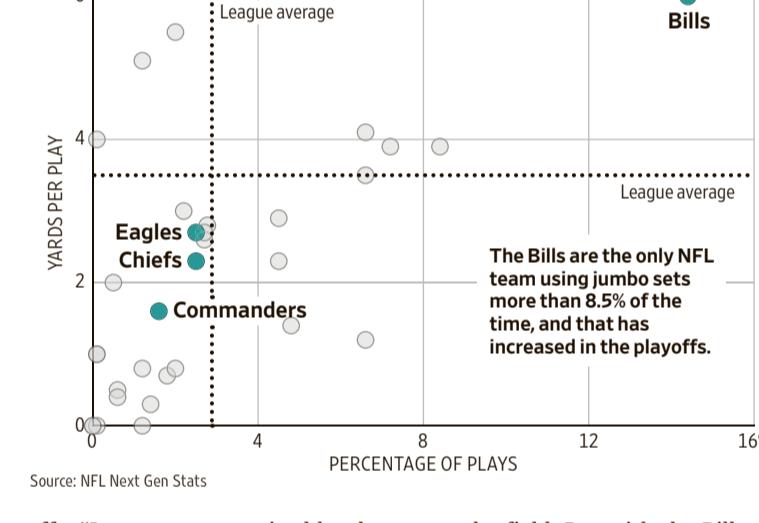
In football lingo, using an additional lineman is called a *jumbo* package, and it's traditionally deployed near the end zone or when teams need to pick up a yard or two for a first down. Yet Buffalo has taken a formation reserved for the goal line and used it all over the field, with devastating effects.

It's a counterintuitive strategy that exploits how defenses these days have gotten smaller and lighter to keep up with the speed of modern offenses. That has left opponents ill-equipped to handle the sight of another hulking lineman trudging onto the field to pave holes for Allen and the Bills' running backs.

"They've done a really good job in the last year of focusing on their run game and then partnering with the skill-set that Josh has," Broncos coach Sean Payton said after Buffalo's jumbo packages gashed Denver in the play-

The Bills' Jumbo Attack

Buffalo uses **six-plus linemen** more often—and more effectively—than any team in the NFL.



offs. "I was more surprised by the effectiveness of it."

Allen might be Buffalo's superstar quarterback, but the team's unheralded game-changer has been a 305-pound backup offensive tackle named Alec Anderson. On most teams, he would hardly

see the field. But with the Bills, he has turned into their steamrolling specialist—bringing the collective mass of the team's offensive line to 1,909 pounds, including the five regular starters.

Because the Bills have used an extra lineman on 14.4% of plays

this season—nearly twice the rate of anyone else, according to the NFL's Next Gen Stats—Anderson regularly gets pressed into playing a role that offensive coordinator Joe Brady said requires the versatility to know the different schemes and blocks for each of the various roles across the offensive line.

"It takes a special person. It's not an easy job," Brady said. "He's a big part of who we are."

While other offenses reserve guys like Anderson for short yardage situations, Buffalo uses him to pick up big chunks of territory. The Bills scored 13 touchdowns while averaging 6 yards per play out of jumbo sets, almost double the league average of 3.5 yards.

Buffalo is an even bigger outlier compared with the other remaining teams in the playoffs. The Chiefs deployed six-plus linemen on only 2.5% of snaps—a number partly explained by the fact they averaged just 2.3 yards per play when they did. Over in the NFC, the Eagles (2.5%, 2.7 yards) and Commanders (1.6%, 1.6 yards) barely use it at all.

Despite Allen's breakaway speed and bruising power as a runner, this wasn't always Buffalo's style. Just a few years ago, the Bills played quite differently, creating space by spreading the field with multiple wide receivers. Back in 2020, they went jumbo on only 2% of snaps, and it was almost exclusively near the goal line.

That rate has steadily gone up ever since. In fact, there isn't a team in recent years that has combined volume and efficiency from jumbo formations quite like this season's Bills. Since 2020, only nine teams have used the formation on at least 10% of snaps in a given season, and Buffalo's average yardage leads the entire bunch.

In the frigid postseason conditions, the Bills have only leaned more into their signature style. In a wild-card round win over the Broncos, jumbo sets accounted for 22.2% of Buffalo's offensive snaps. Then in the divisional round, after barely using them during a regular-season blowout loss to the Ravens, they used at least six linemen 22% of the time against Baltimore.

That's why the Chiefs should be ready for an even heavier dose. During their regular-season meeting this year, when Buffalo won 30-21, the Bills only used jumbo looks on four of 71 plays. Still, they showed how effective it can be, gaining an average of 7.5 yards on those snaps.

It's also what brought the Bills to this point. When they needed to ice last week's game against the Ravens, Anderson strolled onto the field to give his team some extra muscle. Then Allen handed the ball off to Ty Johnson, who picked up 17 yards.

All that was left was for Allen to kneel down twice to set up a playoff meeting with Mahomes and the Chiefs yet again.

TIMMY HUYNH/WSJ, KATHRYN RILEY/GETTY IMAGES

How Women's Wrestling Picked Men's Wrestling Off the Mat

By RACHEL BACHMAN

IN 2016, SALLY ROBERTS stood before a gala audience and shared a wild dream.

The Army veteran and former U.S. champion wrestler told the crowd she had two goals: to launch a girls high school championship in every state, and to make women's wrestling an NCAA sport.

"My voice was cracking," Roberts said, "because I thought it was so audacious."

At the time, only a handful of states and colleges had female wrestling teams. Now, less than a decade later, girls' high school wrestling is in 47 states. And last Friday, the NCAA made women's wrestling an official sport.

The key to the explosion was a massive persuasion campaign—by Wrestle Like a Girl, the nonprofit that Roberts founded, and by USA Wrestling, the national governing body. But the most surprising part isn't how successful they have been. It's that their success isn't limited to female wrestlers. Instead, they have helped spur a boom across the entire sport.

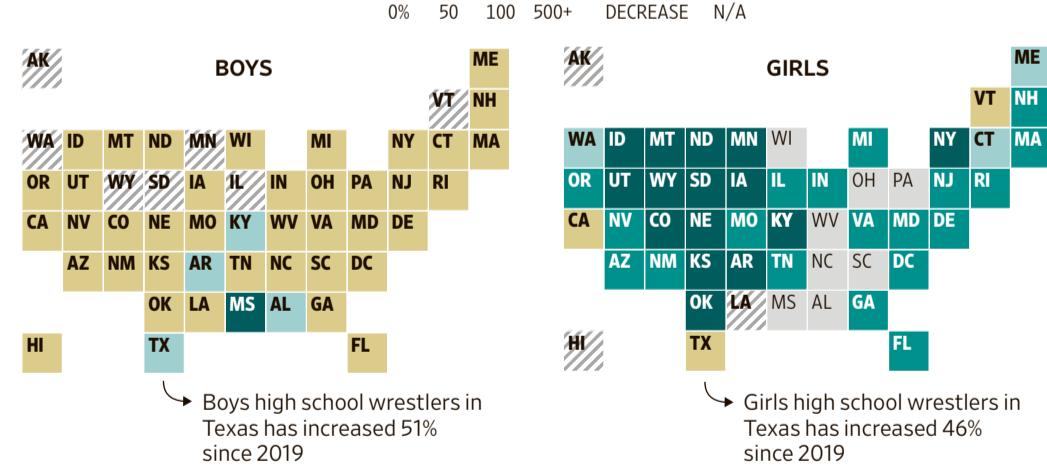
The turning point came in high school. It used to be that girls who wanted to wrestle mostly had to do it against boys. That could be fraught and awkward for both sides. Many high school coaches flatly refused to take on girls.

What they needed was to have their arms twisted. Roberts's group, along with USA Wrestling's Girls Wrestling Development Committee, held a series of conversations with coaches and administrators. They wanted to try a different approach—to create separate teams for girls.

The advocates were starting from a low baseline but had mus-

5-year growth in high school wrestlers

Total participation is at an all-time high



cular backers: Women's wrestling had been in the Olympics since 2004, and UFC had been a major sponsor of Wrestle Like a Girl since 2018.

"We as advocates had been saying: If you grow opportunities for girls, we won't just come by the tens. We will come by the thousands," said Andrea Yamamoto of the USA Wrestling committee.

In fact, they came by the tens of thousands. Girls in high school wrestling went from less than 10,000 in 2014 to more than 64,000 last year. They now make up 18% of all high school wrestlers.

The expansion of girls' wrestling had an unexpected knock-on effect. It also helped drive startling growth on male high school teams. A sport that had been losing athletes suddenly saw an influx of 60,000 boys—a 25% jump—over the past two years. Wrestling now

ranks behind soccer as the sixth most popular boys' sport.

It helps that wrestling tends to be cheaper than sports like travel baseball and soccer. An expansion of youth wrestling tournaments has widened the entry funnel. But there's no question that girls have had an energizing effect, the sport's leaders say.

Girls and boys wrestling at the youth level makes the sport easier logistically for families, said Justin Turner, coach of the boys and girls teams at Cabot High in Arkansas.

"If you have both boys and girls in your family, it's kind of a one-stop shop," Turner said. "Everyone can go to the same practice."

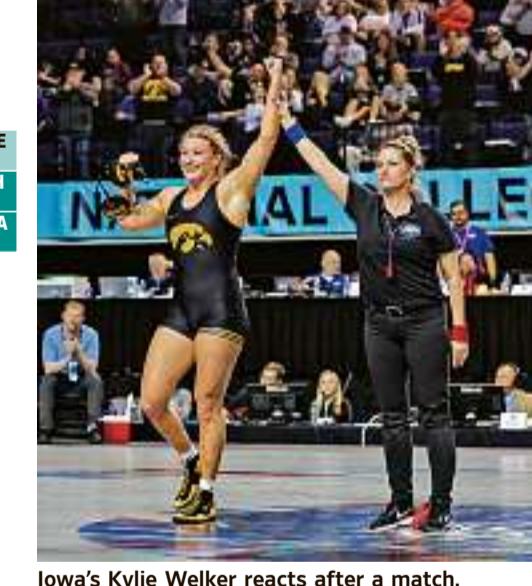
At East Brunswick High in New Jersey, turnout for wrestling has roughly tripled in the past six years to about 90 kids, 30 of them girls. Girls' head coach Rachel Daddio has seen several sisters of male

wrestlers come out for the sport, and says the camaraderie between male and female teammates has made the sport more fun.

"So many girls are giving it a try, and that gives the boys confidence to try something new," Dadidio said.

In Texas, when high schools add wrestling as a sport, they now tend to add a boys' and a girls' team at the same time, said Chris Holzworth, the wrestling coach for both teams at Dumas High in the Texas Panhandle. The result: The number of high school wrestlers across Texas has jumped 46% among girls and 51% among boys since 2019.

In college, men's wrestling is undergoing a comeback. Decades ago, many colleges cut wrestling as a shortcut to complying with a federal law requiring equal opportunities for male and female athletes. In recent years, hundreds of Divi-



Iowa's Kylie Welker reacts after a match.

sion II and III schools reversed course, adding men's wrestling teams as a way to attract students in an era of declining college enrollment.

That comeback hasn't yet reached Division I, where travel and scholarship costs make the sport more expensive to operate. Just four Division I schools have women's wrestling. And as the NCAA waits for details of a pending \$2.8 billion lawsuit settlement and schools plan to begin revenue sharing with athletes, many are reluctant to add another team to their budget.

Still, Rich Bender, executive director at USA Wrestling, is bullish on the prospect for growth.

"I think we're going to start to see traction," he said. "In some cases, maybe that's the women's program that pulls the men's program along."

STEPHEN MALLY

OPINION

RFK Jr.'s Trial-Lawyer Ethics



POTOMAC WATCH
By Kimberley A. Strassel

Senate Republicans are burying their heads to avoid many of Robert F. Kennedy Jr.'s positions.

The question is whether the ostrich routine risks allowing

Mr. Kennedy,

should he win confirmation as

health and human services sec-

retary, to put trial lawyers in

charge of American business,

regulators and Congress itself.

The longtime Democrat's nomina-

tions hearings begin next

week. The Republican effort to

excuse or divert attention from

Mr. Kennedy's disqualifying

views has been a mix of hilarity

and cringe. How to rationalize a

nominee who rejects basic sci-

ence, who labels U.S. farmers a

greater threat than al Qaeda,

who wants to "punish" climate

"deniers," who loves big gov-

ernment? Senators have vari-

ously mumbled that Mr. Ken-

nedy didn't understand, or was

misunderstood, or has shed 50

years of leftist ideology.

Yet it all fails to confront

the motivating impulse behind

Mr. Kennedy's dubious pos-

tions. To understand how Mr.

Kennedy arrived at his outlier

views, one must first under-

stand his interest in getting

there. The short answer: He's a

trial lawyer, a specialist in ex-

tortion by litigation, a practice

he acknowledges he wants to

encourage via public office.

His colorful past obscures

the reality of Mr. Kennedy's

lifetime calling: suing, and su-

ing more. He started in the

nonprofit world but joined the ranks of plaintiffs firms that squeeze companies for settlements—the lawyers getting huge contingency fees while clients sometimes get little. His recent government ethics filing notes his continuing legal work or positions with trial firms that include Kennedy & Madonna (which changed its name to Madonna & Madonna on Jan. 13), Morgan & Morgan, and Wisner Baum.

That career puts Mr. Ken-

nedy's campaigns in a differ-

ent context. To listen to the

nominee, his war against the

weed killer glyphosate is mo-

He plans to regulate via lawsuit if he's confirmed at HHS.

tivated by his desire to save humans from "poison." Then again, it was Mr. Kennedy's claim that glyphosate is carcinogenic—a position rejected by most health agencies—that enabled him and other lawyers to land a \$289 million judgment against Roundup maker Monsanto. (The judgment was reduced on appeal.)

This tort mindset matters deeply because it is—by Mr. Kennedy's own admission—behind his goal of running HHS. In an interview in July with "Dr. Phil" McGraw, Mr. Kennedy, then an independent presidential candidate, said that Congress and regulators were all on industry "payrolls" and useless. So he had a differ-

ent plan. He'd "go down to NIH"—the National Institutes of Health, which is part of HHS—and order it to "find out" what products are "causing" chronic disease. "Once you have that science that makes that causal connection between an exposure and an injury," he said, that "allows attorneys to bring lawsuits." He adds that "you can't do it through Congress," so "attorneys can come in and it's the market fixing the problem, rather than government."

He emphasized the same strategy after endorsing Mr. Trump. On Fox's "Jesse Watters Primetime" in September, he said that his "plan" to unravel "corporate capture" was to take the "\$42 billion dollar budget of NIH," "figure out what is causing" chronic disease," and "name names."

Then, "once we have a good science out there, the litigants come in and we'll solve the problem."

Mr. Kennedy still has his trial-lawyer friends in mind as he goes about his public campaigns. Consider his November tweet promising to "remove fluoride from public water" since he says it's behind everything from arthritis to thyroid disease. He tagged Michael Connell, an attorney suing the Environmental Protection Agency and makers of children's toothpaste and mouthwash over fluoride.

Even "Make America Healthy Again" becomes ethically suspect in Mr. Kennedy's hands. Consider his war on "junk" or "ultraprocessed" foods. Mr. Kennedy

currently has a referral agreement and of-counsel position with Morgan & Morgan, a law firm that last month bragged it had filed a giant, "first of its kind" lawsuit against Kraft and others for engineering their "ultra-processed food products to be addictive" and causing "chronic disease." Every time an HHS Secretary Kennedy opens his mouth, he'd potentially be providing an in-kind contribution to trial lawyers who'll use his words as evidence in court. (The White House didn't respond to a request for comment.)

Which gets to Mr. Kennedy's own ethics issues. In his filing, he says he will relinquish his legal positions on confirmation, though he plans to continue collecting 10% of fees awarded in contingency cases he referred to Wisner Baum. That firm is suing Merck over its HPV vaccine. According to government records, Mr. Kennedy has collected \$2.5 million from the firm over the past two years. While he says he'll collect fees only in cases where the U.S. isn't a party, that means little when he has the power to trash-talk the companies and products in the trial bar's sights.

The GOP has rightly taken a dim view of the trial bar's manipulation of the legal system. Every senator now must consider how to justify placing an unrepentant advocate of that industry in a position of power to facilitate further abuse in a way that negates the role of Congress.

Write to kim@wsj.com.

Poland, Netanyahu and the Holocaust

HOUSES OF WORSHIP

By Ruth Wisse
Wladyslaw Bartoszewski did his countrymen a great disservice last month when he announced that Benjamin Netanyahu would face arrest if he attended the Jan. 27 ceremonies marking the 80th anniversary of the liberation of Auschwitz. He said membership in the International Criminal Court obligated Poland to respect its warrants for the arrest of Israel's prime minister and defense minister.

Almost immediately, Prime Minister Donald Tusk and President Andrzej Duda stepped in to guarantee that there would be no arrests. The Polish government declared that ensuring the safe participation of Israeli leaders was "part of showing respect for the Jewish nation, whose millions of daughters and sons became victims of the Holocaust carried out by the Third Reich." This revised decision reflects less on Israel's attendance than on the nation Poland chooses to be.

The presence of the notorious Auschwitz death camp in Poland testifies, ironically, to the country's strong liberal traditions, which had made Jews more welcome there than in the European countries driving them eastward. Polish kings and nobles had periodically encouraged Jews to settle and make themselves useful while following their Torah way of life. The nation nurtured one of the strongest

Jewish centers in diaspora history, and as one of its descendants, I honor the country whose Jewish landmarks and cemeteries prove a record of relative tolerance and creative coexistence.

When Nazi Germany embarked on its Final Solution, it built its death camps in Treblinka, Majdanek, Belzec and Sobibor, because like bank robbers who go where the money is, the killers headed to where Jews were already clustered and could most efficiently be destroyed. Of Poland's 3.474 million Jews in 1939, some 210,000 remained after the war. More than a million Jews were killed at Auschwitz, as were an estimated 70,000 ethnic Poles.

But anniversaries inevitably relitigate the past: Was wartime Poland the land of heroic resisters like the pilots who flew for Britain and the "righteous gentiles" who risked their lives to rescue Jews? Was it symbolic that the first Polish pope, John Paul II, was the first to recognize the state of Israel?

Or is Poland where the residents of Jedwabne set their Jewish neighbors on fire because the Nazis "made them" do it? How typical was the 1946 pogrom in Kielce that savaged the Jews who tried returning to their homes?

Much has changed since World War II. Poland is now independent, and Jews who reclaimed their sovereignty in Israel can defend themselves against terror. Yet while Poland is free of the Soviet rule that followed the

Nazi conquest, Jews are violated in the homeland they recovered after it had been under foreign occupation for two millennia.

The Arab war against Israel that began with its founding has metastasized into an ideological-political anti-Zionist consortium that dominates the United Nations, its constituent agencies and affiliated organizations like the more accurately named Criminal International Court.

By refusing to resettle and absorb their coreligionists, as Israel did three-fourths of the 800,000 Jewish refugees from Arab lands, Arab and Muslim leaders cast "homeless" Palestinians as perpetual claimants to the Jewish state and justified

After a misstep, Warsaw promises not to arrest the leaders of the Jewish state.

cation for perpetual holy war. Hamas designed and enacted this inversion of aggressor as victim. The sadistic attacks of Oct. 7, 2023, were never meant to defeat Israel militarily but to force it to invade the Gaza strip from which it withdrew in 2005 to avoid having to rule over its Arab inhabitants. Gazans booby-trapped their civilian institutions. The international court granted Hamas the victory it sought when it blamed Israel for the "crimes against humanity" that the Palestinians

themselves had engineered.

This war against the Jews isn't like the last. While Nazism's racial attack on alleged inferiors could never claim the moral high ground, the inversion that defines Zionism as racism mobilizes worldwide coalitions in institutions that support jihad as anticolonial justice. Historians of the Holocaust speak of perpetrators, victims and bystanders, but the internationalized war against Israel allows for no bystanders. Poland's defiance matters.

While the initial impulse to say "we were forced to do it" echoed those who once colluded with Nazi and Soviet occupiers, Poland's reversal inspires trust in its current freedom and democracy. The nation can't erase the Jews from its past; nor can Jews erase Poland from theirs. The POLIN Museum of the History of Polish Jews in Warsaw is candid and beautiful. Young local researchers study the missing parts of their towns and cities to know their own history better.

An enlarged war now rages against the Jews and the civilization they represent, and Poland, as custodian of Auschwitz, has chosen to stand with rather than against them. Whoever represents the Jewish state at the ceremonies, Poland will have remained true to its motto, *za wolność naszą i waszą—for our freedom and yours.*

Ms. Wisse is a senior fellow at Tikvah and author of the memoir "Free as a Jew."

Enough With Changing the Clock

By Joseph Epstein

Spring forward, fall back" run the instructions for resetting clocks at the semiannual time changes required by daylight-saving time. Chez Epstein has eight clocks plus one in the car. Invariably I forget to reset one of them, more often than not the one in the car.

Some find daylight-saving time beneficial, arguing that it provides more light under which to enjoy spring and summer evenings. Others say it saves fuel. Golfers like it because it allows them to play longer. Farmers complain it causes them to work longer under the sun and while the dew is still heavy.

The origin of daylight saving has been attributed, mistakenly, to Benjamin Franklin, who did suggest beginning the working day earlier would save on oil and candle costs. But the first man to suggest

changing the clocks was an entomologist in New Zealand, George Hudson, in 1895. In 1908 clocks were changed in Ontario but not elsewhere in Canada, and thereafter slowly in other countries. Iran and Nepal never went on daylight-saving time. Neither Arizona nor Hawaii do. The rest of us are stuck with it, springing forward and falling back through all our days. Some physicians and sleep experts hold that daylight saving, with its interruption of circadian rhythms, can bring with it a risk of cardiovascular problems, depression, diabetes, even car crashes.

It's difficult to see how ending daylight-saving time would cause any serious disruptions in the way we live. A much larger change occurred in 1582, when the Gregorian calendar under Pope Gregory XIII replaced the Julian calendar, devised by an astronomer under Ju-

lius Caesar, which itself had replaced what was known as the Roman calendar. The Gregorian and Julian calendars are both solar calendars; the Roman was lunar. The last country to come around to the Gregorian cal-

We can live without the hour of daylight that it 'saves' for us.

endar was Turkey, in 1926.

Daylight saving is neither solar nor lunar, but, to those of us who oppose it, it is loony.

President Trump has announced his opposition to daylight saving, calling it "inconvenient" and "costly." DOGE man Elon Musk is also against it, arguing that standard time is more efficient. Congress would need to make the change to standard

time permanent. Will it?

Perhaps the most radical change in the realms of clocks and calendars took place in ancient Rome. In 44 B.C., the year he was assassinated, Julius Caesar changed the name of the month of Quintilis to July, after himself. In 8 B.C., Gaius Julius Octavianus, Caesar's adopted son and later Emperor Augustus, changed the name of Sextilus to August. To have a lecture, a professorship, a building, a street, an entire town or city named after you—all seem trivial next to having a month named after you.

Is Mr. Trump aware of this rare avenue to worldwide fame? If he is, one imagines him at night in bed, a wide smile spread across his face, thinking: *How nice that Valentine's Day falls in Trumpruary!*

Mr. Epstein is author, most recently, of "Never Say You've Had a Lucky Life."

Mr. Saler is a professor of history at the University of California, Davis.

BOOKSHELF | By Michael Saler

To Know or Not to Know

Ignorance and Bliss

By Mark Lilla

FSG, 256 pages, \$27

Knowledge can be a source of power and pleasure, but it also can be unsettling, humiliating, even terrifying.

In "Ignorance and Bliss," Mark Lilla, a professor of humanities at Columbia University, suggests that our passionate quest for knowledge is inextricable from our anxious retreat from ignorance. We want to both know and not know—and "playing hide-and-seek with ourselves can become a perilous game." It's what Friedrich Nietzsche calls "the will to ignorance," and while there are certainly rational reasons for adopting ignorant stances, Mr. Lilla highlights the irrational "denial of evident truths" prevalent today. He fears we have reached a dangerous moment when "mesmerized crowds follow preposterous prophets, irrational rumors trigger fanatical acts, and magical thinking crowds out common sense and expertise."

"Ignorance and Bliss" is an avowedly informal excursion on a complex topic, "a ramble, not a journey to a fixed destination." Mr. Lilla claims that philosophers have not devoted sufficient attention to willed ignorance, forcing him to focus on "works of the imagination" in Western culture, from ancient myths and religions to plays, poetry and fiction. It is true that the topic has been studied more by psychologists and legal scholars than philosophers, but one misses a consideration of Jean-Paul Sartre, whose concept of "bad faith" is perhaps the most influential philosophical analysis of willed ignorance since that of Nietzsche. Mr. Lilla's discussion of life's "hardest truth" effectively channels Sartre's existentialism: "No stratagem for keeping knowledge at bay," the author writes, "can ever relieve us of responsibility for our actions."

To illustrate the difficulties involved in attaining even a modicum of self-knowledge, Mr. Lilla analyzes a diverse set of works and cultural icons. Sophocles' "Oedipus Rex" is one such representative symbol of humanity's divided state between seeking and avoiding knowledge. Oedipus knows he must comprehend why the plague is afflicting his kingdom, and obscurely senses that he might be responsible, but cannot face this self-knowledge until it is thrust upon him. His willed ignorance limits his understanding of the world. In this respect, Oedipus exemplifies a destructive dynamic addressed by Sigmund Freud, who demonstrated that a patient's psychic energies could be redirected from harmful neuroses to constructive engagements with the world on its own terms.

Mr. Lilla explores how ancient mythologies and religions have helped individuals cope with their double-minded ambivalence about knowledge and ignorance by establishing taboos on certain forms of knowledge. In the Hebrew Bible, the accessible yet prohibited Tree of Knowledge of Good and Evil is a remarkable symbol of the simultaneous desire for knowledge and ignorance. While the Bible tends to condemn curiosity, God's demand that humanity honor His commandments inadvertently promotes the quest for more knowledge, both to understand how to fulfill His demands and as a self-assertive protest against restricted knowledge.

What happens in a secular world where most of these taboos have been dismantled and individuals are left alone to cope with an uncertain world? Mr. Lilla explores three common escapist fantasies that promote willed ignorance. The first is the search

for absolute, nonrational, mystical knowledge of the sort commended by St. Paul, who condemned profane wisdom in favor of spiritual illuminations that are impervious to empirical evidence or rational argument. Paul, we are told, contributed a "distinctive strain of anti-intellectualism" within Christianity that percolates in American culture today, degrading its politics: "The history of Western populism—spiritual and political," Mr. Lilla writes, "began with Paul."

A second fantasy is that of "innocence," an unsullied naivete that must be affirmed against corrosive knowledge. Mr. Lilla is thinking primarily of how childhood has been idealized in Western culture. To him this is yet another malign effect of the "infant-besotted New Testament," which rejected the more mature understanding of childhood and human experience recounted in the Hebrew Bible in favor of an unworldly focus on lambs, shepherds and cherubic insight. ("Can a Christian be an adult?" Mr. Lilla asks wryly. "It's a fair question.") This discourse has also colored American politics, with the

OPINION

REVIEW & OUTLOOK

Sensible Strings for California Fire Aid

President Trump visits California on Friday to survey the wildfire damage, and no doubt he'll hear requests for federal aid. A relevant question is whether this aid should be conditioned on policies that will reduce future damage.

Democrats want a blank check, and they're comparing the fires to hurricanes. The fires are horrific and the damage in property and lives enormous. But the fire damage is worse than it would have been if not for the policy mistakes in Los Angeles and Sacramento on water and forest management.

Washington has in the past tied aid to financially troubled cities and Puerto Rico. New York state established a financial control board to impose fiscal reforms on a city that couldn't muster the political nerve to make changes without outside pressure. The California fires are both a natural and man-made disaster, but California's political leaders seem incapable of reform. What then should Congress and the Trump Administration ask for?

One bad idea is tying a debt-ceiling increase to wildfire relief. Democrats would accuse Republicans of holding suffering Californians hostage for an unrelated GOP priority, and they'd do the same to GOP states after the next disaster. A financial control board to manage state fiscal policy is desirable if probably a political bridge too far.

But reforms directly connected to the wildfires and their severity make sense. Take the bipartisan Fix Our Forests Act, which the House passed Thursday, 279-141. Its co-sponsors include California Democrats Jimmy Panetta, Jim Costa, Ami Bera, John Garamendi and Scott Peters. Their districts have been damaged by wildfires caused in part by decades of fire suppression that have led to a buildup of combustible vegetation. Sixty-four Democrats voted aye.

A permitting thicket impedes proper management on federal lands, including in the Santa Monica Mountains and Angeles National Forest where fires have burned. It takes the U.S. Forest Service on average 4.7 years to begin a prescribed burn—9.4 years if an environmental impact statement is challenged in court—and 3.6 years for tree thinning and brush clearing projects.

How to help the state prevent worse wildfire damage in the future.

The Fix Our Forests Act would clear some of the regulatory overgrowth by prohibiting courts from blocking fire mitigation projects because of technical flaws in environmental reviews. Federal agencies wouldn't have to redo land management plans every time a new species is deemed to be threatened.

The bill would also let utilities clear trees within 150 feet of electric lines on federal land (the current limit is 10 feet), so they'd be less vulnerable to catching fire in heavy winds. Utility vegetation management plans would be automatically approved after four months.

Donald Trump and Congress could also roll back national monuments designated by previous Presidents for "preservation" under the Antiquities Act. Democrats have used such designations to limit logging and mining, but they can also interfere with forest management.

President Biden in his final days established the Sáttíta Highlands National Monument on some 224,000 acres of federal land in northern California close to where several forests have recently burned. Last year he expanded Barack Obama's San Gabriel Mountains monument to include areas above Altadena that have been burning.

Mr. Biden cited the need to protect supposedly sacred features such as indigenous artifacts, some five dozen species of plants, trees and critters, "rare anorthosite complex rocks that are 1.2 billion years old," "ruins of grand recreation resorts" (burned by a fire in 1896), and "a missile unit built during the Cold War." Yes, a sacred missile site.

The way for Mr. Trump to present this when he visits California isn't to tell the state the feds will make Los Angeles suffer unless it toes his line. The way to do it is to offer sympathy and help while explaining that the goal should be make the state more resilient to fires and a variable climate. Voters will get that.

Mr. Trump can explain to voters what the state's policy failures are, even if he can't force Sacramento to change them. But Republicans in Washington can at least fix the federal government's blunders that make wildfires more damaging than they need to be.

Trump Leaves Ex-Aides Unprotected

The possibility of falling out of President Trump's good graces is an occupational hazard for good people who serve in his Administration, but this looks like a new low: Mr. Trump reportedly has ordered an end to security protection for three former advisers who are living under threat of assassination by Iran. Pray it won't happen, but what if one of them now gets attacked?

John Bolton, a longtime Iran hawk who was Mr. Trump's national security adviser in 2018 and 2019, said the Secret Service called him on Inauguration Day evening to give him the news. In the summer of 2022 the Justice Department charged a member of Iran's Islamic Revolutionary Guard Corps (IRGC) with planning to kill Mr. Bolton by attempting "to pay individuals in the United States \$300,000 to carry out the murder in Washington, D.C. or Maryland."

As recently as last week, according to Mr. Bolton, he was informed that the threat against him hadn't diminished. "This, to me, is an act of war against the United States by the government of Iran," he told CNN, "in threatening current and former American officials for doing their jobs." The feds said three years ago that

He ends security for Bolton and Pompeo, whom Iran wants to kill.

the plot to murder Mr. Bolton was likely meant as Iranian retaliation for the U.S. strike, ordered by Mr. Trump in 2020, that killed the IRGC's Qassem Soleimani.

On Thursday news reports said Mr. Trump also revoked protection for his former Secretary of State Mike Pompeo, along with his former Iran envoy Brian Hook. Two sources told the Associated Press that "Pompeo and Hook were told of the loss of protection on Wednesday and that it took effect at 11 p.m. that night." Both of those men had been granted security because of credible threats against them.

The President doesn't seem to be taking this all that seriously. "We're not going to have security on people for the rest of their lives—why should we?" Mr. Trump told reporters, before adding that Mr. Bolton is "a very dumb person."

Decisions about security details are supposed to be made based on neutral assessments of the danger, not some vindictive whim.

If Iran commits violence against any of these men, Mr. Trump won't be able to escape some responsibility. Also, what is Secretary of State Marco Rubio supposed to think about the boss's refusal to protect his predecessor?

Why Is Rohit Chopra Still Employed?

President Trump this week ordered a rollback of burdensome Biden regulations and signaled employee layoffs. Hear, hear. But then why hasn't he fired Rohit Chopra, the Elizabeth Warren protege who runs the Consumer Financial Protection Bureau?

Unlike other Biden appointees, Mr. Chopra refused to resign after Mr. Trump took office. The Dodd-Frank Act gives the CFPB director a five-year term, which ends in October 2026, though he can be removed by the President at any time. Our sources say he's sought to ingratiate himself with JD Vance in hopes of serving out his term.

Keeping him on would undermine Mr. Trump's agenda. Mr. Chopra didn't receive a single Republican Senate vote when he was confirmed in September 2021. He soon launched a coup against the Federal Deposit Insurance Corp. Chair and Trump appointee, Jelena McWilliams, as we chronicled.

As CFPB director, Mr. Chopra sits on the board of the FDIC, which regulates banks along with the Federal Reserve and Comptroller of the Currency. He has encroached on those and other agencies' turf in part by pushing overreaching rules such as revisions to the Community Reinvestment Act, which a federal court blocked.

The list of Mr. Chopra's regulatory assaults on business is long. He has sought to impose de facto diversity quotas on mortgage lenders under the guise of preventing red-lining. He has used the Fair Credit Reporting Act, which regulates how credit agencies collect and use consumer data, to regulate employer background checks and employee-monitoring software to make it

harder to fire unproductive workers.

Last autumn he promulgated an "open banking" rule that requires banks and credit card companies to share customer data at no cost with a third party such as a fintech app upon a customer's request. The rule is a gift to con artists. Although Mr. Chopra pretends to be a friend of small business and startups, most of his enforcement actions have been against small companies.

One of his first acts was to shut down the lending operations of LendUpLoans, a fintech startup backed by such venture investors as PayPal Holdings and Andreessen Horowitz. Marc Andreessen recently said the CFPB is "terrorizing" tech firms and startups trying to compete with big banks.

Two months ago Mr. Chopra extended CFPB oversight of digital payment apps and wallets including for crypto. He claimed that "digital payment apps can be used to defraud older adults and active duty servicemembers," which is ironic since his open banking rule would facilitate such fraud.

Mr. Chopra did nothing to stop the Biden Administration's Operation Chokepoint against lending to crypto companies. He has spent his tenure advancing progressive hobbyhorses, including rules that ban medical debt on consumer credit reports and cap bank overdraft fees. Both exceed his authority and encourage moral hazard.

If Mr. Chopra is allowed to stay in power, he'll end up being a source of internal opposition to Mr. Trump's deregulatory agenda. His populist soundings on finance mask a progressive who dislikes markets and business.

The CFPB director is trying to pose as a friend of the little guy. Nope.

Reading Kyle Peterson's op-ed "DOGE's Challenge Is Gargantuan" (Jan. 21), I wasn't sure whether to laugh or cry. The waste of tax dollars is stunning. My friend and I have long mused about the problem. As mothers, we know how to budget and that no one can get everything he wants. We reckon we could cut a sizable chunk of the budget and no one—except the bureaucrats "losing funding"—would be the wiser.

LETTERS TO THE EDITOR

Trump's Government Inc. Is Bad for Business

Robert Rubin identifies three reasons running a government differs from running a business ("The Limits of 'Running Government Like a Business,'" op-ed, Jan. 18). But he misses a fourth and especially important reason, given Donald Trump's obsession with tariffs and reducing America's trade deficit. Unlike a business, a country doesn't succeed economically by selling to others as much as possible while buying from others as little as possible.

A business has no standard of living. It is a tool for transforming inputs into outputs in order to raise its owners' standard of living by increasing their ability to consume. The people of a country, in contrast, do have a standard of living. It rises as their access to goods and services for consumption rises. America succeeds economically only insofar as its citizens' standard of living rises—that is, only insofar as the value of the goods and services that we receive from trading partners, domestically and abroad, is greater than the value of the goods and services that we give in exchange.

Because protectionists such as Mr. Trump mistakenly think of America as a business, they try to run it in a way that we sell as much as possible to foreigners while receiving in exchange as little as possible. These protectionists don't see that by artificially reducing our access to goods and services they reduce our standard of living and make our economy less successful.

PROF. DONALD J. BOUDREAUX
George Mason U., Mercatus Center
Fairfax, Va.

A solution for government: Stop asking it to do things it is ill-suited to do. Start with privatizing the post office, then keep going.

BARRY MILLIKEN
New York

Another reason for the difference between government and business: The latter must generate profit, which often involves eliminating nonperforming assets. For government, such assets are the poor, the sick and the elderly.

HANNA HILL
Minneapolis

Floridians Can Feel Insured About the Future

An aspect of insurance regulation is the operating objectives of each state commissioner ("A Tale of Two State Insurance Markets," Review & Outlook, Jan. 17). If his approach is focused more on consumer advocacy than managing a healthy insurance market, then market conditions such as California's can develop.

Although state-based regulation isn't perfect, successful examples such as Florida show that when commissioners make a priority of market health, they can achieve consumer-protection goals by enabling insurers to provide abundant, competitive insurance products.

JACK CORROON
West Hartford, Conn.

In the 40 years we have been homeowners in Florida, we have seen property insurance go from bad to worse. Insurance companies collect

J. MILES HUNT
Hollywood, Fla.

A Silver Lining in All the Presidents' Pardons

Presidents Abraham Lincoln and Andrew Johnson pardoned hundreds of Confederate soldiers who killed and wounded Union soldiers ("Trump Pardons the Jan. 6 Cop Beaters," Review & Outlook, Jan. 22). These pardons were granted to heal the wounds of the Civil War, and Union loyalists thought these pardons unjust.

Those who argue that President Trump granted Jan. 6 pardons and commutations based only on political loyalty should reconsider. Recall the past eight years of lawfare and asymmetrical justice, and you'll find that

Fortress Am-Can? The U.S. And What Canadian Army?

Doug Ford begins his optimistic op-ed "Beat China With Fortress Am-Can" (Jan. 21) by writing: "The U.S. and Canada can be the richest, safest and most secure countries on the planet." More like Fortress Can Can't. The truth is Canada has grown richer by subletting its safety and security to America. With Canada's woefully underarmed service members, and among the lowest defense spending in the North Atlantic Treaty Organization, it's rich that Mr. Ford can talk about shared security.

This isn't merely about money. When push comes to shove, American soldiers will fight in place of our Canadian allies. Politicians in Ottawa will wring their hands and say they would like to participate, but they simply don't have the ships, aircraft, tanks or troops to help.

Meanwhile, American apologists will lecture Donald Trump and the rest of us that we can't treat our allies so poorly.

CMDR. JOHN FORTUGNO, USN (RET.)
Olympia, Wash.

President Trump has the best vantage point of anyone to know how broken our justice system is and what must be done to rectify the injustices of the past.

BRUCE J. BURTON
Vero Beach, Fla.

It seems that there is something for everyone in the dueling pardons from Mr. Trump and Joe Biden: Those pardoned can go back to the plow, and Democrats can stop fretting over what might become of them. The American public will be spared months of speculation, and, among unintended consequences, Mr. Biden will have done President Trump a favor by removing the ability to waste capital on lawsuits. Lo, the people's work might actually get done.

SALLY REEVES
New Orleans

A Fleeting Moment in D.C.

The high court wisely ruled that ByteDance should divest itself of TikTok or face permanent banishment ("Trump Gives TikTok an Illegal Amnesty," Review and Outlook, Jan. 22). Chinese Communist Party ownership of the platform poses too great a national-security concern.

Donald Trump's decision not to enforce the law, however, frustrates what was a notable display of unity: Former Republican Rep. Mike Gallagher introduced the bill; it received bipartisan support in Congress; a Democratic president signed it into law; and Supreme Court justices appointed by three Republican and two Democratic presidents unanimously upheld the legislation's validity.

INDRA SEN
Ridgefield, Conn.

Pepper ... And Salt

THE WALL STREET JOURNAL



DOGE's Best Asset: Mothers

Reading Kyle Peterson's op-ed "DOGE's Challenge Is Gargantuan" (Jan. 21), I wasn't sure whether to laugh or cry. The waste of tax dollars is stunning. My friend and I have long mused about the problem. As mothers, we know how to budget and that no one can get everything he wants. We reckon we could cut a sizable chunk of the budget and no one—except the bureaucrats "losing funding"—would be the wiser.

KIRSTEN POHLMANN
Santa Cruz, Calif.

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WORLD NEWS



A ship crosses the Panama Canal. About half the canal's \$5 billion in annual revenue goes to government coffers.

Trump Says China Ties To Canal Are a Threat

BY SANTIAGO PÉREZ
AND KEJAL VYAS

PANAMA CITY, Panama—President Trump's reasons for wanting control of the Panama Canal can be found at either end of the interoceanic waterway.

Every day, dozens of cargo ships pass by blue cranes at a port near the Pacific Ocean entrance, the towering skyline of Panama City visible across the horizon. About eight hours later, they drift past another terminal stacked with containers as they exit into the Atlantic.

These facilities are run by Hong Kong port operator Hutchison Whampoa. And that is the crux of the problem for the Trump administration, which sees the Chinese infrastructure around the canal as a national-security threat.

"China is operating the Panama Canal, and we didn't give it to China," Trump said in his inaugural address, referring to the 1977 treaty that handed control of it to Panama. "We gave it to Panama, and we're taking it back."

Trump said it is a violation of the purpose and spirit of U.S.-Panama treaties that required the canal to remain neutral when Washington turned over the American-built canal to Panama in 1999.

President José Raúl Muñoz, a center-right politician who wants to work with the U.S. on migration and security issues, rejected Trump's threats as an affront to Panama's sovereignty. "The Canal is and will remain Panamanian and its management will continue to be under Panama's control with respect to its permanent neutrality," he has said. The handover of the canal, he noted, wasn't a gift, but the result of a long struggle for sovereignty.

Panamanian officials, and several former U.S. military officials, say the Chinese facilities don't represent a military threat, breach the canal's neutrality or show that Panama is under Beijing's influence. This tiny Central American country loves baseball, uses the U.S. dollar as its currency and is the most pro-Washington nation in the region.

China would be hard-pressed to convert a busy container port terminal for military use, said Joe Reeder, a former U.S. Army undersecretary now on the Panama Canal's international advisory board.

"No one who knows anything about military technology or tactics would view container ports around the world as a na-

'If China were to seek military advantage there, we could take rapid...action.'

Hutchison's operation a security threat.

In 2023, then-Southern Command chief Gen. Laura Richardson said there were five Chinese state-owned enterprises along the canal that could repurpose their facilities for military use. A military spokesman didn't respond to requests to identify those entities.

Chinese national-security laws can require the country's private entities and individuals to support state policy, a blurring of civilian-military roles that unsettles many in Washington. About 4% of global trade passes through the canal. More than 70% of the traffic is bound for or coming from the U.S.

About half its \$5 billion in annual revenue goes to government coffers. When it took over, Panama invested more than \$5 billion to build larger locks, allowing more vessels to pass and triggering investments at U.S. ports that got busier as a result. Economists say the canal is an exception: a well-managed state company in a region known for corruption.

"China has no involvement whatsoever in our operations," said canal administrator Ricaurte Vásquez.

WORLD WATCH



LEGALLY WED: Apiwat Apiwatsayree and Sappanyoo Panatkool were among hundreds of Thai LGBTQ couples registering their marriages Thursday as a marriage-equality law went into effect.

U.S. Has a Long, Volatile History With Panama

Trump's push to take back the canal stokes memories of imperial ambition

BY JOSÉ DE CÓRDOBA
AND SANTIAGO PÉREZ

President Trump wants Panama to return its namesake canal to the U.S.

Panama's birth as a nation is directly linked to the U.S.'s coming of age as a young imperial power after its victory in the Spanish-American War of 1898. In the age of gunboat diplomacy with former Rough Rider Theodore Roosevelt as president, the U.S. engineered Panama's secession from Colombia in 1903. Aiming to project naval power, Washington embarked on what became the construction marvel of the early 20th century: Linking the Atlantic and Pacific Oceans through a canal across Panama's deadly tropical forests.

Panamanian grievances over the U.S. presence led President Jimmy Carter in 1977 to sign treaties handing over the waterway and requiring a neutrality that guaranteed the peaceful passage of ships from all nations. The pacts were approved by the U.S. Senate despite vociferous opposition by conservatives. Trump's push to grab back power over the waterway is the latest twist in the canal's nearly 150-year saga.

On Tuesday, Panama submitted a complaint to United Nations Secretary-General António Guterres over Trump's remarks, citing a breach of the U.N. charter requiring member states to refrain from threats or use of force against the territorial integrity or political independence of nations.

Early failures

As far back as 1534, the Spanish crown ordered the first study for a canal route across the 40-mile isthmus between the Atlantic and the Pacific for the transport of gold and silver from Peru to Spain.

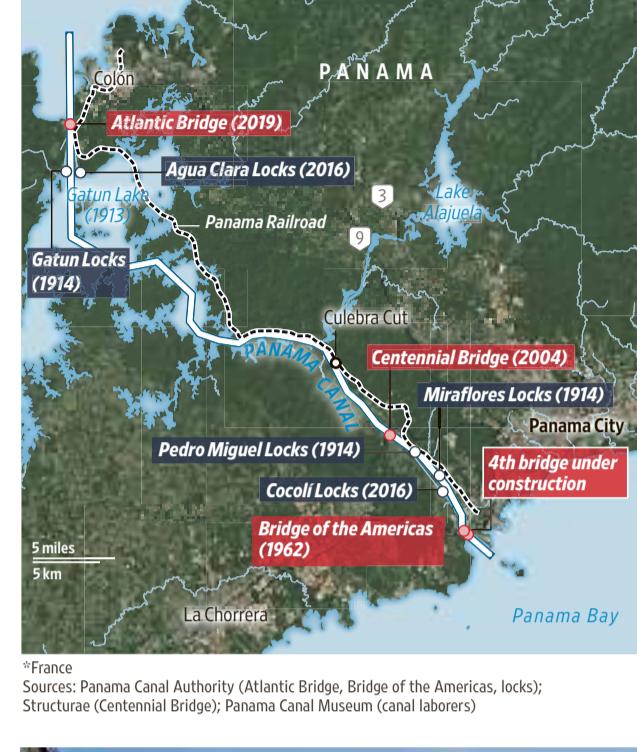
The Panama Canal's initial construction project began in 1880, led by celebrated French diplomat and developer Ferdinand de Lesseps, flush from his triumph building the flat, seawater Suez Canal in Egypt. But the lush jungle and mountainous terrain proved insurmountable obstacles, pushing the project into insolvency. France's failure resulted in the deaths of about 20,000 workers, most of them Caribbean.

The construction

In 1903, the U.S. pushed for the independence of Panama, then a province of Colombia, in a prelude to the American canal venture. The next year, the U.S. took over the project and some of France's abandoned machinery. Unlike Suez, the Panama Canal was to rely on a complex system of locks to lift ships nearly 90 feet above sea level and lower them at the other end, using fresh water from a man-made lake.

More than 5,600 people died during a construction project that took a decade, including about 350 Americans. About 45,000 people worked on the project until its completion in

Key infrastructure in the Panama Canal and start year for operations



NICARAGUA
COSTA RICA
PANAMA
COLOMBIA
Caribbean Sea
Pacific Ocean

Top countries Panama Canal laborers came from (1904-13)

Region	Count
Europe	19,900
Barbados	8,298
Spain	5,542
West Indies	2,053
Guadeloupe*	1,941
Italy	1,493
Colombia	1,427
Trinidad and Tobago	1,101
Greece	357
Panama	357

EMMA BROWN/WSJ



RODRIGO ARANGUA/AGENCE FRANCE PRESSE/GTET IMAGES



The last gate, above, of the Pacific Locks is installed in 2015 as part of the Panama Canal expansion. Left, France's failure resulted in the deaths of about 20,000 workers.

ist on Oct. 1, 1979, and the canal would be turned over to Panama on Dec. 31, 1999. A second treaty gave the U.S. the right to intervene militarily to defend the waterway.

The invasion

Trump's vow to take back the canal, and refusal to rule out military action to do so, has upset Panamanians. Most remember the 1989 U.S. invasion in which more than 500 Panamanians and 23 U.S. soldiers were killed. The operation deposed the country's strongman, Gen. Manuel Noriega, after the U.S. indicted him for drug trafficking and he annulled presidential elections won by an opposition candidate.

Panama in control

Panama invested more than \$5 billion to build larger locks that boosted revenue. That sparked its transformation into a vital link for global trade. The canal now generates about \$5 billion in annual revenue. The government keeps about half and the rest covers operating costs and investments.

JAPAN Central Bank Raises Key Rate

The Bank of Japan raised interest rates to the highest level since October 2008 on Friday, as the economy makes steady progress toward the bank's goal of stable 2% inflation and wage-backed growth.

The Japanese central bank lifted its target for the overnight call rate to 0.5% from 0.25%, making its third rate hike after ending a negative interest-rate policy in March. The bank previously raised the policy rate to 0.25% in July and had kept it at that level since.

A key factor for decision makers has been more clarity on U.S. policy under President Trump, with the BOJ wanting to see how markets would react to his inauguration and executive orders this week.

—Megumi Fujikawa

U.K. Stabber Sentenced To Over 50 Years

A teenager who stabbed three young girls to death at a Taylor Swift-themed dance class in July was sentenced Thursday to more than 50 years in prison. Judge Julian Goose said he couldn't impose a sentence of life without parole, because Axel Rudakuba was under 18 when he committed the crime.

His attack in the seaside town of Southport wounded eight other girls along with teacher Leanne Lucas and John Hayes, a local businessman who intervened.

Rudakuba faced three counts of murder, 10 of attempted murder and additional charges of possessing a knife, the poison ricin and an al Qaeda manual. He unexpectedly changed his plea to guilty on all charges Monday.

—Associated Press

IRELAND Parliament Finally Selects a Leader

The lower house of Parliament, the Dail, voted 95-76 Thursday to make Micheál Martin taoiseach—prime minister—for a second time.

The vote came almost two months after a Nov. 29 election in which no party won enough seats to govern alone. After weeks of talks, Martin's Fianna Fáil and its rival Fine Gael—long-dominant center-right parties that won 48 and 38 seats, respectively, out of 174 in all—agreed to form a coalition, with the support of several independent lawmakers.

Under the deal, Martin, 64, will be taoiseach for three years, with Fine Gael's Simon Harris—the outgoing taoiseach—as his deputy. The two will then swap jobs for the rest of the five-year term.

—Associated Press

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Planes at Boeing's Renton, Wash., factory

Boeing's Woes Are Mounting

Continued from page B1

agreement with its machinist union, which included a \$12,000 ratification bonus for workers and 38% in raises over four years. The company also booked large charges on the defense unit and commercial division before the labor deal, including more than \$5 billion in write-downs in the September quarter.

The fourth-quarter perfor-

mance means the company will have lost around \$12 billion for 2024. Its strained finances have prompted warnings from credit-rating firms. The October stock sale bolstered the company's reserves, which Boeing said stood at \$26.3 billion at the end of the quarter.

Ortberg told employees in November that the company wouldn't turn cash-flow positive until it ramped up 737 production to the 38-per-month target it initially aimed to hit by the end of 2023. The company produced nine MAX jets in December, according to analysts.

Boeing's stock price has fallen more than 15% in the past year.

Continued from page B1 hours and many miles on the road visiting stores to check on staff and merchandise.

Walmart employs around 440 market managers in the U.S. to oversee around 4,600 stores.

The company has been paying its store-level staff and managers more in recent years to keep turnover low and attract top talent, executives have said.

Last year, Walmart added an annual bonus for hourly store workers and increased compensation for individual

store managers so that top performers can earn more than \$400,000 a year. Giving market managers who oversee those store managers a raise is the next step, the Walmart spokeswoman said.

At the same time, Walmart

has cut perks for rank-and-file office staff. Recently some corporate employees who work in offices outside of the Bentonville, Ark., headquarters were told their healthcare coverage will become less generous next year, according to people familiar with the situation.

sales last year, or \$3.7 billion, whereas Europeans took home about \$1.6 billion. Asian buyers only won about 10% of its offerings, or \$595 million.

CNN to Cut Jobs, Plans Streaming

Continued from page B1

quarter of 2020, according to Nielsen data, placing it firmly in third place among the major cable-news networks.

MSNBC's viewership was down about 62% in that same period and viewership of Fox News, whose parent Fox Corp. shares common ownership with The Wall Street Journal's parent company, fell by 27%.

To try to claw back viewers

as the second Trump administration gets under way, CNN is also revamping its show lineup for both domestic and international channels. "The Situation Room With Wolf Blitzer" is moving to a new time slot, shifting from evenings to replace Jim Acosta's 10 a.m. program. Audie Cornish will now host "CNN This Morning" at 6 a.m. Evening programming will kick off with two hours from Jake Tapper, followed by the existing lineup from Erin Burnett, Anderson Cooper, Kaitlan Collins and Abby Phillip.

"When we approach any new administration, we should do that by reporting the hell out of it, completely, holding it to account, being absolutely tough minded," Thompson said in an interview Thursday. Still, he said it was important to be "fair-minded to the extent that

we don't begin with a set of preconceptions or trying to in any way play to any particular audience."

CNN's long-term survival hinges on digital expansion as audiences receive more of their news on phones and other devices. Thompson said the effort will last years.

In a town-hall meeting earlier this month, Thompson shared that Warner Bros. Discovery was investing \$70 million to help the transition. He said Thursday that despite this latest round of cuts, total head count won't fall much this year because the company is putting money into new jobs, as well as product and technology.

Thompson has spoken at length about the importance of CNN's digital properties since he joined the network in 2023, saying conventional TV

"can no longer define us."

In October, the network said it would ask users to pay \$3.99 a month for unlimited access to CNN.com, putting in place a subscription payroll that would kick in after readers accessed a certain number of free articles.

CNN will also roll out a streaming service, though Thompson said it is still early in the planning process. The network currently offers CNN Max, a live-news service within Warner's Max streaming platform, which Thompson said has helped it learn what programming resonates with that type of audience. Its earlier foray into a stand-alone streaming service, CNN+, shut down within about a month of its launch in 2022 after an underwhelming start. CNN+, which cost \$5.99 a month, included programming like

"Jake Tapper's Book Club" and "Parental Guidance With Anderson Cooper."

Thompson said in an interview that the new service will be more focused on news.

CNN last year brought on Washington Post revenue chief Alex MacCallum as executive vice president of digital products and services, overseeing efforts to develop products and subscriptions. It also recently hired Philip Rucker, the Washington Post's national editor, as senior vice president of editorial strategy and news.

Last week, lawyers for CNN painted a bleak picture of the company's future during a defamation trial brought by U.S. Navy veteran Zachary Young. CNN settled the suit after a jury found it liable for defamation, but before punitive damages were awarded.

programming like



The news channel's previous attempt at a paid streaming service was shut down after a month.

store managers so that top performers can earn more than \$400,000 a year.

Giving market managers

who oversee those store managers a raise is the next step, the Walmart spokeswoman said.

At the same time, Walmart

has cut perks for rank-and-file office staff. Recently some corporate employees who work in offices outside of the Bentonville, Ark., headquarters were told their healthcare coverage will become less generous next year, according to people familiar with the situation.

The new plan options include higher deductibles. One of the new plans will require a \$5,500 annual deductible for a worker and family, according to documents viewed by The Wall Street Journal.

The change will affect less than 1% of corporate staff and take effect in 2026, a spokeswoman said. The legacy plans were the result of acquisitions, she said, and the change will bring greater parity to medical plans for all workers.

Two years ago, Walmart started the process of reducing total compensation for some staff in offices outside its headquarters, as part of a reorganization of titles and pay bands.

Last year, it ended remote work and asked many employees to relocate to Bentonville or offices in major cities, which resulted in some people's leaving.

Employers face competition to fill leadership roles at retailers.

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BUSINESS & FINANCE

Auction Houses Lure Younger Set

Continued from page B1

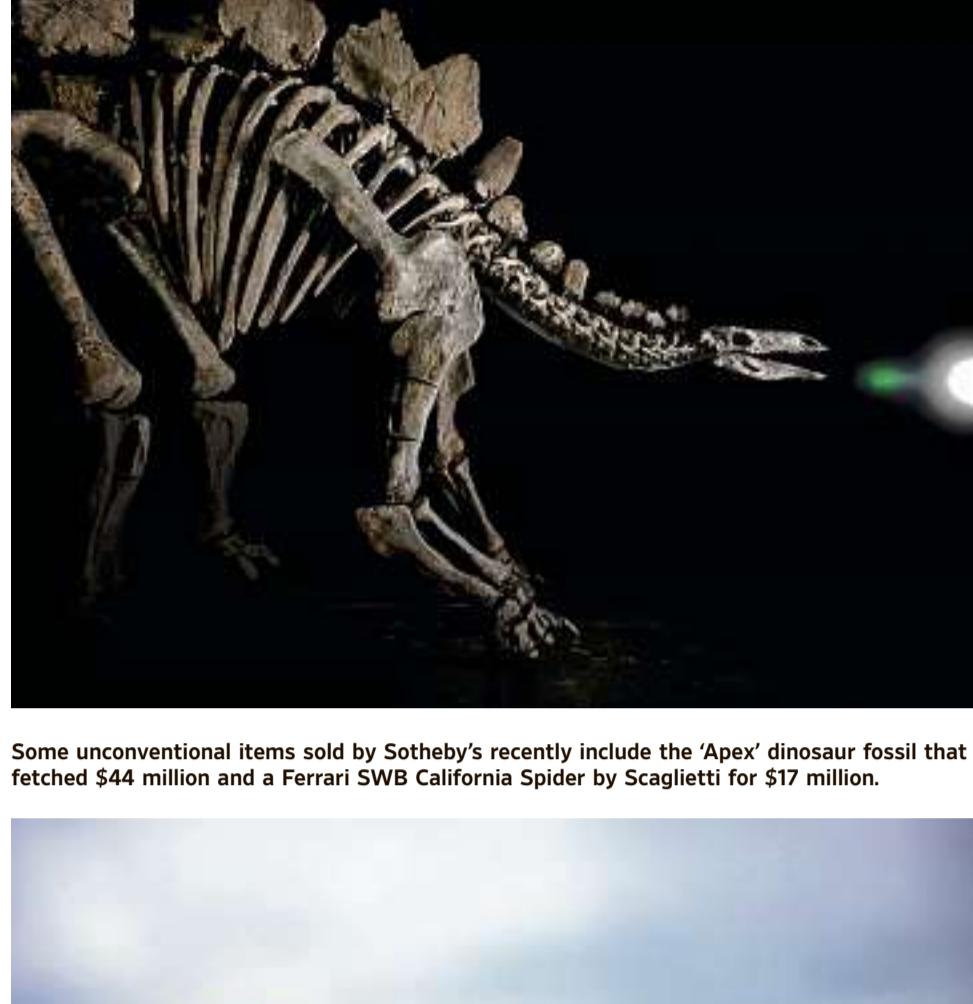
traditional categories. This week, Pullan's team converted a portion of the sleek new Sotheby's lobby in Paris into a miniature basketball court to showcase sports memorabilia the house is selling in step with NBA games being played in Paris.

Charles Stewart, chief executive of Sotheby's, credited luxury categories with weathering the slowdown better than its fine-art divisions, even if the latter represented a larger slice of its overall total. Sotheby's sold \$2.2 billion in luxury goods last year, down 4% from 2023, while it sold \$3.8 billion in fine art, down 31% from the year before, he said.

But Stewart said the supply pipeline is starting to loosen up across the board, as the company has lined up about \$800 million worth of art to sell during its first quarter of 2025, typically a quieter season in the art market.

The resilience of these quirkier offerings has encouraged Christie's to get into the collectible car arena as well. It only sold \$678 million in luxury goods last year—far less than its rival—but the house has set out to even the scales in part by buying collectible car seller Gooding & Co. The entity, now renamed Gooding Christie's, will kick off with an exhibition of cars at Salon Rétromobile in Paris in February.

Looking ahead, expect both houses to go wherever they can to persuade collectors to resume their shopping sprees. Both houses recently got licenses to sell art in Saudi Arabia and are now planning sales in the region, with Sotheby's holding its first major



Some unconventional items sold by Sotheby's recently include the 'Apex' dinosaur fossil that fetched \$44 million and a Ferrari SWB California Spider by Scaglietti for \$17 million.



KEVIN MORRISON/RM SOHBEYS

Walmart Lifts Pay For Some

Continued from page B1

hours and many miles on the road visiting stores to check on staff and merchandise.

Walmart employs around

440 market managers in the U.S. to oversee around 4,600 stores.

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BUSINESS NEWS

American Airlines Lowers Its Outlook

Shares tumble nearly 9% on the forecast despite healthy quarterly earnings

By DENNY JACOB

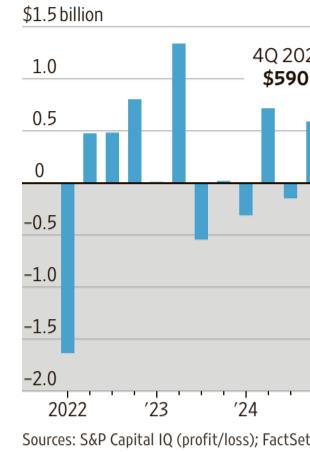
American Airlines Group posted higher-than-expected results in its latest quarter but its stock price took a hit after its forecast for the current quarter came in under Wall Street expectations.

Shares tumbled 8.7% to \$17.03 in Thursday trading. As of Wednesday's close, the stock had been up 33% over the prior year.

The carrier forecast an adjusted loss per share in the range of 20 cents to 40 cents for the first quarter. Analysts polled by FactSet had expected a loss of 4 cents a share on an adjusted basis.

The company's outlook took some shine away from a solid fourth quarter. American logged net income of \$590 million, or 84 cents a share,

American Airlines quarterly net profit/loss



Sources: S&P Capital IQ (profit/loss); FactSet (share price)

Share price over the past year



Thursday \$17.03 -8.7%



ERIK S LESSER/EPA/SHUTTERSTOCK

American is trying to woo back business travelers after an earlier marketing misstep.

compared with \$19 million, or 3 cents a share, a year earlier.

Stripping out certain one-time items, earnings came in at 86 cents a share. Analysts polled by FactSet expected 66 cents a share.

Revenue rose to \$13.66 billion from \$13.06 billion a year earlier. Analysts polled by FactSet had expected \$13.43 billion.

The Fort Worth, Texas, company said revenue grew due to actions it took to adjust capacity, combined with ongoing demand strength.

Chief Executive Robert Isom said efforts to make the airline more efficient, coupled with commercial actions, resulted in a strong quarter.

One area of focus for American is wooing back business

travelers, an effort it said would take much of 2025 to bear fruit after an earlier marketing strategy upset its corporate clientele.

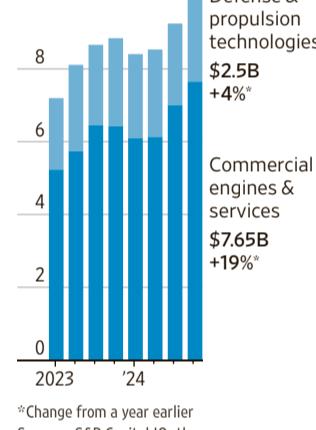
For 2025, the company expects adjusted earnings per share between \$1.70 and

\$2.70.

Analysts polled by FactSet expected \$2.42 a share in adjusted earnings.

BUSINESS WATCH

GE Aerospace revenue by reporting segment



*Change from a year earlier

Sources: S&P Capital IQ; the company

GE AEROSPACE Aerospace Maker Beats Expectations

GE Aerospace shares rose 6.6% after the jet-engine maker posted quarterly profit and revenue that flew past Wall Street's estimates.

The share price topped \$200.80 Thursday.

Fourth-quarter earnings, excluding items, came in at \$1.32 a share. Analysts polled by FactSet expected \$1.04 a share.

Revenue rose to \$10.81 billion... above analysts' forecast of \$9.49 billion.

—Denny Jacob

TESLA

Automaker Raises Prices in Canada

Tesla is making a U-turn on its years of price cuts—at least in Canada.

On a banner across the top of its Canadian website, the company says it is hiking the price of its Model 3 by as much as \$9,000 CAD on Feb. 1. That's about an \$6,275 increase in U.S. dollars.

The electric-car maker is also increasing prices on three other models it sells in Canada but by a lesser amount of \$4,000 CAD.

—Becky Peterson

UNITEDHEALTHCARE Health Insurer Names New CEO

UnitedHealthcare named Tim Noel as its new chief executive after the killing of predecessor Brian Thompson on a Midtown Manhattan sidewalk in December.

Noel has been serving as head of Medicare and retirement at UnitedHealthcare. He joined the company in 2007.

The decision underscores the importance of the Medicare business for UnitedHealthcare, which is the largest U.S. insurer and part of giant UnitedHealth Group.

Private Medicare plans,

known as Medicare Advantage, have long been a major driver of growth at UnitedHealthcare and across the industry.

The Medicare business has been squeezed, with higher medical costs and regulatory moves that limited some billing practices that had increased insurers' revenues.

UnitedHealth recently reported that elevated costs continued in the fourth quarter, but it beat analysts' projections and said it was sticking to its 2025 earnings guidance. Shares increased 1.9% to \$529.77.

—Anna Wilde Mathews and Katherine Hamilton

WALT DISNEY CEO Iger's Pay Increases by 30%

Disney Chief Executive Bob Iger's annual compensation rose to \$41.1 million in 2024, a 30% increase from the \$31.6 million he received a year earlier.

Iger received \$18.3 million in stock awards, \$12 million in option awards, \$7.2 million in bonuses and \$2.1 million in other forms of compensation, according to the entertainment giant's 2025 proxy statement filed Thursday with the Securities and Exchange Commission.

—Connor Hart

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Apple, Google Face Competition Probe

U.K. authority can impose rules if the pair have 'strategic market status'

By EDITH HANCOCK

The U.K.'s Competition and Markets Authority is investigating mobile ecosystems controlled by **Apple** and **Alphabet's** Google to work out if they need to obey a strict new law on digital competition.

The CMA said Thursday the probes will assess the companies' dominance in areas such as mobile phone operating systems, app stores and web

browsers and explore their impact on smartphone users as well as developers that rely on those devices to make money.

If the investigations determine that the companies have what it calls strategic market status, it can impose bespoke rules on them under the new law.

This is the second round of investigations the watchdog has launched under the Digital Markets, Competition and Consumers Act, a new U.K. law designed to curb the outsize market power of the world's largest technology companies.

The law bans tech giants the CMA deems as having



Competition & Markets Authority head Sarah Cardell.

strategic market status in the digital economy from favoring their own products and services over those of rivals.

The CMA started enforcing

the new rules this year by opening an investigation into Google's search services on Jan. 14.

An Apple spokesperson said the tech giant faces competition in every segment and jurisdiction where it operates and its priority is customers' trust. "We will continue to engage constructively with the CMA as their work on this matter progresses," the spokesperson said.

Google said that it would work constructively with the CMA. "We welcome the opportunity to set out Android, Chrome and Play's support for users, businesses and the wider mobile ecosystem in the

U.K.," the company wrote in a blog post on Thursday.

The CMA said that roughly 15,000 businesses in the U.K. are involved in the development of apps used on mobile devices, generating a total revenue of around £28 billion, or \$34.48 billion.

"The operating systems, apps and browsers installed on our phones and tablet devices act as our gateway into the digital world—whether that is communicating with our friends and loved ones, buying from businesses or accessing creative content," Sarah Cardell, the CMA's chief executive, said.

The regulator wants to get

a better idea of how much Apple and Google compete against each other through their mobile ecosystems, what barriers are stopping smaller players from offering competing products on their platforms and whether Apple and Google are exploiting their

dominance in the area by giving developers unfair business terms to sell through their app stores.

It also said it would check whether the companies are using certain design tactics to nudge users into choosing their own apps such as the Safari and Chrome browsers instead of competing alternatives.

OpenAI's 'Operator' Tool Automates Tasks

By BELLE LIN

OpenAI said its "Operator" agent went live for some users Thursday, creating the ability for artificial intelligence to automate tasks such as buying groceries and filing expense reports.

Operator is part of a new generation of AI agents that can act on behalf of users. It works by accessing the internet through its own browser and can click, scroll and type just as a person would. Its potential uses include making restaurant reservations and moving corporate data from one location to another.

Many tech companies besides OpenAI have announced the development of similar capabilities.

Operator is available in what OpenAI calls "research preview"—an indication the product has limitations and will make mistakes as it evolves—to ChatGPT Pro users in the U.S. ChatGPT Pro costs \$200 a month.

OpenAI Chief Operating Officer Brad Lightcap said that Operator can save time at home and work, where there is "huge opportunity" for au-

tomating common tasks. But to start, the company wanted Operator to work with its most active users, who are "more willing to recognize that the product is still very much a research preview," Lightcap said.

"It is a fundamental difference in the way that people interact with computers," he said. "It's a hard technical challenge, and it's only as good as it is useful."

OpenAI is also working with tech firms including **Instacart**, **Uber**, **eBay**, **Priceline**, **OpenTable** and **Etsy** to make their webpages more accessible to users on the Operator home page. The companies don't have a financial relationship with OpenAI as part of the Operator collaboration, Lightcap said.

Wall Street Journal owner **News Corp** has a content-licensing partnership with OpenAI.

Thursday's announcement marks OpenAI's first official foray into the intensifying AI agent race. As agent technology has evolved, business software companies from **Microsoft** to **Salesforce** and **Workday** have released ver-

ChatGPT Back Online After Outage

ChatGPT resumed service after being knocked out by an outage earlier Thursday.

OpenAI reported shortly after 8 a.m. ET that it was investigating high error rates for ChatGPT.

The artificial-intelligence company later said it identified the cause of the outage and was working on a fix. The issue was resolved around 11 a.m. ET Thursday, OpenAI said.

—Joseph De Avila

sions of agents, which can do things like summarize reports and contact sales prospects and job candidates.

Alphabet's Google and AI startup **Anthropic** also recently released agents, which are similar to Operator in that they can browse webpages and interact with menus and buttons.

One key difference between the companies is reach. ChatGPT has 300 million weekly active users, plus OpenAI said last fall it had 1 million paying business customers. That user base presents one of the most significant opportunities, compared with those of some of its competitors, for agents to reach a large number of us-

ers.

OpenAI declined to say how many people pay for its Pro plan.

Operator uses a new AI model called Computer-Using Agent, or CUA, which OpenAI said combines its GPT-4o model's vision capabilities with "advanced reasoning." The company said it became more optimistic about its models' image and reasoning improvements during the past year, and CUA was trained to interact with text, buttons and menus people typically see on webpages.

Still, usability is a challenge for AI agents. Though they have promised to deliver time and efficiency savings by

doing things for users, most people aren't using them in their daily lives. **Apple** launched its AI assistant Apple Intelligence on its iPhone operating system last fall, but it's not yet used to help with everyday tasks. Even for businesses, most AI agents are being tested or used in limited ways, where it is less likely they expose private company data or open up cybersecurity risk.

While Lightcap said OpenAI might consider adding specific controls or guardrails for corporate customers, it is currently focused on its first batch of users. He said OpenAI has built privacy, security and control features that help ensure the agent doesn't veer away from its programming and, most important, keeps the user in control of the AI.

Some of the harms or misuse of Operator, the company said, include websites designed to trick users, users trying to trick the bot, and "prompt injections" that direct users to send sensitive information or money to malicious sites.

Operator has a feature called "takeover mode" that

asks people to take control to enter payment details or login information. OpenAI said Operator also asks for approval before completing higher-stakes tasks like sending email, and it won't work for banking transactions or making a decision on a job application. Operator won't use data users have previously shared with ChatGPT to take actions, the company added.

For Instacart, making its grocery delivery services more accessible on Operator means the company can tap the potential of AI agents—and OpenAI's reach with users—without doing that work on its own.

"We're not trying to build an agent," said Instacart Chief Product Officer Daniel Danker.

Uber's collaboration with OpenAI on Operator "gives us the opportunity to shape the product's development," according to Sachin Kansal, the ride-sharing company's chief product officer.

Despite its current limitations, OpenAI determined Operator was ready for a limited release after "taking the time to get it right," Lightcap said.



Employees work on a refrigerator assembly line at an LG Electronics factory in Taizhou, in China's Jiangsu province, in May.

LG Electronics Slides to Loss Amid Flat Sales, Higher Costs

By KWANWOO JUN

LG Electronics returned to a net loss in the fourth quarter after three consecutive profitable quarters, as weak demand and higher logistics costs continued to weigh on its earnings.

The South Korean consumer-electronics giant said it expected macroeconomic and business uncertainties to persist this year, pointing to a delayed recovery in demand, growing trade protectionism, slower interest-rate cuts and consumer caution because of inflation.

Net loss was 713.70 billion won, equivalent to \$496.7 million, for the October-December period, it said Thursday.

The loss, the company's first since the final quarter of 2023, was worse than analysts' expectations of 34.75 billion won, according to a FactSet-complied consensus.

Revenue was flat at 22.762 trillion won and operating profit fell 57% to 135.40 billion won, both slightly below the company's preliminary forecasts.

For the full year, net profit nearly halved to 591.37 billion won despite record revenue of

87.728 trillion won. Its operating profit was 3,420 trillion won in 2024.

The downbeat results reflect the continuing challenges facing the South Korean company. LG Electronics' television and home-appliance businesses have experienced a delayed recovery in overall demand, while its auto-component division has suffered from a slowdown in electric-vehicle demand. LG Electronics has taken

steps to sustain growth and improve profitability, most recently diversifying and expanding its core home-appliance business.

It said this month that it planned to expand home-appliance subscription services to Thailand and India after launches in South Korea, Malaysia and Taiwan. Its business-to-business sector—including the heating, ventilation and air-conditioning segment—continues to grow steadily.

Thursday's full earnings report showed that its flagship home-appliance segment logged an operating loss of 117.30 billion won for the final quarter of 2024 despite 11% growth in revenue.

when a buying spree inflated home prices, and later on efforts to tame higher inflation that sent mortgage rates sharply higher. These high mortgage rates—once again above 7%—have discouraged people who otherwise might want to sell the houses they own.

Wacksman, who became CEO of the home-listing site in August, said this means that, even if interest rates are cut and mortgage rates follow suit, buyers still face limited choices.

This was reflected by the sale of only about 4 million homes last year, compared with 5.5 million to 6 million sales in a more normalized environment, Wacksman added.

Zillow's economists forecast a slight increase in home sales and more modest home price appreciation in 2025.

Baked into its outlook is little to no action by the Federal Reserve that would bring down mortgage rates.

"You're going to need to see more than one or two rate cuts to really see the mortgage market move. And that'll help on the margin with affordability," Wacksman said.

But any subsequent demand would run into limited supply, potentially pushing prices higher and offsetting any benefits from a cut, he added.



A home for sale in Seattle, Wash., in June last year.

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BUSINESS & FINANCE

Biotech Venture Investors Bullish, but Worries Persist

Funding for startups rose last year, yet fewer of them are drawing investment

By BRIAN GORMLEY

Biotechnology venture capital is recovering from its slide and investors are expressing optimism about 2025, even as they confront uncertainties weighing on their industry.

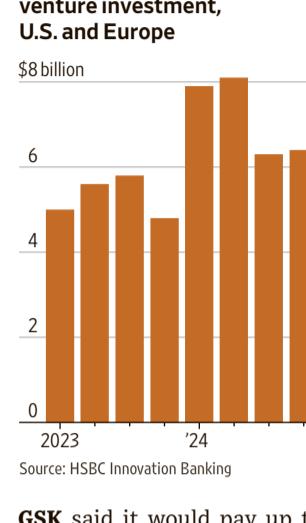
U.S. and European biotech venture funding climbed to \$28.1 billion in 2024 from \$21.2 billion the prior year, according to HSBC Innovation Banking, which works with startups and venture investors.

Biotech initial public offerings rose from 11 in 2023 to 18 last year, and mergers and acquisitions of private, venture-backed biotechs in which at least \$75 million was paid up front increased from six in 2023 to 17 last year, the highest total since the 20 M&As in 2020, according to HSBC.

The outlook for biotech M&As is encouraging because drugmakers need to fill gaps from medicines coming off patent, the overhang from the presidential election is gone and inflation is more under control, said Roel van den Akker, principal, pharmaceutical and life science deals leader, for PricewaterhouseCoopers U.S.

"If you have a more-stable and predictable environment it's likely that we're going to see people lean into dealmaking a bit more in '25 than perhaps we've seen over the past two years," he said.

Last week, Johnson & Johnson agreed to buy publicly held Intra-Cellular Therapies, for \$14.6 billion, and



Source: HSBC Innovation Banking

GSK said it would pay up to \$1.15 billion to purchase venture-backed IDRx.

"We have been talking about cautious optimism for the last two years," said Arda Ural, EY Americas life sciences sector leader. "We can finally drop the 'cautious.'

The recovery, however, is uneven and new headwinds could slow it.

Most biotechs that went public last year have traded down since their IPOs, and biotech stocks are essentially flat over the past year, two factors clouding the outlook for IPOs in 2025. And with the potential for new tariffs that might push inflation higher, some observers are tempering their optimism.

"I think things look really good, but I do have concerns regarding the macroeconomic policies that could impact biotech investing through inflationary results," said Robert Williamson, president, acting chief executive and director of venture-backed biotech company Triumpha Immunologics.

Investors have responded

to uncertainty by placing what appear to be surer bets, channelling more money to fewer companies.

Biotech venture financings fell to 569 last year from 573 in 2023, and financings of \$100 million or more—megarounds—grew 70% from 2023 to 106 deals in 2024, according to HSBC.

As capital markets constricted in 2022 and 2023, venture firms tended their own portfolios, popping up companies with insider rounds. By last year, firms were ready to focus more on new investments, but often favored startups led by repeat entrepreneurs who could raise giant financings to target big markets.

Megarounds reduce the risk of startups running short of cash and enable management to concentrate more on their businesses and less on fundraising. They also concentrate capital on the best science and management teams, proponents say.

Companies raising such large rounds are less likely to be acquired early on because few drugmakers are willing to pay giant sums for an early-stage company, some observers say.

Another effect of megarounds, raised through large investor syndicates, is that many venture portfolios start to look the same, said Jonathan Norris, a managing director with HSBC Innovation Banking.

This could complicate venture firms' efforts to stand apart when pitching their next fund to limited partners, he said.

"That is a cause for concern down the road," Norris added. "It doesn't feel like LPs are making more commit-

ments to more venture funds. If anything, they're winnowing."

The trend toward sizable financings for startups in hot sectors, such as obesity, often excludes companies outside those sectors and startups pursuing innovative but still emerging science, some say.

"When you're going after a novel target that's yet to be proven in the clinic or the risk around it is perceived to be higher, it's been a very difficult fundraising environment," said Stan Abel, CEO of biotech startup ProjenX. "I'm optimistic that will start to change in 2025. There's good science out there that needs funding to advance into the clinic."

Megarounds have continued this year, but relatively few companies can command such large financings. As the year unfolds, more investors will return to backing startups raising smaller early-stage financings, said John Flavin, CEO of venture investor Portal Innovations.

"Those megarounds will work their way through the system," Flavin said. "There will be more attractive opportunities for the normalization of these earlier-stage, seed-through-Series A rounds."

Despite short-term struggles, biotech's long-term outlook remains bright because innovation is accelerating, investors say. For example, after years of investment and re-

search, drugmakers recently developed new drugs for conditions such as schizophrenia, said Jonathan Behr, partner at Dementia Discovery Fund, which is operated by SV Health Investors.

"The quality and the state of innovation continues to be impressive," Behr added.

Union Pacific Profit Rises as Fuel Costs Ease

By OWEN TUCKER-SMITH

Union Pacific is benefiting from improvements in fuel efficiency and lower diesels prices.

The freight railroad said Thursday that its net income expanded 7% in the fourth quarter, reaching \$1.76 billion, or \$2.91 a share, compared with \$1.65 billion, or \$2.71 a share, a year earlier, as tighter fuel spending and gains in premium freight volumes offset almost flat revenue.

Analysts surveyed by FactSet expected earnings of \$2.80 a share.

The Omaha, Neb.-based railroad, a bellwether for the U.S. economy, posted revenue of \$6.12 billion, down from \$6.16 billion a year earlier.

Analysts had expected \$6.15 billion. Revenue was driven

lower by a drop in fuel-surchARGE revenue

and an unfavorable business mix, the company said, even while volume and core pricing picked up.

Union Pacific's operating expenses declined 4%, including a 23% drop in fuel spending. The railroad said its fuel efficiency, based on consumption per gross ton miles, improved 1% compared with the fourth quarter of 2023. Diesel prices across the U.S. also were broadly lower during the fourth quarter compared with the year-earlier period, according to the Energy Information Administration.

Freight volume at Union Pacific was up 5% year over

year in the December quarter, boosted by a 16% gain in intermodal truck-rail shipments.

Intermodal traffic for all U.S. railroads rose more than 9% year over year in 2024, according to figures from the Association of American Railroads. Union Pacific got a boost from growing international container volumes flowing into West Coast ports that feed into the railroad's West Coast network.

The company said it expects volume in 2025 to be affected by a mixed economic backdrop, but didn't provide a specific revenue estimate.

The railroad, which saw

revenue from coal and renew-

ables plummet 29% in the fourth quarter, expects weak

coal demand to continue driving down revenue. But it ex-

pects revenue from grain and related products, which ex-

panded 8% in the fourth quarter, to remain strong.

Union Pacific executives added on an earnings call Thursday that changes to economic policy, including possible tariffs and deregulation under the new Trump administration, might also affect the company's finances this year.

"Additionally, we are keeping a watchful eye on potential tariff changes that could further impact volumes," Kenny Rocker, Union Pacific's executive vice president for sales and marketing, said on the earnings conference call.

Shares rose 5.2% to \$248.05 Thursday.

Operating expenses fall 4%, including a 23% drop in fuel spending.

Trump's Canada Tariffs Would Hit Buyers Of Aluminum, Disrupt Sectors, Alcoa Says

By BOB TITA

A U.S. tariff on Canadian imports would undermine America's industrial competitiveness by increasing the cost of aluminum by \$1.5 billion to \$2 billion a year, Alcoa's chief executive said.

Canada is the U.S.'s largest supplier of aluminum made in smelters, sending 2.8 million metric tons a year south of the border in 2023, according to industry data. President Trump indicated this week he was

considering imposing a 25% duty on imports from Canada.

"Increasing the cost of trade with Canada and Mexico would particularly hurt the U.S. transportation supply chain and specifically the automotive market," Alcoa Chief Executive William Oplinger said late Wednesday.

A tariff would squeeze the Pittsburgh-based company's profit from Canada, where it operates two smelters and is a partner in a third.

Canada is home to about

two-fifths of Alcoa's aluminum-production capacity and 70% of its Canadian output goes to the U.S., according to JPMorgan.

The U.S. accounts for just 13% of Alcoa's production capacity.

Alcoa's shares fell nearly

4% to \$37.37 on Thursday.

Oplinger said the company would likely reroute U.S. aluminum shipments to Europe to avoid a tariff on Canada. He predicted U.S. buyers of smelter aluminum would turn to producers in the Middle

East and India, where the duty on imported aluminum is 10%.

Trump in 2018 levied a 10% duty on imported aluminum and a 25% tariff on imported steel to promote domestic metal production. The duties on Canada and Mexico were lifted a year later at the countries' insistence for negotiating a new free-trade agreement with the U.S.

Alcoa said that lifting the duty on Canadian aluminum lowered its costs by \$200 million a year.



Salzgitter cut its guidance three times in 2024 and reported a net loss and lower sales for the third quarter. A German plant.

Salzgitter Talks Takeover as Suitors Value It at \$1.2 Billion

By PIERRE BERTRAND

Salzgitter said it is in talks with top shareholder **GP Günter Papenburg** and metal-recycling company **TSR Recycling** about a potential takeover after they made an approach that values the German steelmaker at about \$1.2 billion.

The bid comes as Europe's steel industry contends with oversupply and a slowdown in demand. Salzgitter cut its guidance three times in 2024 and reported a net loss and

declining sales for the third quarter.

The company said Thursday that it was evaluating a proposal with an indicative offer price of €18.50 a share, valuing Salzgitter at €1.11 billion, or about \$1.16 billion. That represents a premium of 18% to Salzgitter's closing share price on Wednesday and a 34% premium to its latest price before the first disclosure of the suitors' interest in a takeover.

German-listed shares of the company rose 5.7% to €16.63

in Thursday's trading. However, they remained down about 35% over the past 12 months.

Salzgitter said the proposal was submitted Wednesday and that it was in discussions with the consortium.

The company had said in November that GP Günter Papenburg was considering taking over the company.

At the time, Salzgitter said the deal would proceed if Papenburg and TSR Recycling reached a joint shareholding of at least 45% plus one share

in Salzgitter.

Papenburg is Salzgitter's largest shareholder with a 26.7% stake in the company, according to Salzgitter's website. Papenburg's stake is followed by Germany's state of Lower Saxony, which holds 26.5%.

Salzgitter's bigger German peer, **Thyssenkrupp**, agreed to sell a 20% stake of its steel business to Czech billionaire Daniel Kretinsky's EP Corporate Group in April, with the view of forming a 50-50 joint venture.

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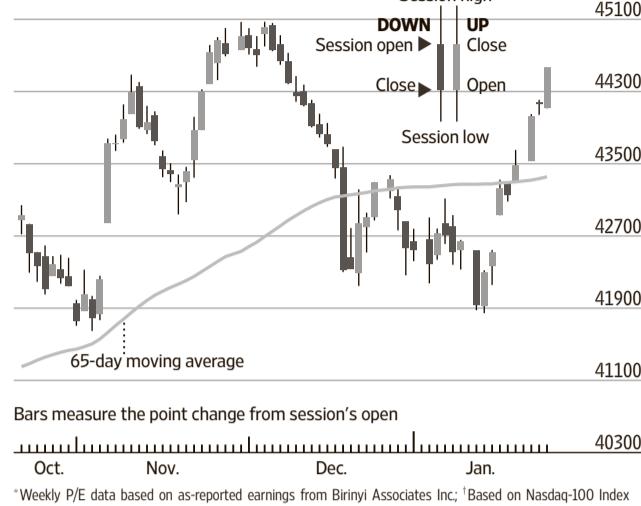
Absolute Auction

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

44565.07 ▲ 408.34, or 0.92%
 High, low, open and close for each trading day of the past three months.



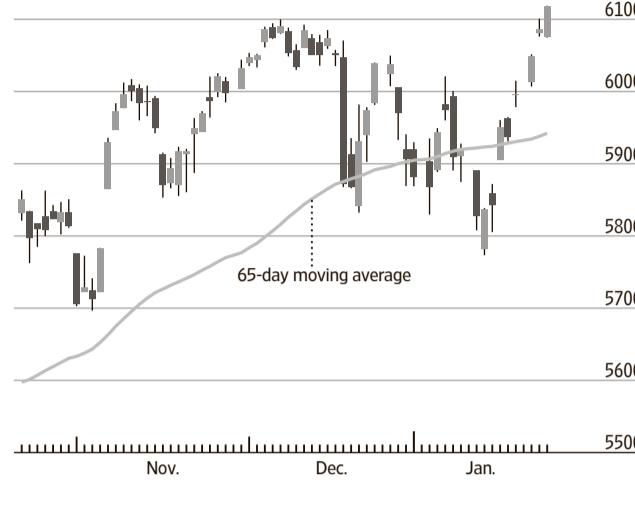
Bars measure the point change from session's open

Oct. Nov. Dec. Jan.

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

S&P 500 Index

6118.71 ▲ 32.34, or 0.53%
 High, low, open and close for each trading day of the past three months.

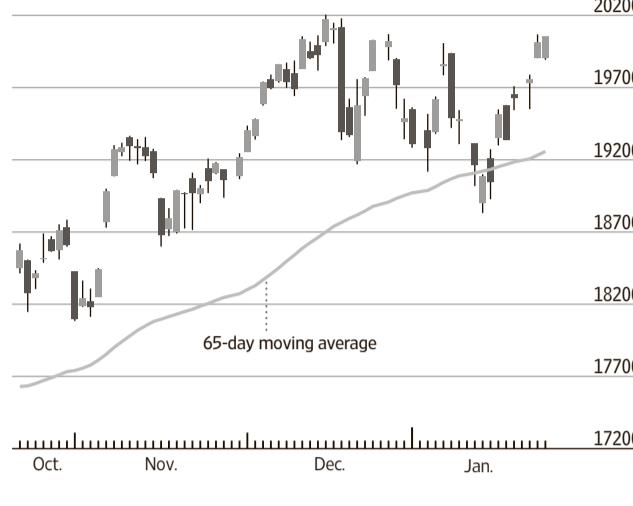


Oct. Nov. Dec. Jan.

*Based on Nasdaq-100 Index

Nasdaq Composite Index

20053.68 ▲ 44.34, or 0.22%
 High, low, open and close for each trading day of the past three months.



Oct. Nov. Dec. Jan.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr.ann.
Dow Jones										
Industrial Average	44565.26	44113.55	44565.07	408.34	▲ 0.92%	45010.44	37735.11	17.1	4.7	9.2
Transportation Avg	16724.58	16572.48	16640.05	84.21	▲ 0.51%	17754.38	14781.56	4.3	4.7	3.0
Utility Average	1017.53	1006.50	1007.33	1.47	▲ 0.15%	1079.88	829.38	18.7	2.5	2.2
Total Stock Market	60885.94	60455.04	60885.79	308.03	▲ 0.51%	60885.79	48275.32	24.9	4.3	11.0
Barron's 400	1319.01	1309.95	1317.27	2.58	▲ 0.20%	1356.99	1063.30	23.0	5.2	9.8
Nasdaq Stock Market										
Nasdaq Composite	20053.68	19892.55	20053.68	44.34	▲ 0.22%	20173.89	15164.01	29.3	3.8	13.4
Nasdaq-100	21900.93	21722.04	21900.93	47.93	▲ 0.22%	22096.66	17037.65	25.0	4.2	14.9
S&P										
500 Index	6118.73	6074.67	6118.71	32.34	▲ 0.53%	6118.71	4845.65	25.0	4.0	11.6
MidCap 400	3283.15	3256.68	3278.42	-0.28	▲ -0.01%	3390.26	2732.18	18.8	5.0	8.1
SmallCap 600	1459.83	1445.19	1458.26	5.38	▲ 0.37%	1544.66	1241.62	13.2	3.6	4.4
Other Indexes										
Russell 2000	2314.72	2289.27	2314.60	10.88	▲ 0.47%	2442.03	1937.24	17.1	3.8	5.2
NYSE Composite	19978.78	19827.62	19978.78	151.16	▲ 0.76%	20272.04	16889.52	18.3	4.6	6.8
Value Line	635.87	629.99	635.86	3.07	▲ 0.49%	656.04	568.94	9.1	4.1	0.8
NYSE Arca Biotech	6258.45	6059.87	6251.16	108.29	▲ 1.76%	6251.16	4861.76	20.4	8.8	8.4
NYSE Arca Pharma	932.62	921.26	932.53	11.27	▲ 1.22%	1140.17	912.71	-1.2	-0.2	5.9
KBW Bank	137.92	136.60	137.14	0.83	▲ 0.61%	138.78	92.30	42.5	7.6	1.2
PHLX® Gold/Silver	148.99	146.00	148.96	-0.43	▲ -0.29%	175.74	102.94	30.5	8.6	4.6
PHLX® Oil Service	76.86	75.72	75.90	-0.33	▲ -0.44%	95.25	68.88	-9.1	4.5	7.8
PHLX® Semiconductor	5444.74	5350.85	5444.69	-24.60	▲ -0.45%	5904.54	4260.92	21.7	9.3	16.6
Cboe Volatility	15.39	14.59	15.02	-0.08	▲ -0.53%	38.57	11.86	11.7	-13.4	19.6

\$ Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours	High	Low
Invesco S&P 500 Quality	SPHQ	11,046.1	69.60	-0.07	-0.10	69.67	69.28	
SPDR S&P 500 ETF Trust	SPY	10,163.3	609.32	-0.43	-0.07	609.75	606.51	
First Select Sector SPDR	XLF	9,126.5	50.65	-0.05	-0.10	50.74	50.65	
Apple	AAPL	6,615.9	223.45	-0.21	-0.09	234.00	208.10	
Canadian Natural Resources	CNQ	6,139.0	31.61	-0.02	-0.06	31.70	31.44	
NVIDIA	NVDA	5,494.9	146.63	-0.59	-0.40	155.72	140.66	
Intel	INTC	4,436.5	21.54	-0.03	-0.14	21.69	21.48	
Allurion Technologies	ALUR	4,360.8	6.22	2.52	68.11	7.91	3.63	

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Allurion Technologies	ALUR	4,360.8	6.22	2.52	68.11	7.91	3.63
Twilio CIA	TWLO	853.0	125.85	12.45	10.98	128.00	113.00
Grindr	GRND	119.2	18.10	1.37	8.19	18.50	16.73
Five Point Holdings	FPH	58.0	4.37	0.31	7.64	4.50	4.06
3D Systems	DDD	381.2	3.27	0.23	7.61	3.35	3.03

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
uniQure	QURE	125.2	15.06	-0.77	-4.86	15.98	15.06
EPAM Systems	EPAM	125.0	233.85	-11.45	-4.67	245.99	233.85
McCormick	MK	148.7	71.52	-3.24	-4.33	75.10	71.52
Braze	BRZE	104.2	43.66	-1.91	-4.19	45.76	43.66
Texas Instruments	TXN	3,546.8	192.40	-8.21	-4.09	208.79	189.60

*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.

Percentage Losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low	% chg
Chanson Intl Hldg	CHSN	0.82	-5.48	-86.97	15.55	0.82	-28.0	
Jupiter Neurosciences	JNS	1.45	-2.13	-59				

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MARKETS & FINANCE

Dow Logs Its First Record of 2025

U.S. stocks climb as earnings season has strong start, Trump speaks at Davos

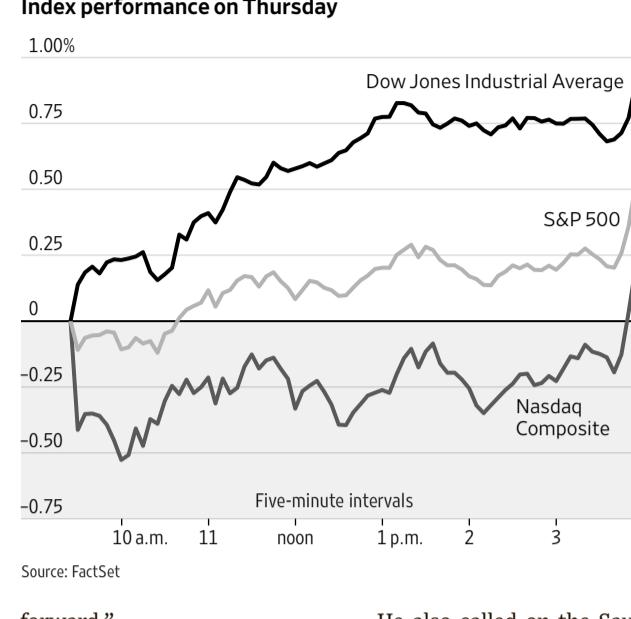
The S&P 500 closed at its first record of 2025, lifted by advances in a broad range of stocks.

The flagship U.S. stock index gained 0.5% for the day, pushing it above its previous high

from December. The Dow Jones Industrial Average climbed 0.9%, or about 408 points, while the tech-heavy Nasdaq Composite added 0.2%.

A strong start to earnings season and President Trump's support for tax cuts and deregulation have buoyed stocks to start the year. The market got another boost when Trump and tech leaders unveiled the \$500 billion Stargate project, reinvigorating investors' enthusiasm about artificial intelligence.

"There's some days when we get a little bit of skepticism about generative AI, other days we're excited about it," said Irene Tunkel, chief U.S. equity strategist at BCA Research. "But it still is a very strong force that drives the market



Source: FactSet

forward."

The S&P 500 tech sector edged up 0.1%, a day after climbing 2.5% in its best session since November. Every other segment advanced more, pushing the benchmark to its record. The healthcare group rallied 1.3%, while industrials rose 1% and financials gained 0.6%.

Speaking to the World Economic Forum in Davos, Switzerland, Trump told business leaders to make their products in the U.S. or face tariffs.

He also called on the Saudi Arabia-led Organization of the Petroleum Exporting Countries to lower the price of oil. Global benchmark Brent crude lost 0.9% for the day to \$78.29 a barrel, declining for a sixth consecutive session.

Elsewhere:

◆ The yield on the benchmark 10-year U.S. Treasury note rose to 4.636%, according to Tradeweb, from 4.600% on

Wednesday.

◆ Earnings season rolled on. American Airlines shares dropped 8.7% after the company predicted a larger-than-anticipated quarterly loss. GE Aerospace shares rose 6.6% after the jet-engine maker beat Wall Street's estimates for quarterly profit and sales.

◆ Overseas stocks mostly rose. Germany's DAX index closed at a record, as did the U.K.'s FTSE 100 and the broader Stoxx Europe 600. Stocks rose in Tokyo and Shanghai, but slipped in Hong Kong.

—Karen Langley and Chelsey Dulaney

FRIDAY'S EVENTS:

◆ A Bank of Japan rate decision is due.
◆ The S&P Global flash purchasing managers index for the U.S. is due at 9:45 a.m.
◆ Existing-home sales data is due at 10 a.m.

EARNINGS EXPECTED:

American Express and Verizon are due to report before the opening bell.

JPMorgan Paid Dimon \$39 Million Last Year

BY ALEXANDER SAEEDY

Jamie Dimon is making more money than ever.

JPMorgan Chase awarded its chief executive \$39 million for 2024, an 8% raise from the previous year, the bank said Thursday. Excluding special bonuses, that is the most he has ever been paid in cash and stock since he started as CEO.

The country's biggest bank said Dimon's pay included a salary of \$1.5 million, plus \$37.5 million in a mix of cash and stock that pays out depending on the bank's performance.

Dimon, 68 years old, has been CEO for nearly two decades. He said last year he plans to retire from the role by 2029.

His compensation is in line with that of many of his peers on Wall Street. **Goldman Sachs** just announced that it paid \$39 million to Chief Exec-

utive David Solomon for last year.

JPMorgan under Dimon's leadership has turned into a profit machine, reporting nearly \$60 billion in net income in 2024, a record. Its stock also is trading at all-time highs, despite Dimon and other executives' efforts to talk down the price.

Dimon's pay has increased over the years. For his first year as CEO in 2006, he earned approximately \$27 million. He earned less after the financial crisis decimated Wall Street and after the bank cleaned up the London Whale fiasco in 2012.

The CEO has earned more than \$30 million in cash and stock compensation since 2018. In 2021, the JPMorgan board awarded Dimon a \$50 million special bonus to entice him to stay at the bank for at least five more years.

GCM Grosvenor Kicks Off New Fund

By MARIA ARMENTAL

GCM Grosvenor's Elevate strategy has raised nearly \$800 million to back emerging and diverse managers.

The final tally for GCM Grosvenor Elevate Fund I includes a \$500 million anchor commitment from the California Public Employees' Retirement System, one of the nation's largest state pension funds, that was announced two years ago.

Chicago-based GCM Grosvenor kicked off fundraising in 2023 and benefited from the industry's growing interest in buying stakes in other private-equity firms, or general partner stake investing, said Managing Director Elizabeth Browne, who leads the strategy with Managing Director Kevin Nickellberry.

"The amount of firm growth and really successful capital-raising around GP stakes created so much more market recognition of what we were doing on the seeding

side that we didn't have to then drive that education process" with prospective investors, Browne said.

That helped the fund secure broad-based support from investors that include endowments, foundations and family offices. Among those that have disclosed investments in the Grosvenor fund is CAZ Investments, a Houston-based investment firm and prolific GP-stake investor.

The fund focuses on new or newly formed North American buyout groups that focus on the middle market, where deals typically range up to \$1 billion.

GCM Grosvenor looks across industries for sector specialists with a record of successful investments who are now setting up their own firms, Browne said, adding that Grosvenor provides seed money and infrastructure support.

The fund so far has backed two firms, **Excolere Equity Partners** and **Invidia Capital**

Management. Tony Miller, a co-founder of Vistria Group co-founder and former deputy secretary of education, formed Excolere to back investments in education and human-capital-management businesses, while Goldman Sachs veteran Jo Natauri launched Invidia to focus on healthcare deals.

A third investment in a business services specialist is being finalized, Browne said.

Browne said GCM Grosvenor typically commits from \$75 million to more than \$100 million and aims to back two or three managers a year. A portion of the cash investment is reserved to support co-investments, according to Grosvenor.

GCM Grosvenor participated in Excolere's recent investment in education services provider Acceleration Academies.

GCM Grosvenor said about \$20 billion of its \$80 billion in assets under management were invested in small and emerging managers as of Sept. 30.

STOCK SPOTLIGHT

GE Aerospace

The jet-engine maker's quarterly revenue blew past estimates after an influx of orders. Shares climbed 6.6% on Thursday.

Electronic Arts

The videogame company, contending with slowing demand for soccer-themed titles, cut its annual outlook. Shares tumbled nearly 17%.

American Airlines and Alaska Air

Shares of American tumbled 8.7% after it predicted a larger-than-expected quarterly loss. Alaska rose 2.2%, with investors cheering its far better-than-expected adjusted profit.

Elevance Health

The health insurer's earnings and 2025 guidance broadly met expectations, providing some relief after a difficult quarter. Shares advanced 2.7%.

SK Hynix

The South Korean memory-chip maker, which supplies Nvidia, reported record results, but warned its legacy chips business continues to struggle. Its shares fell 2.7%. Fellow chip maker ASML lost 2.7% as well.

Nvidia, Arm and Microsoft

Nvidia and Microsoft each added 0.1% while Arm tumbled 7.4%. All three stocks had gained Wednesday following the unveiling of Stargate.

Alcoa

The aluminum producer swung to a quarterly profit, but warned that prospective tariffs would hit the industry's competitiveness. Shares fell 3.7%.

EQT

The Swedish private-equity company reported an increase in investments, assets under management and exit activity during the second half of 2024. U.S.-listed shares rose 0.3%.

UnitedHealth

Its UnitedHealthcare unit named Tim Noel as its new chief executive after the killing of Brian Thompson on a Midtown Manhattan sidewalk in December. Shares of UnitedHealth rose 1.9%.

Air Products and Chemicals

Activist investor Mantle Ridge secured three board seats and effectively ousted CEO Seifi Ghasemi after a shareholder vote. Shares gained 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 determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Applications	\$273,491,079,400
Accepted bids	\$95,276,469,200
noncompetitively	\$6,296,602,200
foreign noncompetitively	\$0
Auction price (rate)	99.668278 (4.265%)
Coupon equivalent	4.33%
Bids at clearing yield accepted	29.98%
Cusip number	912797N52

The bills, dated Jan. 28, 2025, mature on Feb. 25, 2025.

EIGHT-WEEK BILLS

Applications	\$247,715,390,200
Accepted bids	\$90,261,470,200
noncompetitively	\$1,594,007,600
foreign noncompetitively	\$0
Auction price (rate)	99.338899 (4.250%)
Coupon equivalent	4.33%
Bids at clearing yield accepted	29.28%
Cusip number	912797N52

The bills, dated Jan. 28, 2025, mature on March 25, 2025.

10-YEAR TIPS

Applications	\$50,649,525,700
Accepted bids	\$21,110,595,700
noncompetitively	\$154,875,400
foreign noncompetitively	98,923699 (2.423%)
Auction price (rate)	99.338899 (4.250%)
Interest rate	2.125%
Bids at clearing yield accepted	19.37%
Cusip number	91282CML2

The Treasury inflation-protected securities, dated Jan. 31, 2025, mature on Jan. 15, 2035.

Bitcoin Bonds Lure Investors

Continued from page B1

"But if you don't think bitcoin has got a chance to go up, then you probably don't want to be in any of MicroStrategy's capital structure," he said.

More crypto companies have begun to adopt MicroStrategy's playbook. Crypto-linked companies issued more than \$14 billion of convertible bonds globally last year, according to Michael Youngworth, head of global convertibles strategy at BofA Securities. Bitcoin-mining company **MARA**, for one, raised more than \$2 billion.

Wall Street firms are already searching for ways to capitalize on the popularity of what they have dubbed bitcoin bonds. Strive, a money manager co-founded by entrepreneur Vivek Ramaswamy, filed in late December for an exchange-traded fund that would hold convertible debt securities issued by MicroStrategy and companies with similar strategies.

Thanks to bitcoin's monster rally over the past two years, the convertible bonds have mostly outperformed the broader market, with some generating returns of more than 100% since issuance. Competition is vicious among traders in the bond market, where even a few hundredths of a percentage point can be the difference between a big bonus and a pink slip.

Bitcoin prices have soared 145% since the end of 2023. MicroStrategy shares have climbed even faster, rising about 450%. The stock is trading at roughly twice the value of the bitcoin it holds.

Bitcoin skeptics say MicroStrategy is playing with fire and its stunning run is part of a



Some investors say the bonds are safer than buying bitcoin itself or MicroStrategy shares.

MARK HUMPHREY/AP

145%

Bitcoin prices have increased by this much since the end of 2023.

broaden investor euphoria for speculative assets that will inevitably collapse.

Beyond betting big on bitcoin—a notoriously volatile asset prone to furious rallies and spectacular crashes—they caution that other big convertible-bond issuers, including Enron and WorldCom, have ended up in bankruptcy.

MicroStrategy isn't done yet. The company is expected to issue an additional \$18 billion of debt as part of its plan to raise \$42 billion to fund its bitcoin purchases over three years.

Some investors, including Allianz, were buyers of MicroStrategy's convertible bonds years ago and scored big profits. Others have been buying the bonds simply because MicroStrategy makes up 3.6% of the ICE BofA All US Convertibles Index that they are judged against.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY



NOAH BERGER/AP

A provider of catastrophe-loss information that is often used as a benchmark has designated two events: the Palisades fire and the Eaton fire.

How Many Catastrophes in L.A. Fires?

Some insurers may collect more on their own insurance if they treat each wildfire as a separate event

Projections for insured losses from the Los Angeles wildfires are reaching \$30 billion and beyond. That is in a territory where insurers' insurance, also known as reinsurance, may be expected to start to pick up a sizable portion of the tab.

At least, that is how it is supposed to work. But like so much in the insurance business these days, the situation is in flux.

Over the past couple of years, reinsurers often had the upper hand on their primary-insurance counterparts, which write policies for consumers and businesses. Reinsurers at times were able to push through higher rates, or provide less coverage for the same money. That helped stabilize reinsurers after years of rising catastrophe losses and low profitability.

But the shift has been cited as a reason why some primary insurers left parts of tricky markets, like the one for California homeowners. And it helps explain why some insurers' shares have underperformed in recent years, despite often being able to raise premiums on many consumers.

Yet one aspect of these tragic wildfires may be working to the benefit of some primary insurers: being designated as two catastrophes. This means insurers may be able to dip into their reinsurance coverage twice, in some cases potentially limiting the losses they will have to retain.

Verisk PCS, a provider of catastrophe-loss information that is often used as an industry benchmark, has designated two events, the Palisades fire and the Eaton fire. The California Department of Forestry and Fire Protection, known as Cal Fire, is tracking them as two incidents. Verisk's Extreme

Event Solutions group this week estimated the insured loss of the two fires could be between \$28 billion and \$35 billion, broken down into \$20 billion to \$25 billion for the Palisades fire, and \$8 billion to \$10 billion for the Eaton fire.

Opting to seek reinsurance for two catastrophes, rather than one, could make a big difference to some primary insurers' loss exposure.

Mercury General Corp., a publicly traded insurance group primarily offering personal automobile and homeowners' policies, in a statement this week took note of PCS's designation. As of 2023, Mercury had a roughly 6% share of California homeowners direct written premiums, according to S&P Global Market Intelligence data tracked by analysts and rating agencies.

Mercury said it hasn't yet determined if it will consider the wildfires as two events. But depending on how sizable the insured losses get, there could be a significant potential economic impact in that choice.

If it is treated as two events, Mercury said it could use its reinsurance limit of up to \$1.29 billion for the first event, then, after paying to reinstate its coverage, a limit of \$1.238 billion for the second event. That would make Mercury responsible for a \$150 million retention for each event, plus the cost of a reinstatement premium of up to \$101 million, according to the company.

Depending on the ultimate insured loss levels, going the two-event route could result in a smaller loss for the company than from a single larger event, according to Neuberger Berman global insurance analyst Chai Gohil.

Mercury didn't provide additional

comment on its expected share of industry losses or anticipated exposure. It said in an earlier statement that based on available information at that time, it expected its losses to exceed its reinsurance retention level of \$150 million.

If similar math were to play out across many carriers, it could make a big difference in how much of the industry's losses are borne by primary insurers. Often insurance stocks that drop sharply as a catastrophe hits later rally back as loss estimates narrow and things like reinsurance coverage become clearer.

Right now, the market appears to be pricing in a single event, based on how many primary insurance stocks have traded, said Neuberger's Gohil. "But if this is two events, it may shift more of the losses to reinsurers," he said.

How disasters are designated has been contentious in the past, including after the Sept. 11 attacks. The developer that controlled the World Trade Center at the time fought with insurers for years over whether it could receive coverage for two occurrences rather than one after planes hit each Twin Tower.

For some insurers, it could still be advantageous to elect to treat the wildfires as a single event. That could be the case for an insurer that sold off risk via the catastrophe bond market, which often provides coverage for tail risks such as major disasters. So-called cat bonds can be used by primary insurers and reinsurers. These instruments can earn a relatively high yield for investors, but risk losses of principal when designated events or loss levels occur.

For cat bonds and other insurance-linked securities, the single-versus-multiple question can be

"highly consequential," according to Florian Steiger, chief executive of Icosa Investments, which focuses on alternative fixed-income investments. "If events are lumped together, it naturally increases the likelihood of reaching that trigger, which can substantially affect both issuers and investors."

There are short-term and long-term questions at stake, too. Insurers might benefit from more coverage for these wildfires. But they might end up costing themselves in a later catastrophe by using up their coverage capacity, or by risking paying higher rates next year.

Evercore ISI analyst David Mottemaden said he anticipated reinsurance's share of industry losses from the wildfires could be around 15% to 20%, or toward the high end of the range expected with Hurricane Milton.

But, he added, he didn't think this would "change the trajectory of pricing." Evercore ISI analysts this week wrote that they are anticipating an overall pricing drop of 10% to 20% in the midyear reinsurance renewals.

This dynamic is the usual push-and-pull between insurers, reinsurers and cat-bond holders. But it is made even more complicated by evolving risks from nonhurricane risks such as wildfires or winter storms, and the impact of inflation on how much disaster recoveries cost.

And in California in particular, new state rules designed to bolster the market can allow premiums in the future to take insurers' reinsurance costs into account. So how the coverage ultimately shakes out may be a critical question for everyone who bears the risks of the next fire.

—Telis Demos

Bank of Japan Must Walk a Fine Line

Trump trade threats pose puzzle for rates

The Bank of Japan kicked off a global market sell-off last time it raised interest rates. The likely rate increase this week will be less dramatic, but the real suspense lies in what comes next for the yen.

Japan's central bank looks poised to lift its key interest rate to 0.5% from 0.25% at its meeting Thursday and Friday, according to around 80% of economists polled by Reuters.

The move would push borrowing costs to levels not seen since the 2008-09 financial crisis. Strong wage growth and persistent inflation above 2% have finally convinced the BOJ that Japan's economy can handle gradual tightening. Japanese companies gave an average pay rise of 5.1% last year, the largest increase in 33 years.

The last rate increase in late July from the BOJ, which at the time coincided with a weak monthly jobs reading in the U.S., sent seismic waves across the globe—the Topix lost 20% in three days in early August while the Nasdaq also dropped 8% over the same period. The unwinding of so-called carry trades—borrowing in cheap yen to chase higher yields elsewhere—seems to have been the culprit.

But BOJ officials have learned their lessons. They have carefully telegraphed their intentions in recent weeks. While the market had long expected the BOJ to raise rates last year, unexpectedly hawkish rhetoric in the July meeting sent the Japanese yen sharply higher.

What is more, a big part of those carry trades seem to have been unwound already. While bets against the Japanese yen have ticked up in the past month or so, likely because of reduced expectations of rate cuts in the U.S., the amount outstanding is still only half the level of last summer. Leveraged funds' net short position in options and futures against the yen as of last week was around ¥708 billion in notional value, the equivalent of \$4.5 billion. That compares with around ¥1.4 trillion in early July.

A gradual approach to rate increases shouldn't rattle Japanese markets much, with investors expecting just one more quarter-percentage-point increase this year. The real drama lies elsewhere: Currency swings could hit Japanese exporters like Toyota hard if the yen strengthens too much.

What happens next may depend more on Washington than Tokyo. While President Trump's threatened tariffs haven't materialized yet, U.S. trade policy remains a wild card. Trump's proposed policies like tariffs and tax cuts could reignite inflation in the U.S., forcing the Federal Reserve to slow its pace of rate cuts. That would in turn push up the dollar—and weaken the yen.

A weaker yen is typically good for exporters, but that could be cold comfort if it results from broader trade disruptions. And a weaker yen could push up inflation in Japan given the country imports much of its energy and food. That may also raise production costs from imported raw materials. That means BOJ would face a dilemma: Let the yen fall and possibly worsen inflation, or tighten harder, which could strengthen the yen and exacerbate a difficult trade situation.

For now, BOJ Governor Kazuo Ueda will probably proceed with caution. After this well-telegraphed rate hike, some curveballs could be coming from across the Pacific.

—Jacky Wong

Japan's 10-year government bond yields



How Oracle Plays Cheaply in AI

When it comes to big tech companies, **Oracle** is hardly small fry. But the 47-year-old software titan still has to play its hand deftly when it comes to the ultra-expensive game of artificial intelligence.

Its approach was apparent in the high-profile announcement about the "Stargate Project," which aims to invest \$500 billion over the next four years to build new AI infrastructure for OpenAI. Oracle was named as both an equity investor and "key initial technology partner" for the project, and founder and Chairman Larry Ellison joined OpenAI's Sam Altman and **SoftBank** Chief Executive Masayoshi Son Tuesday at the White House for the announcement.

Ellison noted Tuesday that construction on the initial data center for the project was already under way in Texas. Less clear is where such a staggering sum of money will be coming from. OpenAI said \$100 billion was being deployed immediately, but that is more than double Oracle's and Softbank's combined total cash on hand. Elon Musk, backer of his own AI project, used his X social-media platform to cast doubts about the financial backing for Stargate. Oracle has already ratcheted up its capital expenditures on AI significantly, with annual total capex now nearing \$11

Free cash flow for 2024*

Alphabet	\$76.2 billion
Microsoft	70.9
Meta Platforms	49.3
Amazon	43.7
Oracle	9.5

*Based on estimates for December-quarter. Oracle's is for 12-month period ended November. Sources: Visible Alpha (free cash flow); FactSet (projected earnings)

Share price and index as a multiple of projected earnings



is estimated to have generated a little over \$70 billion in free cash flow last year, according to consensus analysis figures on FactSet.

Analysts say Oracle's unique approach to data centers allows it to compete effectively with much deeper pockets. Mark Moerdler of Bernstein says the company rents a lot of its data-center real estate instead of buying and that it configures its equipment to make those spaces smaller and boost its performance efficiency. In a report last month, Moerdler noted that "the smaller footprints enables Oracle to more closely match their capex with customer's consumption and thus revenue, as they can expand as customers need it."

Oracle already has projected strong growth for the years ahead. Its stock is now fetching a multiple of more than 28 times projected earnings—a level last seen in the original dot-com boom. But that is still cheap relative to its biggest cloud rivals Microsoft and Amazon, and for a company that is in a prime position with the new administration. President Trump even used Tuesday's occasion to voice support for the idea of Ellison buying TikTok. Getting a growing piece of the AI pie, however, is what will really keep Oracle's investors dancing.

—Dan Gallagher

billion annually compared with an average of \$5.5 billion over the last four fiscal years.

Oracle's share price has jumped nearly 16% over the past three days since Stargate was first reported, so Wall Street doesn't seem terribly worried about who is footing the bill at this point. Analysts instead noted that Oracle's prominent Stargate role solidifies the position of its cloud unit known as OCI as an important force in powering generative AI workloads.

Still, while Oracle's \$500 billion market cap makes it the largest

tech company on the S&P 500 not valued above \$1 trillion, it still has to compete with bigger players with much more spending power. Even the company's recently raised capex bill is a fraction of the \$236.5 billion **Microsoft**, **Amazon.com**, Google parent **Alphabet** and **Meta Platforms** are estimated to have spent combined in 2024, according to Visible Alpha.

Oracle is the only one of those five whose debt exceeds its total cash, and its annual free cash flow totaled \$9.5 billion for the 12-month period ended November. Microsoft



\$15 Million
A couple bought
this Conn. home
after a boat deal
fell through. **M3**

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HOMES | MARKETS | PEOPLE | REDOS | SALES

Naomi Watts
The actress talks
L.A. fires and her
new book on
menopause. **M7**



Friday, January 24, 2025 | M1

**Sale price: \$25 million**

Trump's commerce secretary nominee, Howard Lutnick, bought a Foxhall-area house in December.

Trump Sets Off a Frenzy of Luxury-Home Buying in D.C.

Deep-pocketed nominees and tech executives are circling multimillion-dollar properties to be close to the president and his inner circle

By E.B. SOLOMONT

President Donald Trump has surrounded himself with a who's who of the business elite. Now that he has moved back into the White House, many want to be his neighbor.

In recent months, wealthy political appointees, new members of Congress and business leaders have flooded the luxury real-estate market in Washington, D.C., scooping up multimillion-dollar properties in the nation's capital and in nearby McLean, Va.

In December, Cantor Fitzgerald Chief Executive Howard Lutnick, the president's pick for commerce secretary, paid \$25 million for the Foxhall-area home of Fox News anchor Bret Baier, setting a record for D.C. Former hedge-fund manager David McCormick, a new Republican senator from Pennsylvania, spent \$10.5 million for a Georgetown house that was owned by the late attorney C. Boyden Gray, according to people familiar with the deal. Treasury Secretary nominee Scott Bessent, who has a portfolio of historic homes, is in the

market for a luxury property, said people with knowledge of his house hunt. So is money manager John Phelan, Trump's pick for Navy secretary.

Local agents said the pace of deals on big-ticket homes in the capital has escalated faster than in prior administration changes. Unlike after the 2016 election, when Trump scrambled to fill his cabinet, his transition team this time hit the ground running, picking affluent business leaders and D.C. outsiders to fill key posts. Appointees began house-hunting early, even before being confirmed, said Michael Rankin of TTR Sotheby's International Realty, who has seen nine presidential elections in his more than 30 years in the business.

Adding to the real-estate frenzy, corporate executives and tech entrepreneurs are embracing the 47th president's policies. Many are also looking for real-estate footholds in D.C. to be closer to Trump and his inner circle.

"There are a lot of folks who are coming to

Washington that aren't necessarily even politicians, but those that want to be close to the sun," said Daniel Heider of Sotheby's, who has been selling real estate in D.C. for about 12 years and brokered the Baier-Lutnick deal. He and Rankin both declined to comment on specific clients. "They make 2016 look like amuse-bouche for the main entree, which is this moment in time right now."

Already, the buying in and around Washington has driven luxury sales to new highs. In the D.C. metro area, there were 87 home sales above \$5 million last year, compared with 53 in 2023 and 16 in 2016, according to data from Bright MLS, the local multiple-listing service. In November and December alone, there were 20 sales above \$5 million, up from 10 in those months in 2023 and just one in 2016, Bright MLS data show. So far in January, there have been seven deals above \$5 million.

Local real-estate agents said the so-called *Please turn to page M8*



Debbie and Martin Meech's home

Cost of construction: \$1.9 million**Cost of construction: \$3.695 million**

Clinton Dall's home

STUDIO TREJO (3); TOWNSEND VISUALS (GEORGE TOWN)

VANESSA BERBERIAN FOR WSJ (2)

By RUTH BLOOMFIELD

MIDWAY THROUGH A three-year project to build an extraordinary, angular modern house in one of England's most beautiful swaths of countryside, Clinton Dall visited the site to check on progress. He had already spent almost \$1.1 million to buy a small site, some \$185,000 on professional fees, and around \$1.23 million on construction costs. "And all I had was a hole in the ground," said the 61-year-old entrepreneur.

"If I had known how much it was going to end up costing and how long it would take I

Not Your Typical English Country House

Newly built English country estates in protected landscapes have taken a turn for the modern, thanks to a loophole in the law

never would have done it," says Dall. If he had been able to build a simpler, more ordinary home on the site, he said he would probably have done so. "It is extreme, this house," he said. "But that is why it was given planning permission. Because it is amazing."

If you imagine an English country house, you probably picture something like Highclere Castle, where the costume drama "Downton Abbey" was filmed, or Drayton House, location of the 2023 movie "Saltburn."

But, thanks to a loophole, a specific clause in a piece of planning guidance from *Please turn to page M4*

7

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PRIVATE PROPERTIES

Dr. Laura Lists Again



Purchase price: about \$6.1 million

For 20 years, radio personality "Dr. Laura" Schlessinger has gazed at the Pacific Ocean while hosting live shows from her 3.75-acre estate in Santa Barbara, Calif. "During commercial breaks, I'm staring at ships going by," she said. "It's very relaxing."

With plans to move to a smaller home in the area, Schlessinger is putting the gated compound on the market for \$23 million. At 78, it is time for her to "whittle down" a bit, said Schlessinger, a marriage, family and child counselor who gives advice on her live SiriusXM show, "Dr. Laura."

And although it is bittersweet to think about selling, she said, "they're going to hand me a check and I'll change my mind."

Schlessinger and her late husband, Lewis Bishop, paid about \$6.137 million for the property in 2005, records show. Schlessinger listed the Santa Barbara house in 2021 for \$22.85 million and it went into contract, she said, but the deal fell apart and she spent several years in mediation over the failed transaction.

The property is located in the Santa Barbara enclave of Campanil Hill, according to listing agent Andrea O'Loughlin of Berkshire Hathaway HomeServices California Properties. The estate overlooking the ocean has a roughly 8,800-square-foot, six-bedroom main house plus a one-bedroom guesthouse that Schlessinger converted to her studio, installing soundproofing materials so she can host her live shows. A third structure on the property houses a gym and guest suite.

Schlessinger and Bishop were living in a smaller house nearby before buying this house. Nonetheless, she went to see the property at her husband's insistence, she said, and fell in love with its ocean views even before seeing the whole property.

"The agent said, 'Would you like to look through the house?' and I said, 'What for? It's a nice big house. If there's something I don't like I'll change it,'" she recalled.

They put \$4 million into the property the first year, Schlessinger said. "I just took care of business real fast," she said.

In the main house, the couple expanded the kitchen and added windows and french doors throughout to maximize views. On the main level, there is an Old West-style billiards room with wood-paneled walls, a wet bar and vaulted ceilings. Schlessinger said she was particular about the primary bathroom, vetoing her husband's idea for a sauna. "One of those places you poach yourself—I said that's a 'no,'" she recalled. Instead, there is a two-person shower with a glass win-



dow overlooking the ocean. "I have to take showers when the guys are not working on the lawn," she said.

In addition to renovating the interiors of the home, they did extensive landscaping, adding a pickleball court and koi pond with waterfalls.

There is also a tennis court and an outdoor swimming pool.

Schlessinger also created a quarter-mile walking trail around the property. "Every day I do four laps, up and down," she said. "It's quite a good workout."

Bishop died in 2015.

Schlessinger, an avid sailor, said she is selling in part so she can afford to bring her sailing crew to Europe to race.

Work-wise, she has no intention of slowing down. "I don't understand retiring," she said. "I will wait until I'm dead." Once this house sells, she said, she plans to host her show in a room of her new house.

—E.B. Solomont

ZACH BROWN/ATLAS IMAGERY (2); MIKE THOMAS (SCHLESSINGER)

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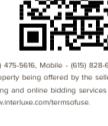


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MANSION

By JESSICA FLINT

Gilead Johnson, 64, and his wife, Maureen Johnson, 67, weren't looking for a big renovation project. "We sold some stock to buy a boat," Gilead says. "But the boat owner had seller's remorse and wanted the boat back!" With the cash from their bungled boat deal burning a hole in their pocket, the Johnsons thought, "We like houses. Let's put this money to use." That's when they found this 1917 estate on 30.7 acres in Lyme, Conn.

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10,000 sq. ft.,
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12 baths,
30.7 acres

The Johnsons bought the estate for approximately \$1.8 million in 2014, purchasing it from the original owner's family. Gilead says he works in real-estate investment, and Maureen is in banking.

It's located roughly halfway between New York City and Boston, and more or less next door to Gillette Castle State Park, which is famous for its historic medieval-style stone mansion.

The Johnsons' property, known as Highover, was originally designed by New York City-based architect Alfred Hopkins, who specialized in country estates in the early 1900s.

Sitting atop a remote hill on a granite ledge overlooking the Connecticut River, the estate has a main house, which is built from stone; an 1820s Federal-style guest house; and a tobacco barn.

Taking charge

The Johnsons spent five years on an extensive renovation that they estimate cost roughly \$2.5 million to \$3 million. They believe the project would have cost triple that amount had Gilead not acted as the general contractor, hiring the electricians, plumbers, framers, sheetrockers and masons. "I gave them all direction," he says. For example, Gilead didn't have an electrical plan. "I walked through each room with the electrician and said, 'A light switch here, here and here.' The whole property came together that way."

For the main house, which is roughly 7,000 square feet and mostly single story, they maintained and restored the exterior stone walls and original slate roof but removed and rebuilt the entire interior. Now, it has five bedrooms and eight bathrooms.

The guest house was also fully revamped. It has three ensuite bedrooms in addition to a fourth bathroom. The kitchen has high-end appliances.

Work was also done to the grounds, which have a pool, putting green, dock, orchard and vegetable gardens. There is also a quarry.

Beyond the ordinary

Unique features include the interior trim that was milled on site; the herringbone floor with a mahogany edge in the main house's



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Oops, We Bought a Huge Connecticut Estate

The sellers never planned on owning the riverfront property in Lyme, but bought it after a boat deal fell through. Now it's on the market for \$15 million.



primary suite; and wide pine boards milled from a tree that was in the front yard.

The on-site quarry supplied the stone used in the house, patios, walls and stairs.

The furnishings

"We had a 7,000-square-foot house in Westport, Conn., where a lot of this property's furnishings came from," says Gilead, who comes from a family of antique collectors. For example, his elderly aunt haggled for the 9-foot couches in the living room, which were purchased from an antique store in New Canaan, Conn.

A hidden haven

To the Johnsons, what especially stands out about the property is the privacy. "We feel like we have no neighbors," Gilead says.

The driveway serpentine up a quarter mile. From the property, there are 270-degree views of the Connecticut River. "All you see from our house is river, hills and



Wine cellar

Reason for selling?

"It was a hell of a lot of fun to put this house together the last six or seven years," Gilead says. "Now it's just maintenance, which isn't as fun." He and his wife might revive their boat dream: They are considering buying a Dutch canal barge and cruising Europe for the next four years.

Market snapshot

Lyme is a rural community with approximately 2,300 residents. "Its real-estate market is a different animal," says real-estate agent Colette Harron of William Pitt Sotheby's International Realty, who is based in Essex, Conn. "Over \$5 million, there aren't many houses. This makes it a buyers' and sellers' market." Harron says the area is more about nature and the small-town way of life as opposed to high-end real estate. "The area got started as an artists' colony. It's visually beautiful and bucolic. It's not commercial," she says. "People who live there are understated, and this is how they like it. It's under-the-radar but worth discovering."

► A new House of the Week drops every Friday at [WSJ.com/RealEstate](#).

sunrises," he says. Gilead likes watching seaplanes swoop over the river and land on the water.

The Johnsons have so much acreage that the dock is about a

quarter mile away from the main house; if they don't want to walk down there, they jump in a golf cart. The backyard has enough room to land a helicopter.

IVAN LUKUTA (5)

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MANSION

English Countryside

Continued from page M1

the U.K. government, homeowners such as Dall can also build cutting-edge modern houses in protected rural locations so long as they are "of exceptional quality," "truly outstanding," and represent "the highest standards of architecture" that "significantly enhance its immediate setting."

"It is a great piece of policy to have in place," said architect Richard Hawkes. In 2008, he founded Hawkes Architecture to specialize in designing houses that would meet these stringent standards, which are set out in the National Planning Policy Framework (NPPF), published in 1997.

According to Hawkes, the original intention of the "country house clause," as it is known, was to continue the tradition of building conventional English country houses.

Over time, however, fashions have changed and homes built under the NPPF clause have become increasingly modern. "The focus has shifted toward contemporary architecture that is innovative," said Hawkes. "You do get the odd scheme that is classical coming through, but very few."

No national figures exist for how many of the "country house clause" homes have been built. Hawkes, who believes he is the most prolific loophole-house designer in Britain, has won permission to build 35 of them.

On this basis, he believes that the total number is likely to be a few hundred. As Dall can attest, building high-specification, high-design country houses requires time, determination and a big budget.

Dall, the founder of a cleaning company who is divorced with four children, describes himself as a hobby builder with plenty of experience renovating and building his own homes. Back in 2018, he was happily settled in a modern, single-story house he had built for himself and his family in the village of Colgate, 35 miles south of London.

Dall said he had no plans to move until an estate agent he knew asked to show a prospective buyer around the property. A great offer was duly made and Dall found himself packing his bags at the start of 2019. He rented a house and began looking for a site on which to build.

"I couldn't buy someone else's house now because when you have a new build you have everything how you want it," he said. "The idea was really to downsize, and release some money at the same time. But that is not how things worked out."

In 2019, Dall spent about \$1.1 million on a roughly 2-acre former landfill site near the village of Cuckfield, 9 miles from his previous house. "I needed to find something as soon as possible, and I thought I could work with



it," he said.

The land is within the High Weald, a 560-square-mile Area of Outstanding Natural Beauty (AONB), a protected area considered to be a nationally important landscape.

Planning regulations are especially strict in AONBs, said Hawkes, and building new homes on previously undeveloped land on this kind of protected countryside means using the NPPF's loophole.

The site's previous owner had already commissioned designs for a new house. For the first year, Dall and his architects, Morgan Carn, worked to tweak this design. During an early meeting, Dall recalls being asked how much he was planning to spend on building the property. He responded

that he was budgeting somewhere between \$1.23 million and \$1.85 million. "There was a bit of a silence," he said. He wasn't sure why at the time, but he soon found out.

Work began on the site in 2020. "It was a nightmare," said Dall. The site, previously used for landfill, had to be cleared and then excavated, since the house is designed with part of it underground. The design Dall inherited is a jigsaw of irregular angles. "Even things which sound simple, like putting in the black-wood cladding inside and out took

two carpenters a whole year," said Dall. "I thought it would be a couple of months."

By 2022, Dall had spent more than \$3.695 million completing the 6,000-square-foot, five-bedroom house, excluding the cost of the site and professional fees. In total, he said he has spent upward of \$4.9 million.

Unlike Dall, Debbie and Martin Meech lived in historic houses for most of their lives. But after their four children grew up, they wanted to downsize from their 1820s farmhouse in the village of Wigginton, some 33 miles north west of London. The problem was that they wanted to stay in the village and continue to enjoy the beautiful lo-



The country home of Debbie and Martin Meech features a living roof and a central courtyard.

cal landscape. Wigginton is also in an AONB. Plus, they had become increasingly interested in environmentally friendly design.

"We have always lived in older houses, but there was a part of me which thought how nice it would be for us to create something for ourselves," said Debbie, 64.

Having retired from her job in human resources, Debbie started to research the idea of building a

house on the 7 acres of land that they owned around the farmhouse. When she began talking to architects, one warned her that she could easily waste around \$50,000 simply attempting to win permission to build a modern house.

Debbie and Martin, 67, chief property officer for a retail group, decided to take the gamble and hired architect David Kirkland, director of Kirkland Fraser Moor, to draw up plans. They also hired a planning consultant to negotiate on their behalf.

"The brief we gave David was that we wanted a house big enough for the children to come and stay, but that we could also close up and just live in half of when it was just us," said Debbie. "We wanted it to be a single story so as not to spoil the view from our old house. And we wanted as much glazing as possible to make the most of the view. And we wanted it to be eco-friendly."

Kirkland responded with a low-carbon, single-story courtyard house with a central garden. A green roof helps blend the four-bedroom property into the landscape, and the straight edges of its zigzag walls are softened by the use of damaged waste bricks with spaces built into them for bats, bees and birds to nest. Solar panels provide power, including charging the couple's two electric cars.

In the fall of 2021, the Meeches were granted permission to start work on the house. They altered the deeds to their farmhouse to carve off 6 acres of land for the project, with the intention of selling off the farmhouse and remaining land.

Work began on the project in July 2022. By September 2023, they had sold the farmhouse plus the remaining acre of land, and spent \$1.9 million on the new house.

"The only stressful thing about the build was that we were constantly making decisions," said Debbie. "But we also found it very exciting. We were living next door so I would visit the site two or three times a day to keep on top of things. Now that it is finished I think it is exquisite. The whole family loves it."



Clinton Dall at his modern home, which is built partly underground.



VANESSA BERBERIAN FOR WSJ. (5); EDMUND SUMMER (ROOF)

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MANSION

IN THE TRENCHES | AMY GAMERMAN

The Penthouse Had Great Views And a Naked Guy Tanning

Q Has anyone ever forgotten to get dressed before a showing?

BROOKE KEYS

Licensed real-estate salesperson with Douglas Elliman Real Estate, New York, N.Y.

One of my colleagues had asked me to show a \$25,000 penthouse rental she had coming available in Soho to a soccer superstar from Italy. It was a gorgeous triplex, with beautiful views and a private roof deck.

The current tenant was also Italian—some bigwig CEO—but he had stopped paying rent and the owner wanted him out. He was being super difficult. Usually, you respect a tenant's right to privacy and try work with them—like, "Hey, when

can we show the home?" But he purposely ignored all our requests and notices. I don't know if the owner had started any eviction proceedings, but at this point, it was—"We're going in, that's it, and here are the times to be ready for it."

The soccer player didn't speak English. I googled him, and he was one of the highest-grossing stars in the world. He was very nice, very easygoing. He came with his girlfriend—also Italian—beautiful, very nice. She had basic English.

We can't disclose who's coming to see an apartment—it's no one's business, and we have to keep the confidentiality of both parties. But



the tenant knew we were coming. I knocked and rang the doorbell many times, and eventually used my key. When we got inside, music was blaring. It looked like a frat party was going on, with garbage and food and clothes and stuff everywhere. We went around the kitchen, the living room, all the different bedrooms, and all the while, I'm calling out, "Hi! We're here! Anybody home?" and getting no

answer.

Eventually, we get to the top floor, which is the private roof deck. I made a mistake: I let the two of them go ahead of me. The girl-friend comes running back with her eyes bulging out of her head, saying, "He's naked!" And there is the tenant, suntanning. Like, completely suntanning.

The man had received so many notices for our visit, so it seemed

full-on intentional—like, he wanted to make it as awkward and uncomfortable as possible, so we couldn't rent the penthouse. The soccer star was unfazed, like this was the least crazy thing he's seen. I tried to get them off the roof deck as quickly as I could.

They didn't rent the place, but the tenant did end up paying all the back rent he owed. I hope he was incredibly embarrassed.

TIM CASS

Associate broker with The Corcoran Group, New York, N.Y.

This was a two-bedroom listing in Chelsea, a co-op building with a nice doorman. I had a Sunday open house and as I always do, I got there ahead of schedule so I could prepare the apartment and make sure everything was in great shape. I asked the doorman if he had happened to notice the seller leave; he had no idea. I went up and knocked on the door very loudly, in case she was still at home. Not a peep. So I entered,

and there on the floor was a pair of high heels and a handbag. I ventured into the living room, then into the kitchen, where the sink was full of dirty dishes. Then I wandered into the primary bedroom, only to see that the bed was unmade.

I thought, "OK, I'll make the bed"—the duties of a real-estate agent! It had a big duvet, very lumpy. I pulled up the duvet to straighten it, and to my shock and horror discovered the seller, passed out and completely



naked. It was a very deep and cushy bed, and she was fairly petite, so I did not realize there was someone under the bedding. She didn't wake up. She didn't budge.

She'd had a big night out, I'm sure.

I've never been as shocked in my life. I dropped the duvet as quickly as I could, ran downstairs and said to the doorman, "She's still there—in bed!" At this point, people are starting to gather for the open house. Somehow, I had to wake the seller up and get her out. The doorman didn't have much success calling her on his phone—he was pretty nonplussed about the whole thing—and I was ringing her

on mine. Finally, she picks up the phone. I said, "I'm downstairs with a group of potential buyers. Can you please vacate as soon as possible?"

She managed to scramble down stairs in sweatpants and flip-flops and out a side door. She was very apologetic afterward. I never shared the fact that I had been in her apartment or seen her naked. I just told her that we had a successful open house, with quite a large gathering of people. I didn't get a chance to do the housecleaning that was necessary, but the apartment sold—for around \$2.3 million.

—Edited from interviews

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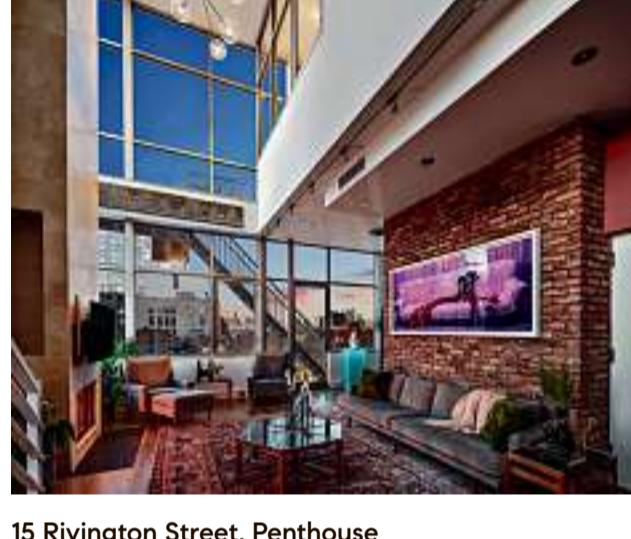
135 East 79th Street, 5W
\$9,000,000



151 East 79th Street, 11th Floor
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*** 830 Park Avenue, 7A**
\$4,575,000



15 Rivington Street, Penthouse
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*** 22 East 88th Street, Penthouse D**
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*** 900 Fifth Avenue, 7B**
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*** 36 East 69th Street, 2A**
\$3,925,000



975 Park Avenue, 15A
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thesahlmanteam@compass.com

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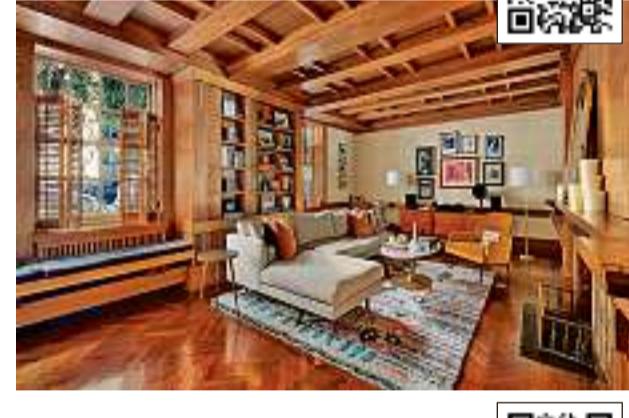
Wendy Greenbaum
m: 646.431.3090

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Dorothy Schrager
m: 917.691.7353

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Kathy Kaye
o: 212.439.3805

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m: 917.667.1030

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Monisha S. Rana
m: 716.400.1981

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Sutton Place
Co-op

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m: 917.224.6999

Rashi Malhotra
m: 917.815.0062

Michael Ruff
m: 917.698.4328

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Lincoln Square
Condo

June Gottlieb
m: 917.826.9996

Steven Gottlieb
m: 917.575.1225

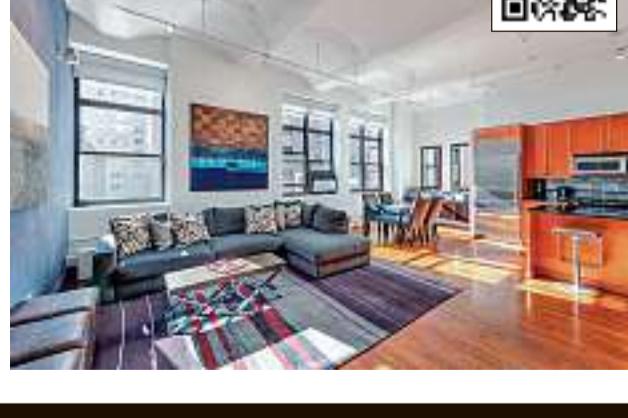
Emily Becker
m: 917.439.0639

565 PARK AVENUE, 11E

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Lisa Chajet
o: 212.439.5199

Kate Wollman-Mahan
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161 WEST 15TH STREET, 4E

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m: 917.533.1104

40 WEST 67TH STREET, 3D

\$1,535,000
4RM, 2BD, 2BA
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MANSION

HOUSE CALL | NAOMI WATTS

A Friendship With Nicole Kidman Led to Hollywood and 'Mulholland Drive'

The actress talks about the 'terrifying' Los Angeles area wildfires, as well as her childhood and her new book on menopause

Terrifying is how I'd describe the past couple of weeks in Los Angeles. My house here was on the edge of evacuation zones as fires neared.

My husband, actor Billy Crudup, and I live fulltime in New York, but for the past few months we were staying in my old house in L.A., which is part Spanish and part contemporary. When Billy finished filming, before the fires started, he returned to our duplex loft in Manhattan. I remained to complete my filming.

As the threat intensified in L.A., I took down umbrellas and trimmed back a tree in my backyard. Then I packed up all my documents and valuables and put them in a safe space. The entire time, I waited in fear, night and day. What I experienced is nothing compared with the families who lost homes and what they're going through now. The threat isn't over yet.

I wasn't as fearful as a little girl. When I was 4, I watched a playhouse production of "My Fair Lady" from the front row in Shoreham, a village in England. As my mother glided across the stage as Eliza Doolittle, I kept waving to get her attention. Then, she caught my eye and gave me a cheeky wink and a little hand-wave gesture. I wanted to be part of her world of make-believe.

Later that year, my parents divorced. My mother, Miv, my older brother, Ben, and I moved around southeast England until we wound up in London.

She began by buying and selling antiques. Then she became a department-store window dresser, a fashion stylist, a costume de-



Above, Naomi Watts, on the right, with Nicole Kidman in Hollywood in 2001. At right, Watts in 2023.

signer, and now an interior designer and an author.

When I was 7, in 1976, my father, Peter, died at age 36. I have a few photos of him, but I don't have many memories. He was a road manager and audio engineer for Pretty Things and Pink Floyd.

My mother's parents looked after Ben and me in Anglesey, a large island off the coast of Wales. We were there for three years as my mother tried to find steady work. They had a small house and lots of barns for their goats and chickens. My grandfather was Welsh, and my grandmother was Australian.

In the early 1980s, the U.K. economy began to falter. My mother had been to Australia and decided we'd move to Sydney. I was 14 and had my first boyfriend. I was devastated. I begged my mother to leave us at boarding school, but she refused.

In Sydney, I took introductory acting lessons each week. At 16, I took classes at Sydney's Academy of Dramatic and Social Arts. I left high school during senior year. I



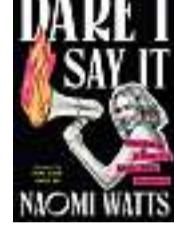
already knew what I wanted to do. My first big break in Australia was the indie movie "Flirting."

I met Nicole Kidman when I was 15 at an audition. We had lots of friends in common and wound up in an acting class together.

Like me, she was a North Shore girl who ended up on a successful Australian TV show, so she made me feel a sense of possibility. I visited her in America in the early 1990s and then I moved to L.A. That's when she became a mentor

NAOMI'S BOOK

Ambition? I want my book, "Dare I Say It" to make women feel seen, to feel supported and to know that menopause isn't all doom and gloom or the end.



Walls? In New York, they are covered with mostly paintings. In L.A., most of my artwork is photography. I was scared I'd lose the pieces and more.

Last home crisis? A year ago, the pipes burst in our loft, and it took six months for the entire first floor to be redone. Small stuff now compared to the L.A. disaster.

and was constantly encouraging.

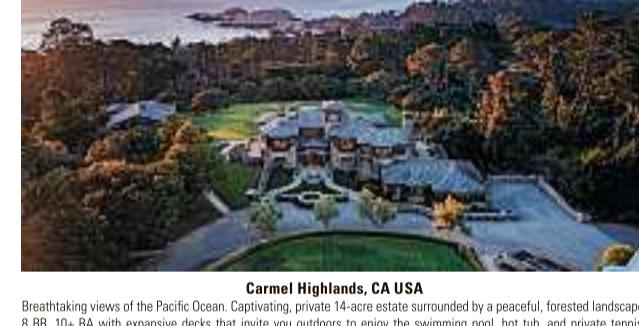
David Lynch's "Mulholland Drive," in 2001, was a massive turning point. The film "21 Grams" followed in 2003, along with many other opportunities.

I'm always blown away when I meet someone who knew my father. He apparently had a great sense of humor and worked hard. Knowing more about him lets me discover a piece of myself.

—As told to Marc Myers

Naomi Watts, 56, is an actress known for the films "Mulholland Drive," "21 Grams" and "Birdman" and TV's "Feud: Capote vs. The Swans." She wrote "Dare I Say It: Everything I Wish I'd Known About Menopause" (Crown).

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MANSION



Asking price: \$60 million



Former Washington Commanders owner Dan Snyder set a capital-region sales record in 2021 when he bought an Alexandria, Va., property for \$48 million. It is now listed for \$60 million.

D.C.
Luxury

Continued from page M1

Trump bump has been amplified by price jumps in D.C.'s luxury market since Covid. The D.C. area's median luxury sale price was \$2.15 million in the fourth quarter, up 42% from \$1.515 million in the fourth quarter of 2019, according to Bright MLS. The current sales record in the capital region is \$48 million, set in 2021 by former Washington Commanders owner Dan Snyder's purchase of a 16.5-acre property in Alexandria, Va., that was once part of President George Washington's original Mount Vernon estate. It is now listed for \$60 million, according to Zillow.

Far more real-estate agents in the area say they are now being asked to sign nondisclosure agreements with well-heeled clients. And the market is so competitive that some prospective high-

Asking rent: \$19,000 a month



end buyers are refusing to sign exclusively with a buyer's agent, instead giving their business to whichever agent brings them to the right property. More deals are also happening privately, thanks to MLS rule changes this past summer.

Heider said the election effectively poured jet fuel on the area's luxury market, where limited inventory has contributed to price appreciation and competition. "People are figuring out that there is no inventory," he said. "And if you like something, there isn't another one."

Houses that lingered on the market are now drawing multiple offers. For example, one of Trump's appointees bid on a luxury home in Georgetown that originally listed for \$13.95 million in 2023 but was reduced to \$9.99 million, according to people familiar with the negotiations and data from Zillow. The appointee lost out, and it sold for \$10.3 million, records show.

Two other properties that recently sold for north of \$10 million had been on the market for more than a year before getting snapped up in recent months. Baier's

French Château-style house, for example, hit the open market asking \$31.9 million in October 2023 before Lutnick stepped in. A Georgetown house, owned by Connie Milstein, former ambassador to Malta, was listed for \$15.5 million in 2020; it recently went into contract, with a last asking price of \$13.5 million.

"Frankly, there are more people with greater wealth in the market that want to be in Washington right now," Heider said. "And then all the folks associated with those people—there's

lots of layers to it."

This month, two different homes each sold for \$17.5 million, just days apart. One is a roughly 7,300-square-foot house located in D.C.'s Massachusetts Avenue Heights neighborhood, and the other is a 14,400-square-foot mansion in McLean. Neither buyer could be determined; the Massachusetts Avenue Heights property was never publicly listed.

Tech titans, many of whom are embracing Trump's presidency, have also descended on Washington.



This rental home received an inquiry from an incoming administration official.

In 2016, Amazon founder Jeff Bezos paid \$23 million for side-by-side mansions in Kalorama, long home to Washington's power set. PayPal Holdings co-founder Peter Thiel owns a \$13 million home in Massachusetts Avenue Heights that he bought in 2021 from Wilbur Ross, who was commerce secretary in Trump's first administration.

On Saturday night, two days before the inauguration, a swanky party at Thiel's gated property drew influential tech players including Mark Zuckerberg.

Former Google CEO Eric Schmidt and his wife, Wendy Schmidt, also own a home in D.C. In 2023, they paid \$15.1 million for an assemblage of three houses,

including one where Jacqueline Kennedy Onassis once lived.

Most recently, billionaire Jeff Skoll, who served as eBay's first president, spent \$17 million in November to assemble a compound in McLean.

Piper Yerks of Washington Fine Properties said she recently showed a \$15.9 million home in McLean to a tech executive.

The Obama and Biden administrations were staffed by longtime political operatives, many of whom already lived in the area, said Yerks, who has been selling real estate, largely in the McLean area, for more than 20 years. Trump has tapped top executives across multiple industries from all over the country. "Some people coming in now have no prior political affiliation."

Real-estate agents said that business leaders wanting a foothold in the nation's capital have led to an uptick in listings in recent weeks.

Heider has a "coming soon" listing for a roughly 13,000-square-foot, limestone-clad mansion in Kent that is asking \$23.5 million, according to Zillow. He declined to comment on specific listings.

In nonelection years, sellers typically wait to list their homes in the spring, when the weather is milder and timing is better with the school calendar. But Yerks said some sellers in D.C. are moving up that timeline. The day after the inauguration, Yerks threw a launch party for her \$15.9 million McLean listing; the roughly 16,300-square-foot house has a catering kitchen, wet bar and landscaped grounds.

"It's unusual, but there's a lot of people in town for the inauguration, and I'm expecting some people to

Please turn to page M9

Asking price: \$23.5 million



A limestone-clad mansion in Kent, a neighborhood in D.C., is 'coming soon' to the market.

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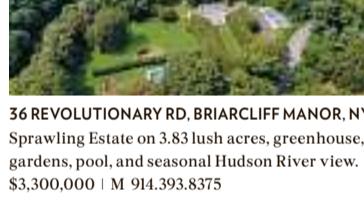
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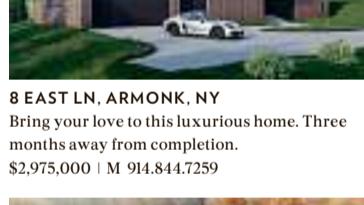
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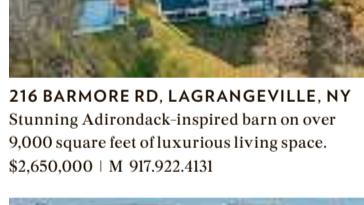
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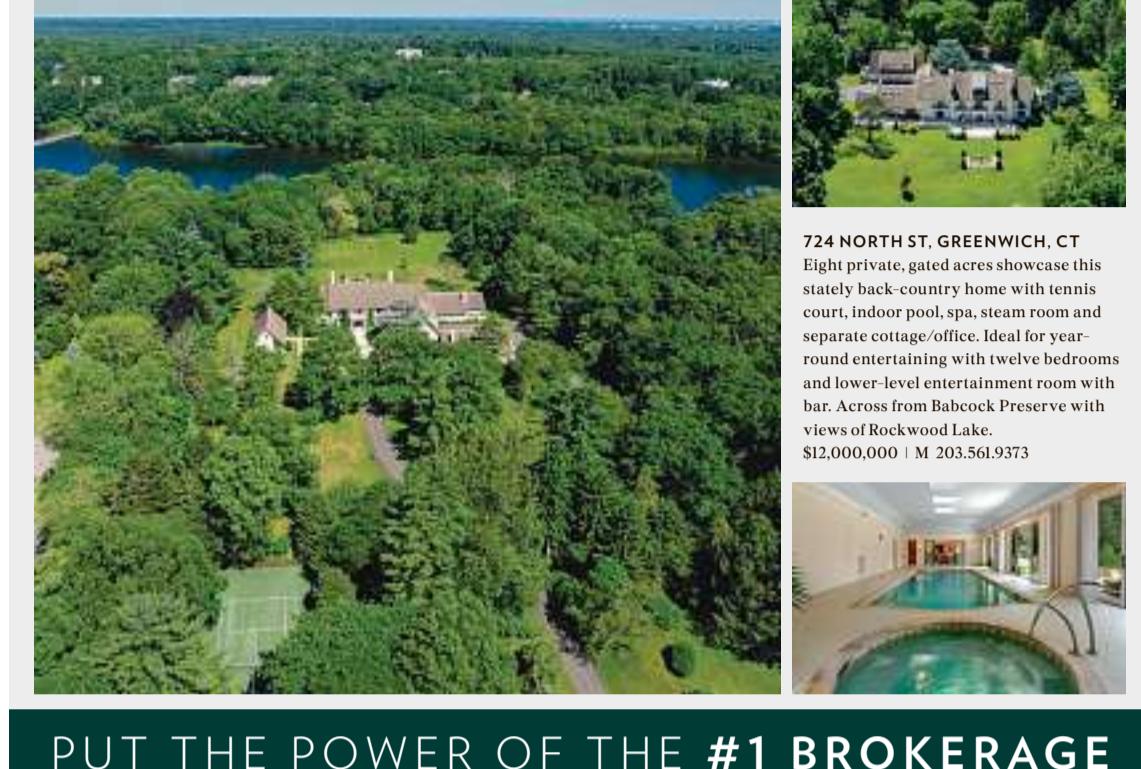
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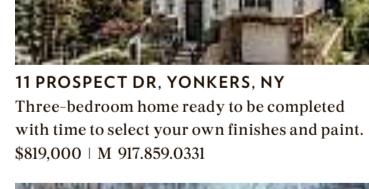
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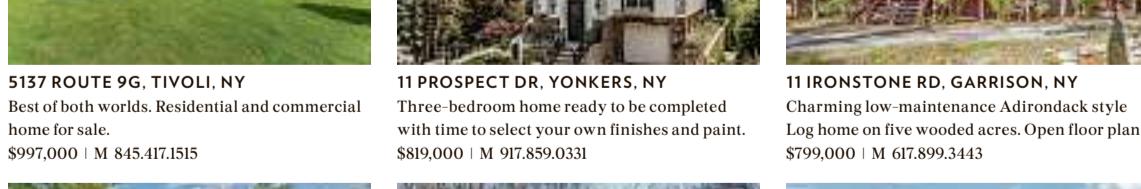
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A newly built mansion in McLean, Va., just hit the market.

come by and take a look," she said. "Everybody is on the fence" about where they are going to decide to live.

The high-end rental market is also booming.

Agent Nickie Jordan of Sotheby's said she recently listed a \$19,000-a-month rental that's already gotten interest, including a call from an incoming member of the Trump administration. Some diplomats and appointees prefer to rent, she said, if there's a chance they won't be in Washington long. "It's probably going to be a revolving door if there's any indication from his last stint," she said.

Despite flashy purchases from politicians and D.C. outsiders, longtime Washingtonians are also taking big swings.

Thomas Anderson of Washington Fine Properties estimated that roughly 20% of deals above \$5 million since November are tied to the new administration, but the rest are locals. During the first Trump presidency, there were one-off purchases from key advisers, but they had little impact.

on D.C.'s luxury housing market. "There's much more confidence in this market," said Anderson, who has been selling real estate for nearly 50 years, including 25 years in D.C. "The focus of the incoming administration is totally on the economy and strengthening the economy."

In January, a local family snapped up a roughly 16,000-square-foot mansion in McLean—clad in 300 tons of fieldstone—for \$11.2 million, according to records and people familiar with the deal.

Agent Robert Hryniwicki with HRL Partners of Washington Fine Properties, who represented the buyer, declined to name his clients but said they put the property under contract on election night. Hryniwicki said he also has a \$9.995 million listing in Northwest D.C. that is under contract to be sold to a local buyer.

Some locals also moved early to edge out competi-

tion from newcomers. "People got out ahead and decided, 'Hey listen, interest rates are not going to come down anymore. The stock market is high. I'm going to jump on a property now before everything is more competitive,'" said Hryniwicki, who has been selling real estate in the D.C. area for more than 25 years.

Inventory is so tight that Hryniwicki said he knows of only four single-family detached homes for sale in the fashionable Kalorama neighborhood. They range from \$3.85 million for a roughly 5,000-square-foot, five-bedroom home to \$6.4 million for broadcaster Chris Wallace's former residence. Hryniwicki has the listing for one of them—a Federal-inspired brick house spanning about 6,600 square feet that is listed for \$5.8 million. "It's been a revolving door for showings," he said. "If you want designer turnkey, it's almost nonexistent."

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Miami Beach Sees Major Home Sale



Entrepreneur Anand Khubani has made another major home purchase in the Miami area.

Khubani paid \$40 million for a newly built spec home on Miami Beach's sought-after North Bay Road. The seller is the Salter family, which heads the brand-management company Authentic Brands Group. The Salters paid \$19.3 million for the waterfront site in 2021, property records show. They spent close to two years constructing the home, which was completed only a few weeks ago, according to Corey Salter, Authentic's COO.

The deal was done off market, Salter said. While they always intended to sell the property, they hadn't yet listed it when Khubani, a personal friend, expressed interest in buying it, Salter said.

Khubani, founder of the New Jersey-based consumer brands company Ideavillage, couldn't immediately be reached for comment. The deal comes after he paid \$100 million last year for an assemblage of properties on nearby La Gorce Island.

Khubani has already moved

into the North Bay Road property, Salter said, while his plans for the La Gorce island property are unclear.

According to its website, Ideavillage invests in and acquires consumer brands in industries like beauty, health and apparel.

The six-bedroom, roughly 14,500-square-foot home was designed by Miami-based architect Kobi Karp. It has an office, a movie theater, two outdoor pools, a sauna, a cold plunge, a wine room and a game room. A roofdeck is accessible by elevator.

The house was sold fully furnished, mostly with Barneys New York-branded pieces. Authentic acquired the intellectual property of Barneys for \$271.4 million in October 2019, after the iconic department store filed for bankruptcy.

Salter's agent, Cyril Matz of Douglas Elliman, said North Bay Road has become sought-after in recent years for its large estates and waterfront views.

Evan Weiss of 305 Degrees Realty represented Khubani. He declined to comment.

—Katherine Clarke



FROM TOP: KOBI KARP (RENDERING); SLIM KESKES (3)

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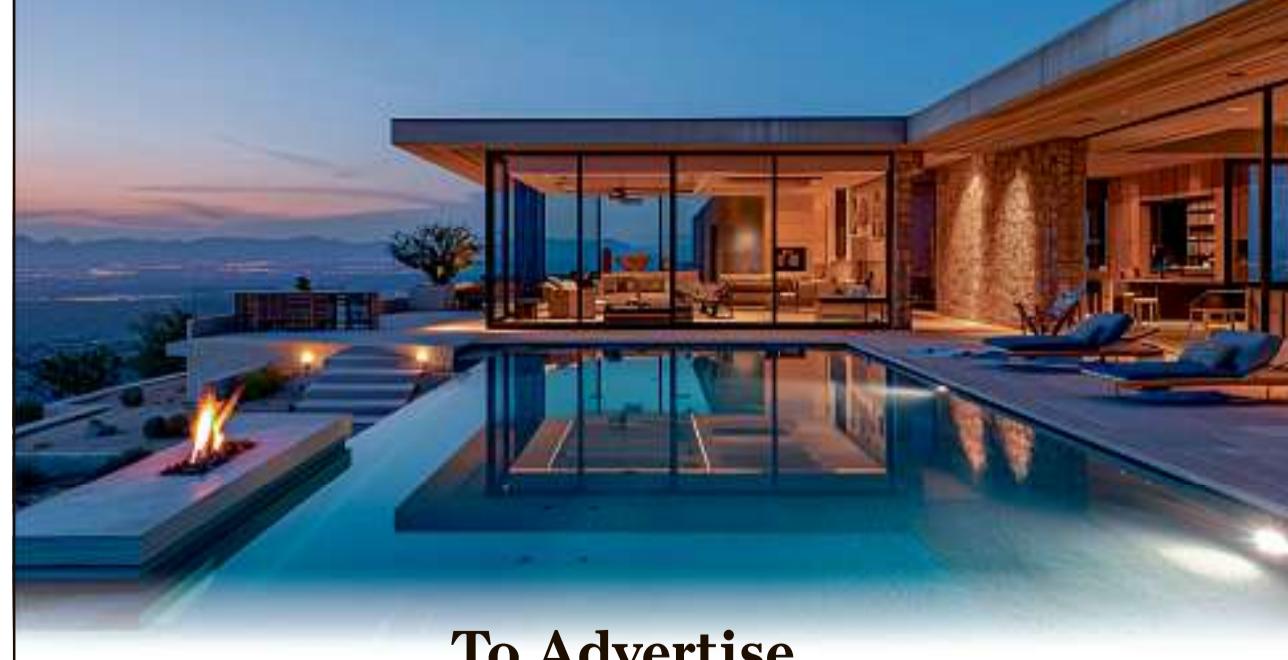


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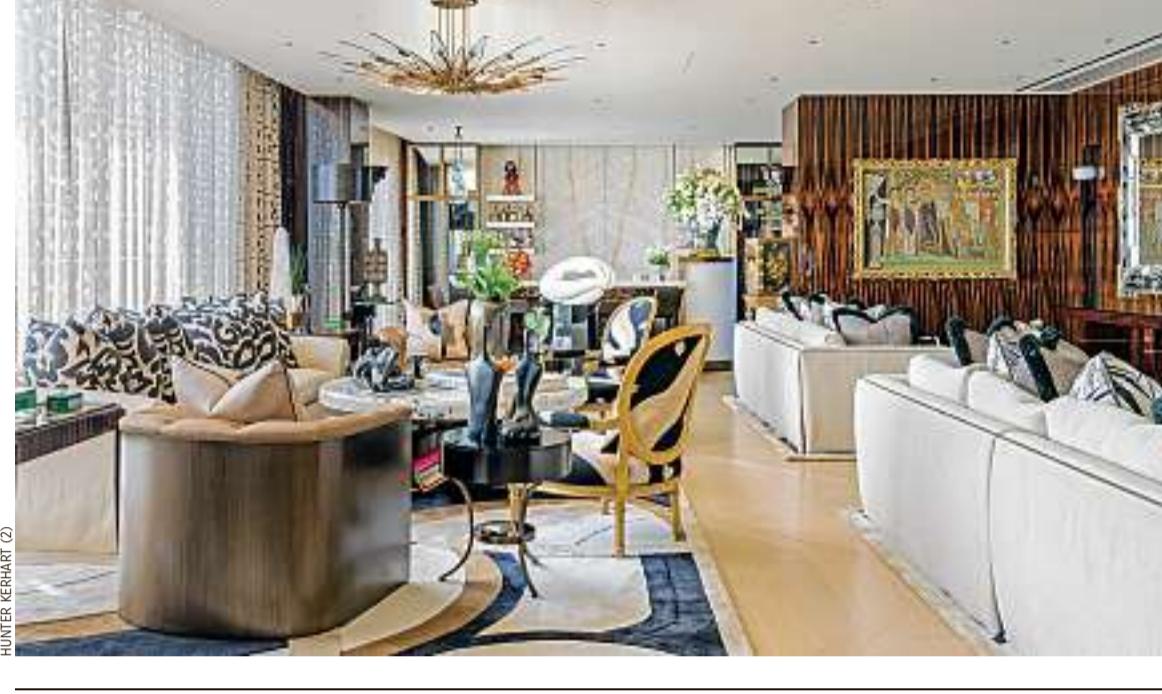
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PRIVATE PROPERTIES

Penthouse Sets L.A. Record Amid Wildfires



The unit is about 9,400 square feet.



HUNTER KERHART (2)

A penthouse in Los Angeles has closed for \$39.2 million, setting a condo record for the city even as raging wildfires batter the region.

The buyer of the full-floor condo unit, located at the Century, is former nail-polish executive Miriam Schaeffer, whose ex-husband founded OPI Products, records show. She went into contract on the property in mid-December, according to a person familiar with the deal, and closed on Jan. 14, property records show.

The seller is Vicki Walters, who listed the property for \$50 million in 2023. Her late husband, Raul Walters, was a real-estate developer who built and financed early Walmart stores, according to his company's website.

Walters declined to comment. Schaeffer didn't respond to a request for comment.

The prior L.A. condo sales record was set in 2010 when Candy Spelling, widow of TV producer Aaron Spelling, paid \$34.8 million for another penthouse at the Century, records show. The building, which is popular with celebrities including Rihanna, is located in L.A.'s Century City neighborhood, several miles east of the Palisades fire.

Vicki Walters paid \$22.5 million for the residence in 2015, records show. Spanning about 9,400 square feet, the unit came with a separate office suite, a 500-square-foot studio, a pool cabana and four parking spaces.

Bachir Oueida of Douglas Elliman, who represented Walters, declined to comment. Jacob Dandon of Sotheby's International Realty, who represented Schaeffer, didn't respond to a call for comment.

Schaeffer owns multiple homes in and around L.A., records show.

She paid \$35 million for a home on Malibu's Broad Beach in 2023, and sold a home in Beverly Hills for \$24.5 million in 2022.

Historically, prices for single-family homes in L.A. far surpass condo

prices. Unlike in vertical cities like New York, buyers place more value on homes with acreage. The average sale price for a luxury condo in L.A. was \$3.5 million during the third quarter of 2024, according to real-estate appraisal firm Miller Samuel.

—E.B. Solomon

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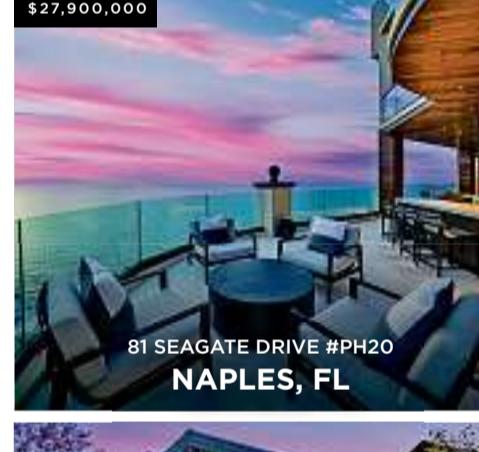
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Would you knowingly leave money on the proverbial table?

Many home sellers already are — because some brokerages are increasingly urging their agents to talk their sellers into off-market listings. These "private exclusives," also called hip-pocket listings, are not displayed on an area's multiple listing service and therefore not discoverable by agents using that MLS. Since these properties are known only to agents within the brokerage that has the listing, the buyer is almost always a client of another agent at that same brokerage. The listing brokerage, then, gets all the commission.

But what else does a private listing do?

It limits the exposure of a property, which limits the pool of potential buyers — which limits a property's sale price. It's a bizarre tactic, this push for private listings. Why? From a broadly published survey of more than a million homes sold between 2019 and 2023 in just two regions of the U.S., homes listed on the MLS sold for 17.5 percent more than off-market listings.

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But so proactively limiting the exposure of a property by keeping it off the MLS is not in the best interest of virtually any seller.

Think about it: If you owned a valuable painting, and your art dealer told you their friend could buy it directly from you instead of it being offered for open auction, wouldn't you be suspicious of whose interests were being served?

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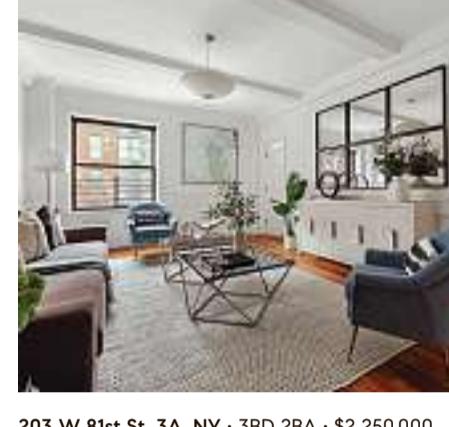
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115 CPW, 18JK | 3 BD 3 BA 2 HB | \$7,950,000
Move-in ready 2 terrs o'looking the Dakota & CP.
Rosette Arons · rosette.arons@compass.com

275 W 10th St, 10C | 3 BD 3 BA 1 HB | \$7,200,000
Four star living at The Shephard. Prime WV.
M. Cashman · maryellen.cashman@compass.com

25 E End Ave, PH16 | 3 BD 3 BA 1 HB | \$5,995,000
Grand pre-war penthouse w terraces on the River.
Laurie Stolowitz · laurie.stolowitz@compass.com

360 E 72nd St, C1801 | 6 BD 6 BA 1 HB | \$5,850,000
Modern duplex on a high floor with terrace.
Alexa Lambert · alexa.lambert@compass.com

252 7th Ave, PHY | 3 BD 3 BA 1 HB | \$4,650,000
Triplex PH w home offc, outrdr kit, terr w views.
Elizabeth Goss · lib.goss@compass.com

221 W 77th St, 4E | 3 BD 3 BA 1 HB | \$4,595,000
Lux condo w tall windows, Juliet balcony. Near CP.
Catherine Harding · charding@compass.com

535 Park Ave, 14C | 2 BD 2 BA | \$3,999,999
Stunning designer condition, 10'6" ceil, grand rms.
M. Blumenfeld · mark.blumenfeld@compass.com

22 E 18th St, 4E | 2+ BD 2 BA | \$3,995,000
Renovated, spacious dream loft with orig details.
Jonathan Lavoie · jlavoie@compass.com

515 E 72nd St, 3KLMN | 4 BD 5 BA | \$3,750,000
Mod corner, sunny, convert to 5BD. Lux DM condo.
John Barbato · john.barbato@compass.com

Manhattan

900 Fifth Ave, 4B | 3 BD 4 BA | \$3,495,000
Beautiful classic 7 with a lib & direct views of CP.
Karen Whiton · karen.whiton@compass.com

377 W 11th St, 3G | 2 BD 2 BA 1 HB | \$3,000,000
WV duplex loft w wbfplc, 18' ceilings. River views.
M. Cashman · maryellen.cashman@compass.com

215 W 88th St, 9H | 3 BD 2 BA 1 HB | \$2,650,000
Mint condo. W/D, central AC, 24hr DM, prime loc.
Shari Cohen · shari.cohen@compass.com

225 E 73rd St, 4CC | 3 BD 3 BA | \$2,500,000
Exceptional & spacious with tree top vus & wbfplc.
Cornelia V. · cornelia.vanamburg@compass.com

525 E 80th St, 10B | 4 BD 3 BA 1 HB | \$2,400,000
Spacious, S&N expos. FS condo on a charming blk.
William Vitiello · william.vitiello@compass.com

252 7th Ave, 10H | 2 BD 2 BA | \$2,395,000
Bright & spacious 1,600 SF loft-like Chelsea condo.
Pamela D'Arc · pamela.darc@compass.com

60 E 8th St, 10E | 2 BD 2 BA | \$2,350,000
GV mint, light, bright & airy with a balcony.
Melissa R. Kaiser · melissa.kaiser@compass.com

333 CPW, 11 | 3 BD 2 BA 1 HB | \$2,300,000
Pre-war gem with CP vus, Indry/storage rm & CAC.
Ria Browne · ria.browne@compass.com

10 Leonard St, 6N | 2 BD 2 BA | \$2,100,000
Tribeca pre-war loft with orig details. Exposed brk.
Amy Bonomi · amy.bonomi@compass.com

310 WEA, 2A | 2 BD 2 BA | \$1,750,000
Beautiful & spacious Emery Roth pre-war co-op.
James J. Schoenfeld · jschoenfeld@compass.com

140 W 22nd St, 5D | 1 BD 1 BA | \$1,525,000
Mint pre-war 908 SF condo, 11' ceil, CAC, W/D, DM.
William Vitiello · william.vitiello@compass.com

448 W 37th St, 5F | Studio 1 BA | \$1,428,000
Create your dream loft in Hudson Yards. Low cc.
Amy Bonomi · amy.bonomi@compass.com

414 E 52nd St, 8A | 2 BD 2 BA | \$1,295,000
Emery Roth mint pre-war with wbfplc & doorman.
M. Kaiser + C. Miao · mkaiser@compass.com

395 Riverside Dr, 9F | 2 BD 1 BA | \$1,230,000
Lux & mod pre-war, tall windows, EIK, FS co-op.
Christine Miller Martin · cmm@compass.com

125 E 63rd St, 2B | 2 BD 3 BA | \$1,200,000
Sunny, south-facing pre-war classic 6 with wbfplc.
Christine Miller Martin · cmm@compass.com

Manhattan

300 E 59th St, 3105 | 1 BD 1 BA 1 HB | \$1,075,000
Mint 31st fl corner apt, 2 balconies with fab views.
L. Hoerrner + P. Eger · petra.eger@compass.com

137 E 36th St, 2A | 1 BD 1 BA 1 HB | \$925,000
Crnr w S&W expos. Gym, rf deck, bike rm, storage.
Julie Perlin · julie.perlin@compass.com

157 E 75th St, 2E | 1 BD 1 BA | \$925,000
Boutique sunny pre-war TH, high ceilings, wbfplc.
Christine Miller Martin · cmm@compass.com

1185 Park Ave, 1A | 2 BD 2 BA | \$725,000
Med office can be configured as a pre-war apt.
M. Blumenfeld · mark.blumenfeld@compass.com

515 E 85th St, 6D | 1 BD 1 BA | \$615,000
Spacious & sunny with large LR & separate DA.
Valerie Artzt · valerie.artzt@compass.com

130 E 18th St, 10R | Studio 1 BA | \$575,000
Gramercy high flr, sunny & lrg, closets galore.
Lauren Pelletier · lpelletier@compass.com

215 W 105th St, 5DPH | 1 BD 1 BA | \$550,000
Top flr pre-war, lrg bdrm, windowed EIK, hd flrs.
Jeanne Kempton · jkempton@compass.com

135 E 39th St, 5E | 1 BD 1 BA | \$500,000
Large art deco pre-war gem. Casement windows.
Robert Faust · robert.faust@compass.com

200 E 24th St, 201 | Alcove 1 BA | \$405,000
Spacious & renovated loft-like, 4 closets. DM bldg.
Christine Miller Martin · cmm@compass.com

457 W 57th St, 108 | Studio 1 BA | \$324,900
Pre-war charm. High ceilings, WIC, hdwd flrs. drmn.
Rona Lynn · rona.lynn@compass.com

7 Hubert St, 8A | 3 BD 3 BA | \$32,000/mo
Mint & chic Tribeca condo loft w planted terrace.
Alexa Lambert · alexa.lambert@compass.com

388 W B'way, Flr 4 | 3 BD 3 BA | \$31,500/mo
Furnished Soho loft with 8 east facing windows.
Pamela D'Arc · pamela.darc@compass.com

200 E 95th St, 26C | 3 BD 3 BA | \$17,995/mo
Bright & airy 2,000 SF with 3 expos. Lux condo.
Eyal Zabari · ezabari@compass.com

67 E 11th St, 702 | 2 BD 2 BA | \$9,450/mo
Mod GV duplex loft PH w 2 outdoor spaces. DM.
S. Schwartz · suzanne.schwartz@compass.com

203 E 7th St, 2 | 1 BD 1 BA | \$6,800/mo.
EV furnished + fully equipped home office. W/D.
Tanner Garland · tanner.garland@compass.com

397 5th Ave | 8 BD 4 BA 2 HB | \$5,375,000
Prime Park Slope 3 sty mixed use, (4) 2BD rentals.
Roseanne D. · rdegliuomini@compass.com

116 Madison St | 8 BD 5 BA | \$3,550,000
Bed Stuy investment oppy turnkey 5 fam TH.
David Chang · dchang@compass.com

637 Carlton Ave | 4 BD 1 BA 2 HB | \$3,250,000
Prospect Hts multi-fam TH, 9 rms, 4 flrs & garden.
Violette Tonuzi · violette.tonuzi@compass.com

139 82nd St | 4 BD 2.5 BA | \$2,329,000
Bay Ridge bright & airy det 1 fam w priv bckyd.
A. Salavantis · athena.salavantis@compass.com

1390 Eastern Pkwy | 10 BD 8 BA | \$2,268,000
Crown Hts 3 fam, 4 stories w strong income pot'l.
Joseph Vassallo · joseph.vassallo@compass.com

265 20th St, Garden L | 3 BD 2.5 BA | \$2,195,000
Greenwood Hts duplex condo, lrg lower lvl & grdn.
Cornelia V. · cornelia.vanamburg@compass.com

6714 8th Ave | 6 BD 6 BA 4,620 SF | \$1,850,000
Dyker Hts 6 fam investment prop, fin bsmt, bckyd.
A. Salavantis · athena.salavantis@compass.com

530 79th St | 8 BD 3 BA 3,030 SF | \$1,680,000
Prime Bay Ridge 3 fam brick. Move in. Near all.
A. Salavantis · athena.salavantis@compass.com

262 17th St, 3 | 2 BD 2 BA | \$1,450,000
Large, bright, private roof. New dev Greenwood.
Jacqueline Gill · jackie.gill@compass.com

233 Battery Ave | 3 BD 2 BA | \$1,325,000
Dyker Hts 2 family brk w garden & pkg for 2 cars.
Joseph Vassallo · joseph.vassallo@compass.com