

THE WALL STREET JOURNAL.

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WEDNESDAY, FEBRUARY 12, 2025 ~ VOL. CCLXXXV NO. 35

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What's News

Business & Finance

◆ **The Fed's Powell told Congress that the sound state of the U.S. economy permits the central bank to take its time to decide whether and when to cut interest rates. A2**

◆ **The S&P 500 rose less than 0.1% in a session that delivered a 0.3% gain for the Dow industrials and a loss of 0.4% for the Nasdaq. B11**

◆ **Kering's revenue fell by less than analysts expected in the fourth quarter as the Gucci owner seeks to reinvigorate a turnaround plan for its core brand. B1**

◆ **New York-based insurer Travelers said it expects pre-tax catastrophe losses of \$1.7 billion from the Southern California wildfires. B1**

◆ **Novartis agreed to acquire Blackstone Life Sciences' Anthos Therapeutics for up to \$3.08 billion to boost its cardiovascular-drug pipeline. B2**

◆ **BP said it would alter its strategy days after it was reported that Elliott had taken a stake in the oil company with plans to improve shareholder returns. B3**

◆ **SMIC, China's largest chip maker, reported lower profit during the traditional off-peak season but said it expects continued revenue growth in the current quarter. B4**

◆ **Shopify's profit doubled in the fourth quarter after revenue rose by nearly a third, boosted by strong sales during the holidays and deeper integration with more online merchants. B4**

◆ **Marriott International's share price fell 4.7% after the hotel operator said profit declined in the fourth quarter and offered guidance that disappointed investors. B2**

World-Wide

◆ **King Abdullah II, the first Arab leader to visit the White House since Trump called for taking control of Gaza and relocating its two million residents, dodged a public confrontation but avoided endorsing the president's plan. A1**

◆ **American high-school teacher Marc Fogel, who had been detained in Russia since 2021, arrived in the U.S. after being freed in a deal brokered by Trump's special envoy. A1**

◆ **Elon Musk defended his cost-cutting plans as a campaign to curb federal spending, amid opposition from Democrats and legal challenges that have stalled some of his efforts. A4**

◆ **Vice President Vance said the U.S. intended to dominate the artificial-intelligence revolution and counseled leaders at a summit to fall in with the U.S. light-touch approach to tech regulation. A7**

◆ **Israeli Prime Minister Benjamin Netanyahu demanded that Hamas release Israeli hostages by noon on Saturday or face a return to war as reports about the condition of those set free last week heightened concern for the remaining captives. A8**

◆ **Podcast host Steve Bannon pleaded guilty in a New York state criminal case related to a fundraising scheme that defrauded donors to a border-wall nonprofit. A3**

◆ **A judge ordered the Trump administration to restore government health websites and data sets that were modified or taken down in an effort to scrub references to what the White House called gender ideology. A3**



High school teacher Marc Fogel, wearing an American flag around his neck, was at the White House on Tuesday after flying back to the U.S. from Russia to end a 1,277-day ordeal.

Russians Free American Left Out of Prisoner Swap

BY DREW HINSHAW
AND JOE PARKINSON

ised to "get him out," then invited her onto the VIP section of the stage to watch him speak.

She was only feet away from the rostrum when shots rang out, with a single bullet grazing Trump's ear. The candidate was tackled and a congressman shielded Fogel from incoming fire.

On Tuesday, the high school history teacher who ultimately spent 1,277 days in Russian custody flew back to the U.S. with President Trump's special envoy Steve Witoff. He landed at night and was personally greeted by Trump at the White House.

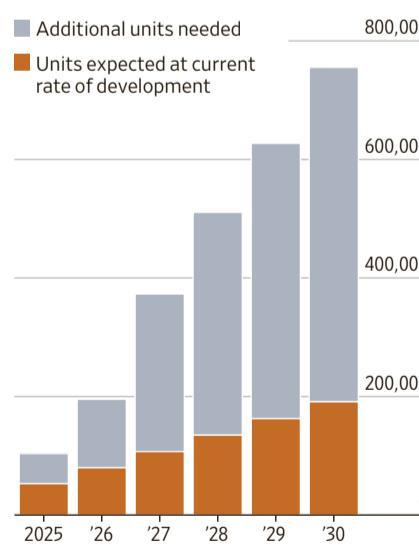
"I feel like the luckiest man on Earth right now," said Fogel, an American flag draped around his neck. "I will forever be indebted to President Trump, to Steve over there."

"It's great to have you back," Trump replied.

Fogel's arrest—for flying into Moscow with medically prescribed marijuana—became a fraught test of Washington's efforts to determine which Americans jailed overseas were worthy of rescue. The 63-year-old, who worked at the elite Anglo-American School in Moscow, was one in Please turn to page A6

Senior Housing Gets Lift

The oldest baby boomers turn 80 in less than a year, a change that is expected to revive the senior housing market, which has been one of the biggest disappointments for commercial-real estate investors. The sector is expected to move from its former glut to a shortage in the next five years. B1



Musk's Bid to Control OpenAI Steps Up Pressure on Altman

BY TOM DOTAN
AND BERBER JIN

Elon Musk's offer for the assets of OpenAI could end up costing Sam Altman, whether he takes it or not.

For months, the OpenAI chief executive has been working with investors to determine how fairly to compensate the nonprofit that controls the company as part of a plan to spin it out and make the Chat-GPT developer a for-profit venture.

Musk's \$974 billion offer, with the backing of a consor-

tium of investors, could force OpenAI's board to reassess how it is valuing the nonprofit, which the board said will be fairly compensated in the transaction and own a stake in the for-profit.

The higher the valuation of the nonprofit, the bigger its stake would likely be in the for-profit OpenAI following a conversion.

At the same time, OpenAI is negotiating how much equity Microsoft, its biggest investor, should get in the for-profit company, along with other backers and employees. It is

also seeking to raise up to \$40 billion of new capital. Investors in that round will likely expect equity when OpenAI becomes a for-profit as well.

Satisfying all those parties was already complicated. If Musk's gambit increases the equity awarded to the nonprofit, it will be even more difficult.

In addition to the negotiations with investors, OpenAI must get approval for its conversion from attorneys general in California, where it is based, and Delaware, where it is in Please turn to page A2

On India's Streets, Elites Yield to No One

* * *

Lawyers, journalists slap stickers on their cars for special treatment

BY SHAN LI AND AAKASH HASSAN

NEW DELHI—When Amrita Mishra passed the bar exam, she rushed out to pick up one of the biggest perks of being a lawyer in India: an "Advocate" sticker to slap on the window of her car.

The decal, which includes a symbol of a white collar that lawyers wear in the country's top courts, comes with superpowers, said Mishra. It keeps the traffic police off her back

and scares male drivers who think women should concede right of way on the road.

"They look startled and back off," she said.

Driving in New Delhi can be chaotic, but adding to the madness is an unusual caste system that gives unofficial preference to some less-than-essential workers. Lawyers, government officials, journalists and even retired military officers are among a set of professionals who adorn their

private vehicles with decals to publicize their occupations and the special status they say it confers.

Not surprisingly, the practice is controversial. There are generally no laws that give preference to drivers with certain professions, outside of a few exceptions such as doctors, and some states have banned the use of stickers in private vehicles. But enforcement has been spotty.

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PERSONAL JOURNAL

Which drink has more alcohol? Take a quiz to see how much you're imbibing. A11

SPORTS

The unorthodox bet that made the Philadelphia Eagles champions. A14

U.S. NEWS

At Westminster, a Big Win for a Furry Giant



THE FULL MONTY: Monty the giant schnauzer shows off his moves with co-owner and handler Katie Bernardin before being named Best in Show at the 149th Westminster Kennel Club Dog Show in New York City on Tuesday.

Powell Says Fed Can Take Time on Interest Rate Cuts

By NICK TIMIRAO

WASHINGTON—Federal Reserve Chair Jerome Powell delivered a simple message to Congress to start two days of testimony on Tuesday: Because the economy is doing well, the Fed can take its time to decide when and whether to lower interest rates.

"We're in a pretty good place with this economy. We want to make more progress on inflation. And we think our policy rate is in a good place, and we don't see any reason to be in hurry to reduce it further," Powell told members of the Senate Banking Committee.

The central bank cut interest rates at its last three meetings of 2024 by a full percentage point after holding rates near a two-decade high. Powell defended last year's rate cuts as a needed recalibration of the Fed's policy stance to account for improvement in inflation and cooler labor market conditions.

Powell received minimal pushback from senators over recent interest-rate moves. That is despite criticism from some Republicans who last year accused the Fed of being politically motivated in cutting rates and some Democrats who said rates were too high.

One Republican lawmaker, Sen. John Kennedy of Louisi-

ana, patted Powell on the back for achieving a so-called soft landing that has brought inflation down without a meaningful increase in unemployment.

"It seems to me that you and some of...your colleagues deserve some credit for that," Kennedy told Powell. "I'm not saying things are perfect, but I never imagined that our landing could be this soft."

The Fed held rates steady at its meeting last month. Officials have suggested they will maintain that wait-and-see posture at least through their next meeting in one month.

The labor market appears to have stabilized after job growth slowed last summer. The unemployment rate drifted up from 3.7% in January 2024 to 4.2% last July, but it has since leveled off. It ticked down to 4.0% last month.

Looking ahead, Powell said the Fed could keep rates on hold for much longer if inflation doesn't continue to move down to its target and the economy remains solid. He said the Fed could cut rates if the labor market weakened unexpectedly or inflation made faster-than-expected

progress declining to its 2% goal.

Powell repeated his view that the neutral interest rate had moved up meaningfully from very low levels before the pandemic. (The neutral rate is the rate that keeps the economy at full employment with stable inflation, but it can't be directly observed.) Those hazy estimates of a higher neutral rate could also

explain why policymakers have taken a more relaxed approach to further rate cuts.

Fed officials have been heartened by recent inflation readings that suggest price

pressures have continued to run at mild levels that could soon put them much closer to their target.

But they are anxious over how potential policy changes by the Trump administration, including a much more aggressive use of tariffs compared with his first term, could raise the price of imported goods in ways that derail the last stages of their inflation fight.

The Fed controls short-term interest rates, which influence borrowing costs throughout the economy—in

cluding rates on credit cards and auto loans. But longer-term interest rates haven't changed meaningfully since the Fed began to cut rates last September, in part because investors have dialed back expectations for rate cuts amid better-than-anticipated economic growth.

Powell said it was possible longer-term interest rates would remain at higher levels if investors become more concerned about rising budget deficits or new shocks that generate inflation risks.

Longer-term rates "are high for reasons not particularly closely related to Fed policy," Powell said.

The Fed began raising rates rapidly in 2022 to combat inflation that hit a four-decade high. Officials reeled off a sequence of jumbo rate increases that fanned fears of a recession, which many economists said would be needed to bring inflation down.

But the economy proved to be far more resilient. It has so far shrugged off the effects of those tighter policies, bolstered by strong consumer spending, lofty asset prices, and the aftereffects of aggressive stimulus to support the economy in 2020 and 2021. Inflation as measured by the Fed's preferred gauge was 2.6% at the end of last year, down from a peak of 7.2% in 2022.

CORRECTIONS & AMPLIFICATIONS

The National Transportation Safety Board for years has used social media to post updates about its investigations. A U.S. News article on Monday about the Trump administration's relationship with the media incorrectly said that the NTSB scrapped emails to reporters

in favor of posts on X for updates about a recent plane crash.

A Feb. 4 World News article about the Bank of England incorrectly included Israel's central bank among those that have lowered key interest rates in 2025.

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THE WALL STREET JOURNAL
(USPS 664-880) (Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)

Editorial and publication headquarters:
1211 Avenue of the Americas, New York, N.Y. 10036

Published daily except Sundays and general legal holidays.
Periodicals postage paid at New York, N.Y., and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal,
200 Burnett Rd., Chicopee, MA 01020.

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Musk Bid Pressures Altman

Continued from Page One
corporated. These officials govern charities and oversee the valuation of the nonprofit's assets during a sale to ensure it is properly compensated.

Altman on Monday rebuffed Musk's overture on X and in a message to employees. "Our structure ensures that no individual can take control of OpenAI," he wrote. "These are tactics to try and weaken us because we are making great progress."

The OpenAI chief said at an AI summit in Paris on Tuesday that Musk was trying to hamper his company's development.

"I think he is probably just trying to slow us down. He obviously is a competitor," Altman told Bloomberg's TV channel. "I wish he would just compete by building a better product, but I think there's been a lot of tactics, many, many lawsuits, all sorts of other crazy stuff, now this."

Bret Taylor, chairman of OpenAI's board, also poured cold water on Musk's offer. "OpenAI's not for sale," he said at The Wall Street Journal's CIO Network Summit on

Tuesday. "And our job as a board is to exclusively decide what benefits our mission, and as a consequence I think this is largely a distraction and I think the board is going to continue to exclusively focus on the mission."

Still, some experts said the board might not be able to dismiss the offer out of hand.

"If Elon's a fair price and the OpenAI nonprofit is empowered to make the decision, it could sell," said Harvey Dale, a professor of nonprofit law at

New York University.

The board could reject Musk's bid for reasons beyond money. As a charity, OpenAI's obligation is to fulfill its legal purpose: safely advancing artificial intelligence to benefit humanity.

"The question of the appropriate price is secondary to the question of whether the board should sell the charitable assets at all," said Jill Horwitz, a law professor at the University of California, Los Angeles.

The unsolicited offer ratchets up a long-running feud between Musk and Altman. The pair were co-founders of OpenAI in 2015 and Musk left three years later.

Since the launch of ChatGPT in 2022 led OpenAI to become more business-focused, Musk has criticized Altman for allegedly abandoning their original charitable mission, launched a competing startup called xAI, and filed several lawsuits against the company.

OpenAI has disputed Musk's claims and released documents it said showed Musk previously supported turning OpenAI into a for-profit but walked away because he couldn't get control of it.

Musk's latest move could embroil a sizable swath of the technology industry in the battle between the partners-turned-enemies.

Japanese conglomerate SoftBank is in talks to invest up to \$25 billion into OpenAI as part of its current funding round. It is a major contributor to Stargate, an OpenAI-led venture, unveiled the day after President Trump was inaugurated, to build data centers in the U.S.

Microsoft invested nearly \$14 billion into the startup. Many of Silicon Valley's most prominent venture firms are invested in OpenAI, Musk's xAI, or both. Wall Street Journal owner News Corp has a content-licensing partnership with OpenAI.

Indicators to Clarify Picture on Inflation

By NICK TIMIRAO

Not every monthly inflation report is created equally. In an economy with price pressures, January has packed a bigger punch.

Price hikes in recent years have been exceptionally strong in the month of January, reflecting outsize turn-of-the-year price resets. The upshot is that inflation reports due this week could show whether the Federal Reserve's fight to bring inflation down has cleared a key hurdle.

The beginning of the year marks a natural time for businesses to incorporate a year's worth of higher food, energy and labor costs—for example, for restaurants to raise menu prices, gyms to boost membership rates and private-car services to raise transportation rates.

Such price increases have been especially large in each of the past three years following the high inflation that greeted the reopening of the economy from the pandemic in 2021.

"If you're going to push through price increases, the start of the year is a logical time to do that," said Omair Sharif, founder of research firm Inflation Insights.

Because companies have more pricing power when the economy is strong, businesses haven't been deterred so far from large turn-of-the-year hikes "despite the fact that consumers say they are not going to stand for more price increases," said Sharif.

The Labor Department is set to report Wednesday on January prices as measured by the consumer-price index.

A separate report on wholesale prices is due Thursday. Those two measures are used to calculate inflation according to a third gauge that the Fed prefers, called the personal-consumption expenditures price index, or PCE, which will be released by the Commerce Department at the end of the month.

For the Fed, the stakes are high. One year ago, inflation appeared to be cruising rap-

idly toward the Fed's goal, then hit a big speed bump in the first quarter. Officials were greeted by a similar rude inflation surprise at the start of 2023, when changes to seasonal adjustment factors revised away previous progress.

"We don't know whether 2025 has brought another such bump. But if inflation rises, it will be a signal that monetary policy has more work to do," said Dallas Fed President Lorie Logan in a speech last week.

Logan said the U.S. economy will have achieved an elusive "soft landing" if the labor market stays healthy and price pressures continue to show the type of broad-based slowdown that has been evident in recent months. But she signaled an important note of caution by pointing to the head fakes of the past two years. "We have been here before on inflation," she said.

So-called core inflation, which excludes food and energy, fell from 5.6% in September 2022 to 2.9% in February 2024 using the PCE index. It held near that level for most of the past year, ending 2024 at 2.8%.

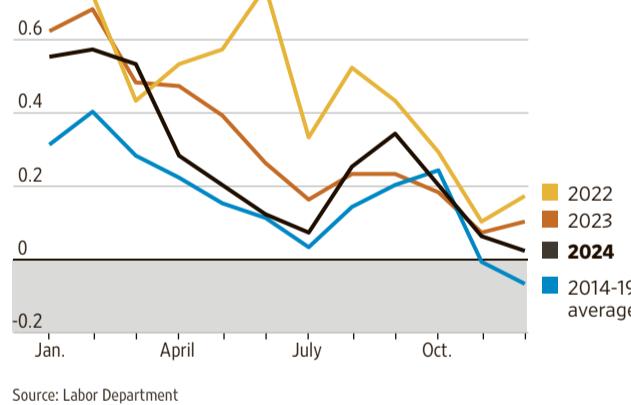
"The next three months really are the keys for inflation for the year, assuming we're not hit with huge shocks from tariffs, immigration or some other unexpected change," said Alan Detmeister, who used to run the price and wages forecasting division at the Fed.

Detmeister, an economist at UBS, thinks inflation in the core PCE index could step down to 2.3% in March data that will be reported in April. The Fed targets 2% inflation.

The Fed cut rates by a full percentage point at its last three meetings of 2024. Officials have indicated they are in no hurry to keep cutting until they have more confidence that inflation will reach their target.

This week's turn-of-the-calendar inflation report card is particularly important because President Trump is imposing new tariffs that further complicate the inflation outlook in 2025.

Monthly change in core CPI inflation



Source: Labor Department



Bret Taylor, chairman of OpenAI's board, said at The Wall Street Journal's CIO Network Summit: 'OpenAI's not for sale.'

Nikki Ritter for WSJ

U.S. NEWS

Judge Tells Agencies To Restore Health Sites

BY MARIAH TIMMS
AND JAN WOLFE

A federal judge ordered the Trump administration to restore government health websites and data sets that had been modified or taken down in an effort to scrub references to "gender ideology."

The order Tuesday from U.S. District Judge John Bates in Washington, D.C., is the latest judicial setback for a Trump initiative.

The administration had instructed agencies to end all "programs that use taxpayer money to promote or reflect gender ideology." Federal agencies including the Centers for Disease Control and Prevention, the Food and Drug Administration and Department of Health and Human Services took down more than 1,000 pages of information on Jan. 31, a Wall Street Journal analysis showed.

Doctors for America, a non-profit supporting access to affordable healthcare, sued the administration seeking to block the order. They argued the agencies had removed pages that included public data they rely on to provide medical care, referencing missing pages and data sets on adolescent school health. They also said the pages were removed without proper notice.

In a tense hearing Monday, Bates, a George W. Bush appointee, sparred with a Justice Department lawyer over the government's argument doctors can use tools such as the Wayback Machine, which preserves old versions of websites, to access the missing data.

The judge granted the doctors' request for a temporary restraining order and told the agencies to restore the identified pages by midnight Tuesday. He also ordered them to search for and restore any other removed or substantially modified medical-care webpages affected by the Trump initiative by Friday.

"Without these resources, doctors risk failing to provide evidence-based clinical care, and local health departments are hindered in their ability to prepare for local and global disease outbreaks," Bates wrote in Tuesday's order.

"It bears emphasizing who ultimately bears the harm of defendants' actions: everyday Americans, and most acutely, underprivileged Americans seeking healthcare," he wrote.

The doctors' lawsuit listed 11 notable examples of data that had been previously available from the CDC and FDA websites, including HIV rates and treatment, environmental impacts on health conditions, fertility clinic data, contraceptive guidance and diversity initiatives in medical studies.

Zach Shelley, an attorney for the Public Citizen Litigation Group and lead counsel on the case, called the take-downs "irrational."

The dispute over the health data is one of numerous lawsuits that have piled up against the Trump administration over actions it has taken since Jan. 20.

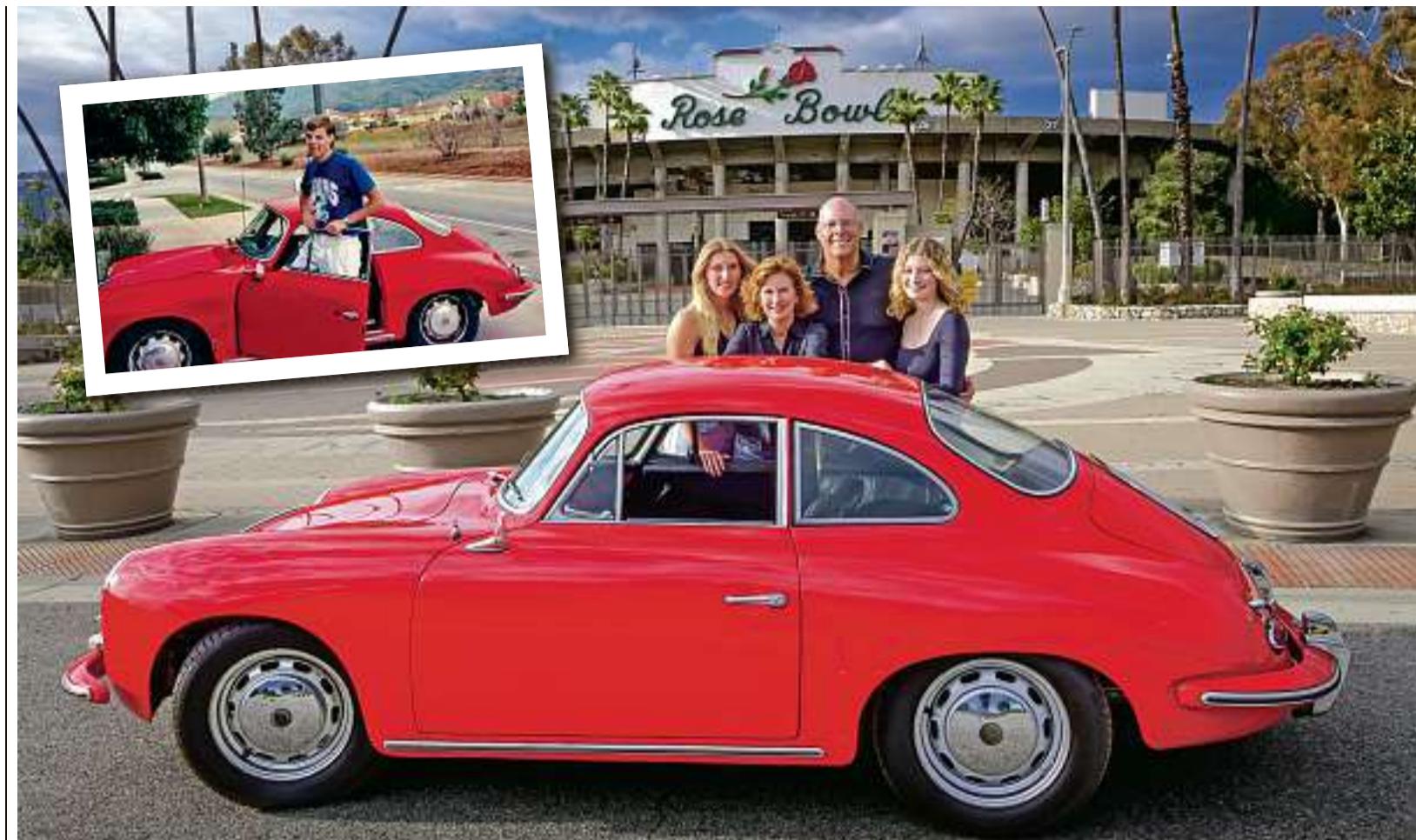
Another case involved whether billionaire Elon Musk and his Department of Government Efficiency should be allowed to access Treasury Department records containing sensitive personal data on millions of Americans. Over the weekend, a federal judge in New York issued an order barring employees without proper background checks and security clearances from accessing the payment system.

That order had been criticized by Trump allies for its breadth. The Justice Department had asked it to be reversed in its entirety.

On Tuesday U.S. District Judge Jeannette Vargas opted to keep most of it in place at least until Friday, when she is scheduled to hear arguments by blue-state attorneys general that it is unconstitutional for DOGE to access the Treasury system.

Watch a Video

 Scan this code to see how Trump is testing the limits of executive power.



Hunt Turner pictured above with his family and the 1964 Porsche 356, and, in inset above left, Turner as a senior in high school.

FROM TOP: PAUL CLICK; TURNER FAMILY (OVERLAY); MATT DUSIG

Fires Forced Tough Choices on Car Capital

By MIKE COLIAS

Hunt Turner and his wife rushed out the door of their Altadena, Calif., home as their phones blared evacuation messages, warning of encroaching wildfires. Turner reached into his pocket for an old metal car key.

"Let's go get the Porsche out," he said, of the vintage 1964 car sitting in the detached garage. The cherry red Porsche 356 had been in the family for decades and was a beloved heirloom that he had once used to teach his two daughters how to drive—stick shift and all.

But the electricity was out, and the garage door wouldn't lift. "We've got to go," he said. They hopped in their pickup truck, leaving the Porsche behind.

The wildfires that struck Altadena, Pacific Palisades and other L.A. communities in January claimed at least 29 lives and razed more than 10,000 homes and other structures. They also destroyed countless photos, scrapbooks, artwork and other valuables—and an unknown number of vintage and exotic cars.

The Palisades and Eaton fires are now fully contained, and residents have been allowed to visit their homes in the affected areas.

Los Angeles is America's de facto capital of car culture. Within days of the blazes starting, photos began to circulate online of aged and rare vehicles reduced to charred metal and sitting among the rubble. Reports from owners and in-



Matt Dusig's 1974 BMW CS burned in Pacific Palisades.

surers have only further dimensioned out the toll the fires have taken on this corner of the collectors' market.

Enthusiasts abound

With its palm-tree-lined boulevards and the glitz and glam of Hollywood, metropolitan L.A. is the largest car-enthusiast market in the country, home to 1.3 million such cars, according to Hagerty, a Michigan-based insurer that specializes in vintage cars.

"There are probably more Porsches per square inch in Malibu, Pacific Palisades and Beverly Hills than any other place," said car enthusiast Jay Leno in a recent phone interview.

While his collection in Burbank wasn't threatened by the fires, Leno joined the relief effort using a 1941 firetruck to serve barbecue chicken and ribs to first responders. On a trip to the Palisades, he saw the charred remains of a clas-

sic-car collection, including the husk of a 1940s-era Lincoln.

"People lost everything, so you don't want to focus on the cars," Leno said. "But seeing that does hit home."

For Turner, the sentimental value around his Porsche weighed heavier because his father, who bought it new in 1964 for about \$5,000, died in early 2024. The car is insured for at least \$120,000.

Turner, 53, was brought home from the hospital in the car, a ritual he repeated after each of his daughters were born. He and his wife still take the Porsche out on most weekends. The odometer reads 293,000 miles.

"It's definitely part of the Turner family identity," he said.

After fleeing their home, the Turners spent a sleepless night at a friends' house. They returned to the neighborhood the next day to help with some nearby homes on fire. Hunt used the opportunity to check

on the Porsche. He ran to the garage door, lifted it up a few inches on his first pull and kept heaving until he was able to prop a ladder underneath. He then jumped in the car, mashed the clutch to the floor and turned the key.

It roared to life.

Charred sheet metal

There is no official tally of the number of vintage cars damaged or destroyed in the fires. Hagerty has handled an influx of claims from policyholders who had classics affected by the L.A. blazes and already has sent out some checks, said Lee Meeler, the company's vice president of claims. He declined to say how many claims have come in.

A few days after the fire, a local CBS news crew walked through a burned-out car collection in Altadena. The report showed a melted 1960s Lincoln Continental and the husk of an old DeSoto car, among at least a dozen lost classics.

Matt Dusig, whose home is in Pacific Palisades, was forced to choose between the two vintage cars in his garage when he evacuated the morning of Jan. 7.

Dusig drove off in his 1973 BMW Alpina, a pristine, baby-blue coupe, for which he paid \$250,000 a few years ago. He left behind a silver 1974 BMW CS with the original red-leather interior. The car, along with the garage and his home, was found burned to ash.

Dusig, a 55-year-old former tech entrepreneur and now a

professional photographer, said he was more attached to the CS but opted for the Alpina because it is rare and more valuable.

"It's a little like having to choose between your kids," he said.

Jon Marashi's Ferrari 458 Speciale was destroyed with his Palisades house. Marashi last drove the car on New Year's Eve day on a ride up the coast to Malibu with his teenage daughter. He stopped to let her drive it for the first time and envisioned handing it down to her someday.

Marashi, a dentist, said he would join other car enthusiasts at a coffee shop in the Palisades on Sundays to cruise along the coast or through the canyons. The coffee shop burned down in the fire.

"It was just a thing we did out of our love for the community and cars," he said.

Vehicle-storage facilities received a stream of refugee cars during the fires. Webb Farrar, owner of a classic-car facility a few miles from the Palisades, took in more than a dozen vehicles after posting a social-media offer of free safe harbor for owners.

"Half my clients are from the Palisades. I wanted to help," he said.

After zooming out of the garage with his Porsche, Turner couldn't wait to tell his family and car-club buddies. He even made a 17-second video to capture the moment.

"I knew they were all going to be asking me," he said. "Did you see the Porsche?"

Bannon Pleads Guilty to Fraud In Border-Wall Fundraising

By JAMES FANELLI
AND CORINNE RAMEY



Steve Bannon won't face prison in New York Case.

others with fraud related to the border wall nonprofit.

Trump pardoned Bannon the following year. The White House said in a statement at the time that Bannon "has been an important leader in the conservative movement and is known for his political acumen."

A state prosecutor said in court Tuesday that Bannon won't have to pay restitution to donors because they had been made whole by forfeiture actions in the federal case.

Arthur Aidala, a lawyer for Bannon, added: "There were never any accusations in this particular case that Mr. Bannon enriched himself."

The Manhattan district attorney's office won a conviction against Trump last year in which a jury found him guilty of covering up hush-money payments to porn star Stormy Daniels. In 2022, Trump's family business was found guilty in a Manhattan state court of an off-the-books compensation scheme to pay some executives in car leases, apartments and cash.

Trump has denied any wrongdoing. He accused Bragg, a Democrat, of bringing the hush-money charges against him out of political spite.

Heart's Desire

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U.S. NEWS

Democrats Struggle to Find A Strategy to Counter Trump

BY CATHERINE LUCEY

WASHINGTON—Democratic governors used a private phone call with Senate Minority Leader Chuck Schumer to push him to be tougher on President Trump. A text thread with current and former elected officials is blowing up with frustration. Lawmakers disagree on the political lessons from the election.

Three weeks into the second Trump term, Democrats are struggling to find their way.

Still reeling from its loss in November, the party has found little consensus on a message or direction. Frustrations abound with Schumer and House Minority Leader Hakeem Jeffries, as Trump tries to win now federal agencies, attempts to freeze congressionally appropriated funding and floats plans to occupy foreign territory, over objections from Democrats.

The first weeks of the Trump administration have brought the reality of Democrats' situation into a harsh light, according to conversations with more than 20 operatives and elected officials. Party members and officials fall broadly into two camps, said those familiar with such discussions. One camp has wanted to take a cautious approach, and the other has wanted to be more aggressive. But both are vexed.

About 10 days ago, Schumer was on a private call with governors, who urged him to unify senators in fighting back against Trump's nominees. The fact that some of Trump's cabinet nominees received Democratic votes angered many in the party.

In an interview, Schumer said the governors wanted senators to vote "no" on all nominees.

"Some of my caucus didn't want to do that, but basically I agreed with [the governors]



Sen. Chuck Schumer and other lawmakers at a protest last week.

and said, I'm going to urge people to vote no on every nominee, and we're going to work hard," he said, adding that Democrats did unanimously oppose Office of Management and Budget director Russell Vought.

They are also expected to stay united in opposing Robert F. Kennedy Jr. as Health secretary and Tulsi Gabbard as intelligence chief this week, but both are set to be confirmed anyway.

Schumer said a Democratic response is coming together. On Monday he issued a letter detailing new plans, including a portal for whistleblowers to report concerns, support for states' lawsuits against the administration and amping up messaging to voters.

For now, courts are holding back many of Trump's moves to shrink the federal workforce, but congressional Democrats are largely powerless, legislatively.

"We're not going to solve

this problem in three weeks, but we are making progress week by week, and as the weeks go on, you're going to see more and more success," said Schumer, who took part in a demonstration outside the Treasury Department last week to protest moves by Elon Musk's Department of Government Efficiency.

He emphasized that Trump's rapid-fire pace means there is a lot to respond to. "We're fighting on every front," he said.

Complicating the conversation are conflicting views about how to interpret Democratic losses in November. Some argue that losing the White House and both chambers of Congress, as well as Trump's dominance with white working-class voters and improvement with Black and Latino voters, should be a wake-up call for a party overhaul. Others contend that the Democrats ran close races in key battlegrounds and only narrowly lost the House and there is no need for alarm.

"Our brand is toxic in many of the places that we need to win, swing states, swing districts," said Rep. Adam Smith (D., Wash.). "Our coalition is fundamentally broken because of the distance between the far left and the rest of the coalition."

Democrats messaging on a text thread that included current and former elected officials recently expressed frustration with a comment from Rep. Jasmine Crockett (D., Texas) on CNN about diversity policies, according to a person familiar with the exchange. She said that "the only people that are crying are the mediocre white boys that have been beaten out by people that historically have had to work so, so much harder." Crockett's office declined to comment.

Ezra Levin, co-executive director of Indivisible, a liberal grassroots organization that has been pushing Democrats to do more to obstruct Trump's agenda, said lawmakers have grown more interested in participating in protest actions following a White House memo threatening to freeze federal grant funding and a pressure campaign from activists.

Asked about criticism of the Democratic response, Jeffries told reporters last week that a letter he sent to his caucus and other actions "speaks for itself."

In that letter, Jeffries promises to use a looming government-funding deadline as a way to pressure Republicans, promises legislation to counter DOGE attempts to access the Treasury Department's payment system and pledges a series of legal and messaging efforts.

"I would say we are trying to find our footing in the months after the election," said Rep. Ro Khanna (D., Calif.). But he added: "The absurdity of Trump trying to block funding has awakened a sleeping giant."

Restraints Slow Work Of Education Staffers

BY MATT BARNUM

is happening or has happened and you need an investigation," she said. "The fact that it seems to be on pause is deeply troubling."

It couldn't be learned how widespread the curbs on communication are. Some regional civil-rights offices are continuing to move forward on regular case work, according to a person familiar with the matter.

"As is standard protocol with a change in administration, [the civil-rights office] has paused issuance of any evaluative or investigative determinations to ensure that determinations are aligned with the law and President Trump's priorities," Craig Trainor, acting assistant secretary for civil rights, said.

For now, the office generally doesn't need to make any external communications besides acknowledging receipt of complaints, a spokesperson said.

Trump has vowed to abolish the Education Department

and is weighing an executive order aimed at doing so. He has also promised to make deep cuts to federal spending and to rid schools of what he views as "woke" policies.

The administration has taken swift action on some politically high-profile civil-rights topics. It launched probes into a Denver high school's all-gender bathroom and into universities that are alleged to have tolerated antisemitism and those with transgender athletes.

The Heritage Foundation's Project 2025 proposed moving the civil-rights office to the Justice Department. The Office for Civil Rights at the Education Department is codified in statute. Last fiscal year, the civil-rights office received over 22,000 complaints, an all-time high.

It is typical for a new administration to place some limits on work as political appointees reorient priorities, but this scope of restrictions is unusual, according to the people in the office and outside education lawyers.

Selene Almazan, legal director of the Council of Parent Attorneys and Advocates, which aims to protect the legal rights of students with disabilities, said she has already heard from some people in her network that communications from the civil-rights office have lapsed.

"When you file these complaints it's because something

is happening or has happened and you need an investigation," she said. "The fact that it seems to be on pause is deeply troubling."

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Musk Defends Cuts, Calling Federal Workers 'Unelected'

BY TARINI PARTI
AND ALEX LEARY

WASHINGTON—Elon Musk defended his cost-cutting plans as a campaign to curb federal spending amid opposition from Democrats and legal challenges that have stalled some of his efforts.

Appearing alongside President Trump in the Oval Office on Tuesday, the billionaire Trump donor offered a lengthy explanation of his views on the federal government, and made the case for his Department of Government Efficiency.

Musk, wearing a black "Make America Great Again" hat, described federal workers as an "unelected, fourth, unconstitutional branch of government" that he said has "more power than any elected representative."

In the weeks since Trump took office, DOGE staff have embedded at several federal agencies, reviewing government systems in search of excessive spending. In some cases, the Trump administration has slowed the work of agencies such as the U.S. Agency for International Development and the Consumer Financial Protection Bureau.

DOGE gained access to a Treasury Department payment system that sends trillions of dollars to Americans and businesses every year. Musk defended DOGE's efforts to review the Treasury pay-

ment system.

"It's not draconian or radical," Musk said. "I think it's really just saying, 'Let's look at each of the expenditures,' and say, 'Is this actually in the best interest of the people?'"

A federal judge in New York on Saturday temporarily restricted DOGE's access to the Treasury's payment system. Judge Paul Engelmayer, an Obama appointee, set a hearing in the case for Friday.

Asked about the Trump administration's false assertion that the federal government spent \$50 million worth of condoms to Gaza, the billionaire acknowledged that he may at times promote erroneous information. "Some of the things that I say will be incorrect and should be corrected," Musk said. "Nobody is going to bat 1000."

Musk's remarks came as Trump signed an executive order on Tuesday giving DOGE more authority to reduce the size of the federal workforce. The order directs agencies to restrict hiring to only essential positions, with some exceptions.

"It's not optional for us to reduce the federal expenses," Musk said. "It's essential. It's essential for America to remain solvent as a country."

Trump said if the White House thought there was a lack of transparency or a conflict for Musk, then "we would not let him do that segment or look in that area."

During the Oval Office event on Tuesday, Trump criticized judges for blocking the administration's efforts.

"It seems hard to believe that judges want to try and stop us from looking for corruption," he said.

The president said he would abide by court rulings and appeal decisions if needed.

The Trump administration has given most government workers the choice to either return to the office full-time or resign and get paid for the next eight months. Roughly 65,000 federal workers have opted to resign, according to an administration official. The White House has previously estimated that 5% to 10% of federal employees would accept the offer.

A federal judge in Massachusetts paused a deadline for federal employees to decide whether to accept the offer to resign.

Asked about Democratic criticism that Musk was orchestrating a hostile takeover of the government, the Tesla chief executive responded: "The people voted for major government reform, and that's what people are going to get."

Watch a Video

Scan this code to watch a video on Musk's comments at the Oval Office.

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U.S. NEWS

U.S. WATCH

WASHINGTON

Some in GOP Try To Save Food Aid

One of the first efforts to restore a program run by the U.S. Agency for International Development has begun—and it is coming from Republicans.

Congressional Republicans from farm states are trying to save a \$1.8 billion U.S. food-aid program that purchases U.S.-grown food and is administered by USAID, which has been largely closed by the Trump administration. Legislation set to be introduced would preserve the Food for Peace program by transferring it to the U.S. Department of Agriculture, which currently funds it but doesn't run it.

The bill's sponsors include GOP Reps. Tracey Mann of Kansas, Rick Crawford of Arkansas, Dan Newhouse of Washington, David Rouzer of North Carolina and House Agriculture Committee Chairman GT Thompson of Pennsylvania, along with Republican Sens. Jerry Moran of Kansas and John Hoeven of North Dakota.

"By moving Food for Peace to USDA, the program can continue to equip American producers to serve hungry people," Mann said Tuesday.

The bill marks a rare effort from Republicans to defend a federal program targeted by Elon Musk's Department of Government Efficiency as it has blitzed through USAID in an unprecedented effort to shrink the federal government.

—Kristina Peterson

WASHINGTON

FAA Wants Curbs On D.C. Helicopters

Federal air-safety officials want to permanently keep helicopters away from commercial jets taking off and landing at a busy Washington, D.C., airport after the deadliest U.S. aviation accident in more than two decades.

The move, under consideration by senior Federal Aviation Administration officials, would be part of a long-term plan to improve safety at Ronald Reagan Washington National Airport, said people familiar with the discussions.

Helicopters have been temporarily barred from flying in a corridor used by the U.S. Army Black Hawk that collided Jan. 29 with an American Airlines regional jet, killing 67 people. The routes are used to ferry senior military officials around the region and train for a mission in the event American political leaders need rapid evacuation from Washington.

—Andrew Tangel, Alison Sider and Nancy A. Yousser

MARYLAND

President Appeals Birthright Ruling

President Trump's administration on Tuesday said it is appealing a Maryland federal judge's ruling blocking an executive order seeking to end birthright citizenship for people whose parents aren't legally in the country.

In a brief filing, the administration's attorneys said they were appealing to the Fourth Circuit Court of Appeals. It is the second such appeal the administration has sought since Trump's executive order was blocked in court.

The government's appeal stems from U.S. District Judge Deborah Boardman's grant of a preliminary injunction last week in a case brought by immigrant rights groups and expectant mothers in Maryland.

—Associated Press

CALIFORNIA

Teen Gets 4 Years For Prank Threats

A California teenager was sentenced Tuesday to four years in prison in a case involving hundreds of swatting calls, including to a Florida mosque among other institutions and individuals, federal prosecutors said.

Alan W. Filion, 18, pleaded guilty in November to four counts of making interstate threats. Swatting is the practice of making a prank call to emergency services in an attempt to get a large number of armed police officers dispatched to a particular address. He targeted religious institutions, high schools, colleges and universities, government officials and people across the U.S., prosecutors said.

—Associated Press

**American Is Freed By Russia**

Continued from Page One

a string of Americans arrested as Putin turned to invade Ukraine. At first Russia seemed to view him as a catch of considerable value: His past students included the adolescent children of William Burns, Biden's Central Intelligence Agency director; and Michael McFaul, ambassador to Moscow during the Obama administration. He was sentenced to 14 years, one of the longest drug sentences in Russia's post-Soviet history.

And yet the arrest of "Mr. Fogel," as his students called him, failed to break through with the U.S. public and anyway was soon eclipsed. Six months into his detention, the same Russian customs unit at Moscow's Sheremetyevo airport arrested WNBA star Brittney Griner and charged her with possession of marijuana products, under the same statute in the Russian criminal code.

The Biden administration quickly designated Griner "wrongfully detained" and within 10 months of her arrest, exchanged her for convicted arms trafficker Viktor Bout. Fogel had knowingly flown in with 17 grams of marijuana, 24 times the trace amounts found on Griner, who said she had simply forgotten to remove two vape cartridges from her luggage.

Hard labor

Fogel then watched from a succession of prison cells and a hard labor camp as other Americans—including former Marines Paul Whelan and Trevor Reed and Wall Street Journal reporter Evan Gershkovich—were listed as wrongfully detained by the State Department and traded for Russian prisoners in U.S. and European jails.

Along the way, his mother and two sisters led a campaign to free him, shuttling to Washington to score time with the lawmakers they hoped could pressure the White House. In her ranch-style home in Butler, the nonagenarian welcomed local news reporters, and after years of failing to get her son designated as wrongfully detained, sued the State Department.

But that lawsuit made it harder for State Department officials to communicate with the family and explain the efforts they were making. Right up until the Biden administration's final days, its senior officials said they were pushing for Fogel's release, on humanitarian grounds—a follow-up to the Aug. 1 prisoner swap that freed Whelan and Gershkovich. Last December, Biden's State Department officially declared Fogel wrongfully detained.

"We're constantly trying different arrangements, different offers to see what we can do," then-Secretary of State Antony Blinken told the Journal shortly after the August exchange. "We don't take a minute off to get others home, including Marc."

On the surface, the Fogel case was straightforward. A teacher flying into Russia for his last school year before retirement committed the crime of carrying the medical marijuana he used to dull his back pain. But the operation to detain him, a Journal review found, was more complicated, an extensively coordinated trial run for future arrests, planned by the Kremlin as it snuffed out one of the last institutions beyond its control—an American embassy school—according to legal documents, interviews with U.S. officials and Fogel himself.

Russian security services were surveilling the campus for a pretext to discredit and



The 95-year-old mother of Marc Fogel, Malphine Fogel, above left, fought for her son's release. Above, she shows a photo of Marc Fogel in her home in Butler, Pa., on July 25.

NATE SMALLWOOD FOR WSJ (2)

ultimately close what had become the school of choice for the post-Soviet elite, beyond the reach of Vladimir Putin's tightening rules over the classroom. And in Fogel's suitcase, they found one.

The sting began with a confidential memo to the customs desk at Moscow's largest airport, outlining an "especially important case" for Russia's security services.

High above the North Atlantic, Marc Fogel was returning to Russia for the 2021 school year, his last before retirement. The children of ambassadors and oligarchs had cycled through his classroom at the elite school on Moscow's edge for nearly a decade. An enthusiastic softball coach who strummed guitar on the team bus, he tossed tennis balls to students while hosting lively discussions on the revolutions of the 20th century. He kept a unicycle in his class. But years of chronic back pain—which he treated with prescription marijuana—had become so acute that he could no longer sit while teaching. Aching in his economy seat, he paced the aisle as the overnight flight barreled through the dark.

The arrest

At Moscow's Sheremetyevo airport, customs agents pulled passenger lists for incoming flights and found the names of Fogel and his wife, Jane. An informant knew the teacher would be flying in with prescription marijuana—and also knew he was no longer enjoying the protections of a diplomatic visa that had just expired.

Officers in camouflage fatigues were waiting by a baggage belt, as Fogel, in a Hawaiian shirt, walked off the plane. Security-camera footage captured the teacher's last moments of freedom, as an agent pulled him aside to search the suitcase where he had packed 17 grams of marijuana in vape cartridges.

When his wife caught up to him in the security line she could tell from his heavy breathing that something was wrong. "Jane, I'm really in trouble," he said.

The arrest of the history teacher from suburban Pittsburgh, would barely register in international news, preoccupied with the Taliban takeover of Kabul that month. Swiftly after the arrest, Moscow floated trading Fogel for Russians held in the U.S. But in Washington, the educator, who admitted carrying the medically prescribed marijuana, remained obscure, blowing through his retirement savings trying to secure legal help. A former ambassador, senators and congressmen all stepped in to champion his case, only to collide

against the opaque methodology the State Department uses to choose which Americans to trade. Last year, 12 Democratic and Republican members of Congress sponsored the Marc Fogel Act, which would require the State Department to give Congress a justification for its decisions for which Americans it designates as "wrongfully detained."

Gilded campus

The sprawling campus that Fogel arrived at in 2013 was a glimmering slice of America in a country turning against the West. Tuition from some of Russia's richest parents had funded a new Olympic-size swimming pool, tennis courts and a theater that accommodated a thousand students.

Outside, a hidden infrastructure rose in tandem: newly installed cameras erected by Russian security services faced into the walled compound, while plainclothes agents rotated shifts in a nearby car park, noting which

vehicles were coming in and out. Local staff, administrators knew, were under state pressure to keep watch over the foreign employees and students.

Putin had just won a second stint in the presidency, overcoming mass protests he believed were masterminded by the State Department. At the U.S. Embassy, diplomats reported a rise in instances of harassment by Russian security services. Embassy vehicles had their tires slashed, diplomats reported that their apartments had been broken into and furniture conspicuously moved, and in one case a family dog died mysteriously. Ambassador Michael McFaul was followed almost everywhere he went.

His teenage son meanwhile was taking history with the new presence on campus, "Mr. Fogel," who would spend break times in the hallway, lending an ear to students he called on by nicknames he had coined for them. As a coach, he cheered for both teams at softball matches. In the classroom, he taught while perched on a red yoga ball. He lined the windowsills with lilacs that he plucked as Moscow's winter thawed and spring flowers bloomed. His wife, Jane Fogel, became close friends with McFaul's wife.

For years, the Putins government had complained bitterly about the Anglo-American School, protesting that any institution teaching Russian nationals, on Russian soil, should be registered under their education ministry and subject to Russian curriculum rules. It had been founded for the children of British, Canadian and American diplomats under Joseph Stalin. The Soviet collapse made its classrooms the favored choice for a new Russian elite who wanted their kids to receive an American education.

"There was an assumption that they would never shut down a school because all these oligarchs sent their kids there," said Eric Rubin, who served as deputy chief of mission in America's Moscow embassy. "It's become clear they don't care about these oligarchs."

Teachers came in on diplomatic visas, as staff for the U.S., British or Canadian Embassies. But in Fogel's second year, when Russia seized Ukraine's Crimean Peninsula, the Canadian government spoke out strongly against the annexation, and the Kremlin began slashing the number of diplomatic visas Canada could secure. Soon after, Russia began slow-walking British visas, leaving the school struggling to hire foreign staff.

When the Obama administration sanctioned four Russian individuals and five Russian entities for what it said was interference in the 2016 election, CNN reported Russia was planning to close the school in response. After incoming national security adviser Mike Flynn called the Kremlin before President Trump's first inauguration to say his administration would take a different approach to Russia, Putins held off, and publicly invited the school's pupils to visit the Christmas tree in Red Square.

Fogel, meanwhile, was falling in love with Russia and its tumultuous history. In 2017, he led his students in a centennial celebration of the February Revolution that toppled the czar and ushered in a brief and ultimately doomed attempt at a democratic Russian republic. He encouraged Russian students to share their parents and grandparents' memories from the Communist era—both the nostalgia for the Soviet Union's sense of common purpose, alongside the feeling of menace and stagnation others recalled. His back pain worsening, he and his wife decided to teach one

last year—then retire in America.

For his last year, he would have to enter on an ordinary visa. To survive, the school had re-registered itself under the Ministry of Education. Over summer 2021, a group of men removed the LGBTQ+ section of the library, and other books deemed in violation of the government's patriotic education.

Malphine Fogel was on her neighbor's porch when her two daughters told her Marc had been arrested.

The family called McFaul, who tried to rally senior officials in the Obama administration. "I talked to whoever I could, the State Department, the White House, these are people I knew, to raise awareness," he said.

Legal quandary

Early on, the State Department discouraged the family from speaking out. The Fogel case presented a quandary. A new law, the Levinson Act, required the State Department to "review the cases of United States nationals detained abroad to determine if there is credible information that they are being detained unlawfully or wrongfully"—and if so, work toward their freedom. Fogel admitted carrying marijuana—illegal under Russian law. Yet he would be sentenced to 14 years, one of the longest drug sentences in Russia's post-Soviet history.

When news reached Fogel in prison that basketball star Griner had been exchanged for Bout on an airstrip in the United Arab Emirates, he was broken. His mother was offended: "Marc and our family are not being given the same rights as Brittney and her family," she said.

In his prison camp, Fogel was struggling amid the monotony and the guilt for what his family was facing. Days were spent growing radishes, walking in the prison yard and reading the only English books in the prison library—"Dr. Zhivago," "Moby Dick" and "Anna Karenina"—over and over again.

For months, he had taught cellmates English, a favor they repaid with letting him call home on the prepaid cellphones they'd smuggled. His back problems were worsening and he was regularly in the infirmary.

One of the few letters he managed to send home had a tinge of despair. "Teachers are at least as important as b-ballers," he wrote.

The sprawling Moscow campus was a glimmering slice of America.

Marc Fogel and his wife Jane, who were together on a flight to Moscow's Sheremetyevo airport when he was arrested.

WORLD NEWS

Vance Urges Light AI Hand

U.S. is at odds with dozens of countries pushing for common regulatory principles

BY SAM SCHECHNER
AND STACY MEICHTRY

PARIS—The Trump administration wants the U.S. to dominate the artificial-intelligence revolution, and is warning American allies to get on board with its light-touch approach to tech regulation or risk being left out.

The U.S. is winning the race to build the best AI-training chips and the most advanced AI algorithms, and “intends to keep it that way,” Vice President JD Vance told world leaders—including French President Emmanuel Macron and Indian Prime Minister Narendra Modi—gathered Tuesday for an AI summit in Paris.

Other leaders at the summit pushed for a common set of principles that they say will lead to safe AI systems that are energy efficient and available to the developing world. Dozens of governments attending the summit signed a joint declaration that the U.S. and U.K. declined to endorse, a major setback to the summit’s ambition to build an international consensus.

“We believe that excessive regulation of the AI sector could kill a transformative industry just as it’s taking off,” Vance warned, before citing European regulations that he said pose an unfair burden on American companies. “We need our European friends in particular to look to this new frontier with optimism rather than trepidation.”

The European Union’s executive arm has used new digital competition and content-moderation laws to target U.S. tech companies including **Meta Platforms**, Elon Musk’s **X** and **Apple** for alleged violations that could lead to bil-



OpenAI CEO Sam Altman spoke with French President Macron at the AI summit on Tuesday.

lions of dollars in fines.

Vance said on Tuesday that the U.S. can’t and won’t accept foreign governments’ “tightening the screws on U.S. tech companies.”

While Vance promoted U.S. AI supremacy, Macron pushed for more AI investment in France and Europe. France, with abundant nuclear power, announced new AI computing facilities that it says could put the country on par with the U.S., with its Stargate plans to build massive AI data centers.

The EU on Tuesday announced its own investment program of €20 billion, equivalent to \$20.61 billion, to build large AI data centers. That comes on top of European corporate pledges to invest billions more in European AI.

Macron and other European officials have said they aim to cut red tape for AI projects, but they have also supported a new EU law requiring AI developers to test the most cutting-edge models for an array of risks.

“Yes, AI needs competition. But it also needs collaboration. And it also needs to be safe,”

said Ursula von der Leyen, the president of the European Commission, in a speech following Vance’s. India’s Modi also called for broad AI-governance efforts that include the rest of the world.

Vance, on his first foreign trip as vice president, is tackling points of tension with European leaders that also include trade policy, military spending and Russia’s war in Ukraine. He will go to Munich to attend a security conference starting on Friday.

The Paris summit’s declaration, released on Tuesday, called for “respect of international laws including humanitarian law and human-rights law and the protection of human rights, gender equality, linguistic diversity, protection of consumers and of intellectual property rights.”

Those weren’t themes that Vance highlighted. He spoke about ridding U.S. AI systems of ideological bias that he said was to blame for controversies, for instance when the visual feature in Google’s Gemini chatbot produced historically inaccurate images and, in

some cases, refused to generate depictions of white people.

“The Trump administration will ensure that AI systems developed in America are free from ideological bias and never restrict our citizens’ right to free speech,” Vance said.

Vance also took veiled shots at AI rival China, suggesting that “authoritarian regimes” use stolen AI tools to “capture foreign data and create propaganda.” He said the U.S. would block those efforts. He also urged allies not to buy what he described as cheap technology from such countries.

Some U.S. tech executives have also argued that winning an AI race against China requires lighter regulation in the U.S. and Europe. On Tuesday, OpenAI said the outcome will determine whether the technology ends up benefiting democracies or autocracies.

“The global rails of AI will be built by one of these two countries,” Chris Lehane, vice president of global affairs at OpenAI, said at an event in Paris on Tuesday, speaking of the U.S. and China. “The stakes are very high.”

WORLDWATCH

RUSSIA

Web-Hosting Firm Hit With Sanctions

The U.S., U.K. and Australia on Tuesday imposed sanctions on a Russian web-hosting services provider and two Russian men who administer the service in support of Russian ransomware syndicate LockBit.

The Treasury Department’s Office of Foreign Assets Control and its U.K. and Australian counterparts imposed sanctions on Zservers and two Russian nationals serving as Zservers operators.

Treasury alleges that Zservers provided LockBit access to specialized servers designed to resist law-enforcement actions.

LockBit ransomware attacks have extracted more than \$120 million from thousands of victims around the world.

LockBit has operated since 2019, and is the most-deployed ransomware variant around the world, according to the U.S. Cybersecurity and Infrastructure Security Agency. It has been linked to attacks on airplane manufacturer Boeing, the U.K.’s Royal Mail, Britain’s National Health Service and international law firm Allen and Overy, as well as the November 2023 attack against the Industrial & Commercial Bank of China.

—Associated Press

UGANDA

Ebola Cases Rise To 9, Officials Say

Ebola cases in Uganda have risen to nine, while 265 other people were being monitored under quarantine, health authorities said on Tuesday.

The nine include the first victim, a male nurse who died the day before the outbreak was declared on Jan. 30. That man remains the only fatality.

Eight patients “are receiving medical care and are in stable condition,” the Health Ministry said.

Seven were admitted to the main public hospital in Kampala, the Ugandan capital, while one was being treated in the eastern district of Mbale, the ministry said, adding that “the situation is under control” amid heightened surveillance.

The nurse who died had first sought treatment in Kampala and later traveled to Mbale, where he was admitted to a public hospital. Health authorities said the man also sought the services of a traditional healer. His relatives are among those being treated for Ebola.

The previous outbreak of Ebola in Uganda, which began in September 2022, killed at least 55 people by the time it was declared over four months later.

—Associated Press



SHINE ON: Kandyan dancers participated in a procession at a Buddhist temple in Colombo, Sri Lanka, on Tuesday.

THILINA KALUTOTAGE/REUTERS

Legendary warmth.



Top-Of-Mind Business For Business' Top Minds

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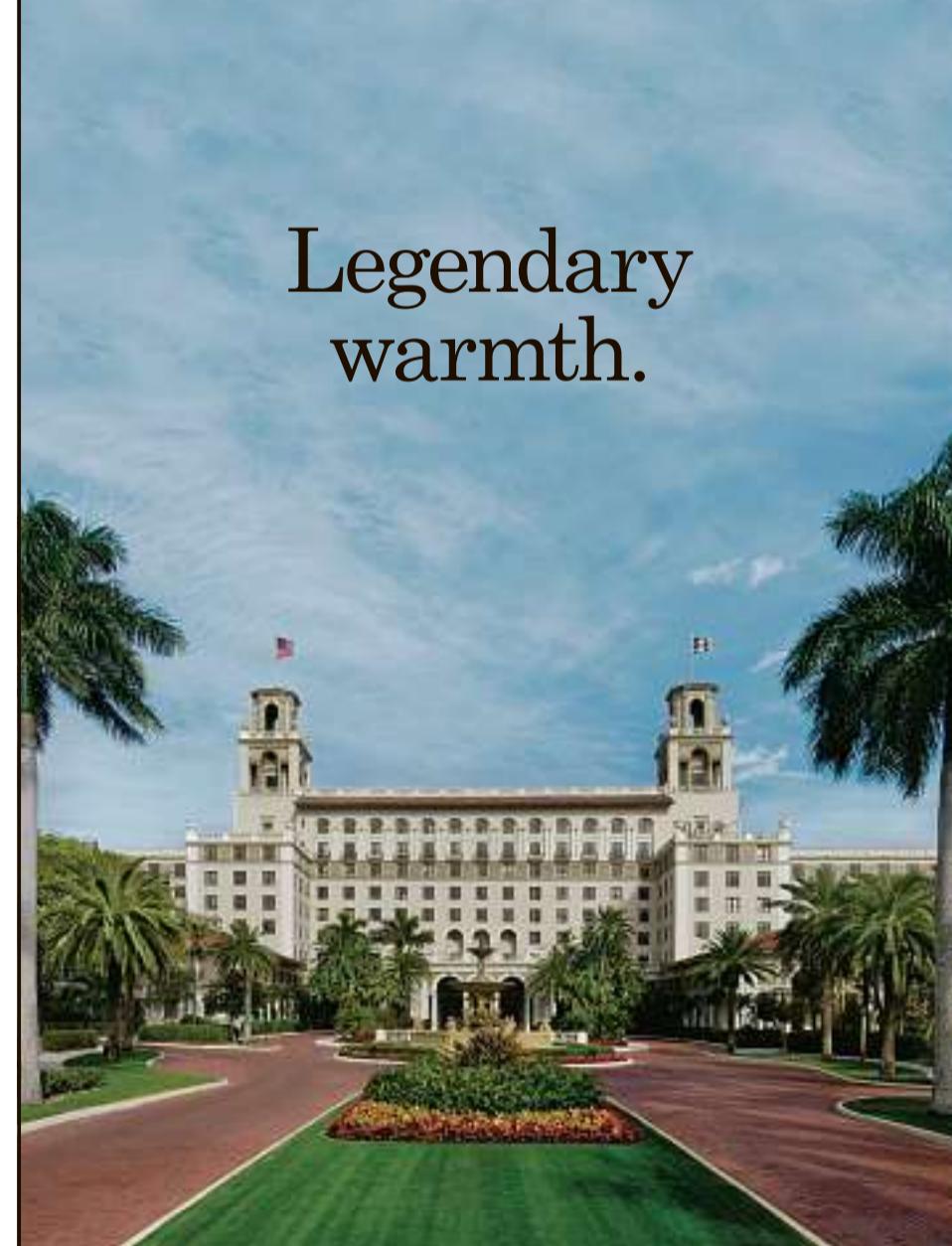
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WORLD NEWS

Netanyahu Sets Deadline to Free Hostages

New Israeli demand for Saturday release follows ultimatum issued by Trump

By CARRIE KELLER-LYNN
AND SUMMER SAID

TEL AVIV—Israeli Prime Minister Benjamin Netanyahu demanded that Hamas release Israeli hostages by noon Saturday or face a return to war, a deadline President Trump said he didn't think the militant group would meet.

Netanyahu issued the ultimatum after a security cabinet meeting on Tuesday.

"If Hamas does not return our hostages by Saturday noon, the cease-fire will end and the IDF will resume intense fighting until the final defeat of Hamas," Netanyahu said, referring to Israel's military.

Netanyahu's remarks came after Hamas set off a rupture in the talks on Monday by saying it would postpone the release of the three hostages scheduled to be freed this weekend to protest delays in deliveries of humanitarian goods.

Trump, commenting on the possible delay, warned Hamas on Monday that he would "let hell break out" if the hostages weren't returned on Saturday.

Israel's security cabinet met Tuesday to discuss snags in the deal and expressed sup-



An Israeli tank crew above the ruins of the northern Gaza Strip on Tuesday; a dispute over shelter threatens the cease-fire.

rather than extending the agreement.

Hamas says Israel was violating the agreement by delaying supplies such as tents and mobile homes needed to shelter displaced Palestinians. The shelter issue is liable to fester as there aren't enough prefabricated homes available in the region to supply the 60,000 units stipulated in the deal in the near future, Arab mediators and an official familiar with the agreement said.

The deal's text, reviewed by The Wall Street Journal, doesn't state who is responsible for supplying the prefabricated homes, saying only that they would enter the enclave.

Cold weather in Gaza is taxing the enclave's population of more than two million, most of whom have been displaced throughout the war. While humanitarian aid has surged into the strip with the pause in fighting, Hamas has complained that materials needed for shelter remain in short supply.

Far-right Israeli groups said on Tuesday they would impede aid trucks from going into Gaza, particularly if the hostage swaps didn't go ahead.

Protesters in support of continuing the deal blocked a main thoroughfare from Tel Aviv to Jerusalem on Tuesday, bearing signs that said "abandonment of hostages is a war crime."

port for Trump's comments, an Israeli official said.

Israel said it also would pause efforts to implement the agreement and suspend negotiations for follow-up phases of the deal, in which more hostages would be released in exchange for an end to the war.

The terms of the deal call

for 33 hostages to be released during this first phase, with three coming out every Saturday in exchange for dozens of Palestinian prisoners. Hamas has already released 16, and eight are believed to be dead, leaving nine alive and still captive.

Talks were supposed to begin last week on a transition to

phase two, during which a release of the rest of the hostages and a permanent end to the war were to be discussed. Those talks have yet to happen.

The Israeli military issued a directive on Monday to deploy more troops to the Gaza border area.

The moves are some of the most serious in a series of dis-

putes in a deal that has nevertheless held together since it began Jan. 19. Mediators expected friction to grow when the two sides entered talks over the second phase of the deal.

Meetings in Doha, Qatar, this week bore little fruit, Arab mediators said, and were aimed at smoothing out hiccups in the current phase

Hostage Accounts Raise Alarm About Survival Prospects

By ANAT PELED

TEL AVIV—For 16 months, Alon Ohel's mother wasn't sure if her son, kidnapped by Hamas on Oct. 7, 2023, was alive or dead. Last weekend, she found out that he has been kept shackled in an underground tunnel, shrapnel in his eye and shoulder, subsisting on one piece of pita bread a day.

The conditions of 24-year-old Ohel's captivity, as described by two hostages held alongside him and released on Saturday, and the experiences of others held

Three freed hostages said they were kept underground for more than a year.

deal's terms. Mediators said the Palestinian Islamist militant group has been angered by President Trump's call to remove Palestinians from Gaza, Israeli leaders' support for the plan, and a lack of agreed-upon humanitarian aid.

Trump demanded Hamas release all of the hostages it is holding by noon local time

Saturday, saying that if they aren't freed, "all bets are off and let hell break out."

"Is there one mother who could accept that her son is hungry for food, shackled with chains for so

many days?" Ohel's mother, Idit Ohel, said in a TV interview on Sunday. "How can a mother sleep at night knowing this?"

Israel and Hamas agreed in January to pause fighting for 42 days, during which 33 Israeli hostages would be released in exchange for hundreds of Palestinian prisoners

held by Israel. Under the deal, an additional 17 people—including some known to be dead—are due to be exchanged over the next few weeks.

The two sides were supposed to have begun talks about a second-phase agreement that would lead to the release of all remaining hostages and an end to hostilities in Gaza. Those negotiations were to have started 16 days after the first-phase pact was sealed. Twenty-four days have now passed. Alon Ohel isn't expected to be released until the second phase.

Prime Minister Benjamin Netanyahu on Tuesday convened the security cabinet to discuss Israel's starting positions for stage-two negotiations. Several Israeli lawmakers have said they oppose moving on to that stage, and one party has threatened to quit the government, potentially risking the survival of Netanyahu's ruling coalition.

Also on Tuesday, Netanyahu joined Trump in demanding that the remaining hostages be released by noon Saturday.

The gaunt and frail condi-

tion of three men released last Saturday—El Sharabi, Or Levy and Ohad Ben Ami—evoked for some Israelis images of Holocaust survivors. Sharabi and Levy were held together with Ohel.

The men reported they were kept underground for more than a year and were unable to stand or move. They suffered severe hunger.

"The images we saw show significant weight loss" with

long-term health risks, Hagar Mizrahi, a senior Israeli Health Ministry official, said. "It is very possible that we will see sights that are worse than this."

Some Israeli officials said they were shocked by the men's state. Gal Hirsch, a senior official in charge of hostage affairs in Netanyahu's office, said Israel had complained to the mediators in the cease-fire talks about the men's condition.

But families of hostages said

Israeli officials had long known their condition because they had been briefed by intelligence officials. They accused the government of failing to make the release of the hostages a priority.

Families of the three hostages released on Saturday said nothing had prepared them for the sight of their relatives. They said their initial joy was quickly replaced by alarm.

Many families of hostages who aren't on what is called the humanitarian list—which includes women, children, the elderly and the wounded—say they are afraid they won't see their loved ones again.

On Monday, Ohel's family celebrated his birthday at Hostages Square in Tel Aviv, where thousands of Israelis gathered. His mother said she was certain he would survive.

"Alon's great grandfather was in Auschwitz in the Holocaust, and he came out [66 pounds] and he survived, and he came to Israel and made a beautiful family," she said. "He has the strength because it's in his genes to know how to survive something like that."

Abdullah Sidesteps President

Continued from Page One

leaders this month to discuss "the new and dangerous developments in the Palestinian issue." While Egypt hasn't publicly spelled out the terms of a potential plan, it is expected to call for keeping the population in place without outlining arrangements to secure and administer the enclave.

Few Middle East experts think Trump's plan is practical, in large part because the Palestinians fear being forced into a permanent exile and Jordan and Egypt have refused to accept them. Some have raised concerns about international law and whether it constitutes ethnic cleansing.

"I reiterated Jordan's steadfast position against the displacement of Palestinians in Gaza and the West Bank," Abdullah said in a statement after meeting Trump. "Rebuilding Gaza without displacing the Palestinians and addressing the dire humanitarian situation should be the priority for all."

Abdullah can't afford to be seen as cooperating in an enterprise that will be portrayed in the Arab world as a betrayal of the Palestinians, particularly amid internal security concerns exacerbated by the flow of illegal weapons smuggled from Syria for years under the Assad regime.



Jordan's King Abdullah told President Trump to wait for Egypt to present its own Gaza plan.

"The proposal is catastrophic," said Oraib Rantawi, director-general of the Amman, Jordan-based Al Quds Center for Political Studies. "We cannot accept gambling with the country's security, national identity, and very existence."

From Trump's perspective, his plan has the virtue of simplicity, some of its proponents said. Not only might it make it easier to rebuild Gaza, but it also hints at a solution for the unsolved question of how to remove the militant group Hamas from the territory. Since everybody would be called on to leave, the remaining Hamas fighters and sympathizers would also depart. Later, they said, the international community could determine who would be allowed to live there,

and Hamas would be shut out.

At a minimum, some of its advocates within the Trump administration said, it will spur Arab nations to put forth a plan to deal with the security and financial challenges of rebuilding Gaza.

"Right now, the only one who's stood up and said I'm willing to help do it is Donald Trump," U.S. Secretary of State Marco Rubio said during an interview on Monday with SiriusXM Patriot. "All these other leaders, they're going to have to step up. If they've got a better idea, then now is the time. Now is the time for the other governments and other powers in the region, some of these very rich countries, to basically say, OK, we'll do it."

That has put Jordan and

Egypt on the spot, current and former U.S. officials said.

"Abdullah faces a complicated task: how to explain to Trump why Arab leaders have a problem with his call and yet also show they also understand that there must be a practical approach to reconstructing Gaza and why this can only be done with Hamas no longer in control," said Dennis Ross, who served as a senior Middle East official in both Democratic and Republican administrations. "Striking that balance requires offering practical suggestions for how to do it and showing how it fits into Trump's desire to expand the Abraham Accords."

The U.S. brokered the accords during Trump's first administration and normalized relations between Israel and the United Arab Emirates, Bahrain and Morocco—a breakthrough Trump hopes will be expanded to include normalized Israeli ties with Saudi Arabia.

Some U.S. officials see the threat of cutting aid to Jordan, which Trump alluded to as recently as Monday but appeared to put aside on Tuesday, as a double-edged sword. The U.S. has economic leverage over Jordan, including substantial economic and military aid. But cutting support to Jordan could foster instability in the region.

"Even the Israelis would have to understand that cutting off the \$1 billion plus to Jordan could create the kind of instability that they don't need with their longest and arguably least defensible border," said Aaron David Miller, a former U.S. peace negotiator. "The Jordanians can't afford to walk away from Trump. The leverage is on Trump's side. I just don't think the king is going to agree. It's not a real-estate deal to Abdullah. It's an existential problem."

While Trump said there was no need to threaten to withhold aid to Jordan and Egypt to pressure them to agree to his plan, he didn't explain how the U.S. would take control of Gaza without using military force or how its populations, including Hamas, would be persuaded to leave. Nor did he explain what role would be played by Israel, which has been fighting a 16-month war in Gaza.

Rebuilding the shattered territory would take a long time, Trump said, adding that some Palestinians might return for work but not to reclaim their land and reoccupy their homes.

Small, resource-limited Jordan, which established formal ties with Israel in the 1990s and where millions of the Palestinian diaspora live, has long been a bastion of relative stability in a volatile region. It hosts U.S. troops and helped Israel fend off missile attacks from Iran last year. The U.S. agreed in 2022 to provide Jordan with about \$10 billion in aid over seven years.

But a sluggish labor market, high poverty levels among refugees, low trust in public institutions and decreased U.S. aid to agencies that assist Jordan could fan the flames of brewing political discontent.

Protests in support of the Palestinian cause have taken place frequently in the capital, Amman.

Jordan risks again becoming a hotbed of militancy if armed Palestinian elements enter the country en masse. Abdullah's great-grandfather, King Abdullah I, was killed by a Palestinian assassin in 1951. His father, King Hussein, expelled thousands of Palestinian militants after months of brutal armed clashes between the army and the Palestine Liberation Organization in the early 1970s.

Trump had invited President Abdel Fattah Al Sisi of Egypt to meet at the White House as well. But Sisi is concerned about the optics of meeting with Trump and the risk of being cornered publicly while the U.S. leader is pushing an idea for Gaza that is anathema to much of Egypt's population and a security concern for its military, Egyptian officials said. Egypt didn't respond to a request for comment.

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President Trump Can Make Another America First Deal

It's not just Greenland. President Donald Trump and congressional Republicans should strike what may be an even more important real-estate deal—this one involving the wireless spectrum that undergirds America's technological future. They can unleash the power of the free market to unlock billions of dollars for taxpayers, prevent unelected bureaucrats from picking corporate winners and losers, and ensure our country's national security. It's time for an America First spectrum policy.

Wireless spectrum includes the radio frequencies used by everything from 5G cellular technology to Wi-Fi to missile defense radars. Congress, the Pentagon, and industry groups have argued for years over how to open up more of this invisible real estate to the private sector to fuel jobs, productivity, and wage growth. But while free-market champions like Senate Commerce Committee Chairman Ted Cruz have pushed for common sense reforms, Washington's approach remains stuck in the 20th Century Swamp, where special interests trump commonsense policies that enhance American prosperity.

For 30 years, the Federal Communications Commission (FCC) has auctioned off spectrum frequencies that federal agencies either didn't need or underused. The auction process was an important innovation, but years of industry consolidation mean that only three big cellular companies are still in the market for high-powered, large-area exclusive spectrum licenses. With very little competition, taxpayers don't make as much money from winning bids.

And these days, there aren't any big chunks of unused frequencies left. As a result, when a company buys spectrum for exclusive use, D.C. has to move federal agencies elsewhere, often at a massive cost. That includes the Pentagon, which would have to spend \$120 billion to move out of some particularly valuable spectrum real estate that could soon be auctioned off.

Thankfully, American innovation—as it always does—has found a solution to this problem. Companies have pioneered a shared approach that allows private sector providers to safely operate alongside critical national security systems, so government agencies don't have to move. This approach also brings a much broader set of businesses to the bidding table, including new mobile service competitors, rural internet providers, and even factories looking to build their own private 5G networks. The FCC's first-ever shared license auction, held in 2020, was wildly successful, attracting more than 200 winning bidders—an all-time record.

Historically, the FCC decides on a band-by-band basis whether to auction off spectrum for exclusive use or shared use. But this has become a quintessential case of the government picking winners and losers. Before the bidding starts, bureaucrats decide who's even allowed onto the field to compete and bid. This process opens the door

to the backroom deals that put special interests, which are often convoluted with foreign interests, ahead of American taxpayers.

Luckily, there's a better way—one that's free, fair, and puts America first.

Congress should direct the FCC to hold "Open Auctions." Under this system, the commission would run two auctions in parallel at the same time—one for exclusive licenses, and one for shared licenses. Every interested company, big and small, could bid for the spectrum that best suits their needs. When all bids are finished, the auction track that delivers the largest benefit for taxpayers wins. If the big cellular companies win—even after deducting the huge cost of moving agencies like the Pentagon—then good for them. If the math instead favors the wider variety of smaller companies buying shared licenses, that's great, too.

Taxpayers stand to win big from Open Auctions. There'd be no more Washington math that lets private companies reap the benefits while leaving the American public on the hook for the costs. And the competition between two kinds of auctions could drive bids even higher. One 2023 study found that a shared-license auction for the Pentagon's frequencies could net nearly \$20 billion—a number that would surely rise if cellular companies and other businesses entered a bidding war.

The economy stands to win big, too. The free market—not bureaucrats—would determine the highest-value use of this essential real estate. And our national security would be protected: If the Pentagon is forced to move its systems, Open Auctions would at least ensure more than enough funding to do so safely and efficiently. Alternatively, if those systems get to stay put under a shared framework, there would be minimal disruptions to military operations.

This commonsense reform could be enacted immediately in the reconciliation bill that Congress is negotiating with the Trump Administration, which aims to fulfill many of President Trump's America First campaign promises. It's a no-brainer: Open Auctions for spectrum would make taxpayers billions of dollars, push aside swampy special interests, and keep the country safe for generations to come. If anyone can deliver an America First spectrum policy, it's President Trump, the House Majority he preserved, and the Senate Majority he won.

David McIntosh, a former Congressman from Indiana, is President of the Club for Growth.
www.ClubForGrowth.org

FROM PAGE ONE

In India, Elites Rule The Road

Continued from Page One

The popularity of stickers—and the deference they can inspire—is partly a reflection of India's longstanding caste system, in which some people command respect and others are scorned based on a social status determined at birth, said Surinder Jodhka, a professor of sociology at Jawaharlal Nehru University in New Delhi.

The educated class, especially in professions like law and media, want to flaunt their status in the hierarchy, he said. Same with the wealthy and connected.

"People self-identify themselves through the car they own and the stickers," he said.

"It needs to be translated into social status."

Sandeep Tushir blazes through traffic barricades and closed streets. He parks wherever he fancies. When the 36-year-old runs late for school drop-off, he muscles aside other cars on the clogged highways of India's capital city.

His ticket to freedom? Stickers emblazoned with "Police" plastered all over the front and back windshields.

"It makes everything so easy," Tushir said. "We can navigate anywhere and no one stops us."

Tushir works in financial services. He borrows his police inspector father's car whenever he wants to cut through traffic. He printed the police stickers at a shop and affixed them to the windshields of the black SUV. The modifications were acceptable, he figured, because his father really is a cop and occasionally drives the car to a police station.

The stickers were useful

during Covid lockdowns, when most cars were barred from the roads, Tushir said. They also cut down on time spent ferrying his 9-year-old son to school and running errands.

"It works so well for our family purposes," he said. "We get access anywhere."

The Punjab and Haryana High Court, the common court for the two states in northern India, in 2020 banned the use of unauthorized emblems, including words like army, chairman and vice chairman, in the capital city of Chandigarh. It declared such practices an attempt to "browbeat" other drivers.

Madras High Court, in the southern Indian state of Tamil Nadu, issued a similar order in 2022. But after drivers openly flouted the regulations, the

city's police last summer declared war on stickers.

In a statement announcing the crackdown, the police said that the most-concerning stickers identified an affiliation with the press, the state or city government, the state-owned power company, or the police.

The police department's first enforcement action was removing police stickers from cop-owned cars parked at the Police Commissioner's office, according to local media reports.

But some government officials say they need to jazz up their cars with impressively-looking regalia to get proper respect on the road.

V. P. Singh, the assistant director of health services for the northern Indian state of Uttarakhand, kitted out his govern-

ment-issued car, a plain white sedan, with a bright-red license plate and red stickers stating "Uttarakhand Government."

Everyone in his department modified their cars to boost the air of authority, he said. Without those obvious signs, he'd miss out on the benefits that come with a government posting, including zero fees on toll roads.

"It makes a good impression and you get many perks," he said.

That hunger for respect on the roads has been turbocharged by the newly wealthy, who yearn for symbols to flaunt their riches and boost their status, said Jodhka, the professor. Many have learned they can climb the pecking order of Delhi traffic by buying bigger, fancier and more expensive vehicles.

Om Prakash, the 70-year-old owner of a car accessories shop, said people used to settle for buying stickers printed with "Govt. of India" or a job like cop or lawyer. But the

nouveau riche, he said, have taken to decorating their cars with police sirens and flashing lights.

Four years ago, there was no demand for such accessories, which are illegal for private cars, he said. Now, at least 20 customers a day ask for those upgrades. Many are the wealthy offspring of small-time politicians or political workers. "For rich brats, it's a way to enjoy their life," he said.

Sachin Goyal, whose family runs a construction firm, has spent at least \$3,000 retrofitting his SUV with flashing red police lights, sirens and tinted black windows.

The 22-year-old says he loves to go joy riding at night with friends, who have all added similar tweaks to their cars. Sometimes, they travel in a convoy 35-cars deep—blast music and setting off their sirens.

"We use it on normal people," he said. "They think we might be very important people, so they give way to us."

Policies Create Uncertainty

Continued from Page One

jobs in January while the unemployment rate ticked down to a low 4%. Inflation has fallen sharply from its 9% peak in 2022, though is still closer to 3% than the Federal Reserve's 2% target.

Many firms are bullish about Trump's presidency, with surveys of chief executives, chief financial officers and small-business owners after the election showing notable increases in optimism. The Institute for Supply Management reported earlier this month that its index of manufacturers' new orders in January rose to the highest in nearly three years.

But events since the inauguration have dented that optimism. The S&P 500 rose 5% in the first five days after the election and has since moved sideways. The University of Michigan on Friday said its preliminary index of consumer sentiment, based on surveys conducted since Trump's inauguration, dropped in February. Preliminary results of a small business survey by Vistage Worldwide for The Wall Street Journal show that a post-election pop in confidence was reversed in February. Wall Street just ended the quietest January in a decade for mergers and acquisitions announcements.

Ethan Karp, chief executive of Magnet, a nonprofit in Cleveland that works with local manufacturers, said, "There is so much turmoil. People don't know what is going to land. Even though there is potential long term benefit to the tariffs in terms of reshoring, the immediate things that are happening is just turmoil."

Tariff uncertainty

Though Trump campaigned on higher tariffs, it still came as a shock when on Feb. 1 he announced duties of 25% on Canada and Mexico, 10% on Canadian energy, and 10% on China.

The next day, some residents in New England got a notice from Irving Energy, which is based in Canada, saying "the U.S. government has announced a new tariff (a tax) on imports from Canada," including on heating oil and propane, and that the tariff would be added to customer contracts.

Two days after his announcement, Trump paused the 25% tariffs on Canada and Mexico for 30 days, but kept the tariffs on China.

This past Friday, Trump said he wanted "reciprocity"—matching U.S. tariffs to those of its trading partners. Monday, he announced 25% tariffs on imported steel and aluminum.

Small and large businesses alike are trying to respond, but are hampered by not knowing the ultimate end-game.

Alicia Chong, owner of Blu Monaco, an online retailer of decorative office supplies and stationery based in Warminster, Penn., has asked some of her Chinese manufacturers for a 10% discount to offset the cost of higher tariffs. "If that



A Wyoming Machine employee at the facility in Stacy, Minn., above left; ICE agents during a targeted enforcement operation in Chicago last month.



FROM LEFT: IAN WAGRECK; CHRISTOPHER DALTZ/BLOOMBERG NEWS

does not work, I'm going to increase [prices] 5% across the board," said Chong.

The first factory to respond said it would consider lowering its price, but only if the company increased the size of its order. Chong said she is reluctant to do that because having too much stock puts pressure on Blu Monaco's cash flow.

Chong also plans to look for alternative suppliers in Vietnam, which could take six to nine months, she said, and she worries that Trump could also impose tariffs on Vietnam.

In just the first week of February, the word "tariff" appeared in 172 earnings call transcripts of 1,500 publicly listed U.S. companies, according to FactSet, compared with 32 in all of February last year.

An index of policy uncertainty based on news articles, co-developed by Nick Bloom, a Stanford University economist, has reached levels last seen during the pandemic and in the wake of the 2008 financial crisis. Uncertainty can hamper long-term investment such as in research and development and infrastructure, Bloom said.

When Wyoming Machine, a sheet metal fabricator in Stacy, Minn., met with a large customer this week, Trump's plan to impose tariffs on Canadian imports was a subject of discussion.

Traci Tapani, co-president of the 45-person company, which purchases aluminum from Canada, said the repeated changes in tariff policy have made it more difficult for her company to operate.

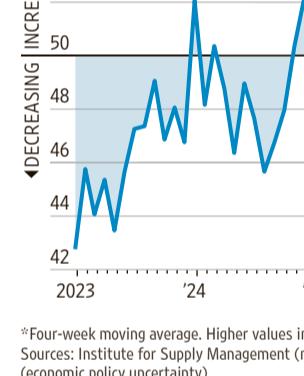
"There is a lot of uncertainty in business no matter what we do," she said. "The President going back and forth every few days about what is going to happen with these tariffs is not helpful," she said.

For now, her company has held back on investment and hiring. "We aren't going to jump out and make any big decisions or big plans" until there is more certainty, Tapani said.

Still, the U.S. economy has a record of resilience. In his first term Trump imposed tariffs on washing machines, solar panels, steel and aluminum and most imports from China. The economy still grew solidly up until the pandemic hit, and inflation stayed low.

Some executives praised Trump's focus on boosting American manufacturing. Mark J. Costa, CEO of Eastman Chemical, told analysts that focus is "incredibly important. I think a lot of us forget that you don't really actu-

Manufacturing new orders index



*Four-week moving average. Higher values indicate higher levels of uncertainty.

Sources: Institute for Supply Management (new orders); Scott Baker, Nick Bloom and Steven Davis (economic policy uncertainty).

ally have an economy without an industrial base."

Immigration

Immigration, much of it illegal, contributed significantly to labor force growth and to some companies' sales in recent years. But migrant entries slowed sharply last year, and Trump launched a major deportation effort upon taking office. That's changing behavior in ways that could ripple through the economy.

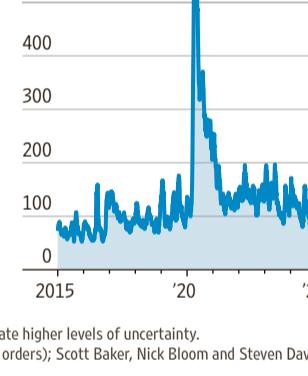
Business owners in some immigrant-heavy neighborhoods say they have seen a noticeable drop in foot traffic, especially following law-enforcement activity of any type.

"As soon as the guy became president, everyone just stopped doing what they do every day," said Adam Chavez, who runs an auto-parts store in south-central Los Angeles. "It's crazy, man."

Chavez, 51, said walk-in customers who work on their own cars have been conspicuously absent since Trump's inauguration. Demand from mechanic shops, meanwhile, has remained steady.

In the farming region around Bakersfield, Calif.,

News-based economic policy uncertainty index*



some citrus growers reported a 75% drop in people showing up to work following a U.S. Border Patrol sting in early January, before Trump took office, said Casey Creamer, president of California Citrus Mutual, which represents three-fourths of the state's growers. While the situation has since returned to normal, he said it underscores the potential for disruptions.

In a recent survey, members of the Associated General Contractors of America listed an insufficient supply of workers as one of their top concerns for 2025. Members in Florida, Georgia, Texas and Oklahoma, among other locations, have reported workers not showing up "because of rumors or fears of potential ICE raids," said spokesman Brian Turmail.

Federal cuts

The federal government has a huge economic footprint, with total civilian employment, excluding postal workers, of 2.4 million, about 1.5% of all nonfarm jobs. It also spent \$6.75 trillion in the most recent fiscal year, equal to nearly a quarter of annual economic output.

In a few weeks, the Trump administration has moved to trim personnel through executive actions and by dismantling agencies. It has collected tens of thousands of resignations as part of a buyout plan, following the purge of diversity, equity and inclusion staff as well as other reductions.

The Trump administration is working to dismantle USAID, a 10,000-person, \$44 billion agency.

Workforce reductions may have a longer-lasting effect. They may raise regional unemployment rates, particularly around Washington, D.C. and smaller metro areas dependent on military bases or health centers, an analysis by Jonathan Schwabish of the Urban Institute found.

Should the Trump administration move up to 100,000 positions outside of Washington—a campaign pledge—"that would be an economic disaster" for the D.C., Maryland and Virginia area, said Sen. Tim Kaine (D-Va.).

Nicholas Lawless, 39, who works for the Department of Homeland Security's Office of the Inspector General, was approved to work remotely from Sayre, Penn., in 2022. When Trump pushed to have the federal workforce return to full-time in-person work immediately, Lawless decided to resign from his position and take a buyout. He said he is going to try to expand a security company that he owns instead of looking for a job, unsure if he could find a position in a tough white-collar labor market.

"With this influx after today of government employees, it's just going to get worse," he said.

Trump has targeted cutting 10% of the total federal workforce, or 240,000. That's less than 5% of the number of people who quit or lose their jobs each month. Many will retire, or find new jobs. Indeed, some

private-sector companies see this as a chance to snap up talent, said Victor Hoskins, president and chief executive of the Fairfax County Economic Development Authority.

Shannon Russo, chief executive of Kinetix, an outsourced recruiting firm based in Atlanta, believes the Trump administration's "America-first" policies will boost the hiring needs of small- and medium-size firms working outside the government sector.

"There's a lot of noise currently, but as more people feel stable they will be making investments, which is why I am going to be able to make investments," said Russo.

She currently has 65 employees and hopes to double the firm's size by the end of 2025. Clients are now setting up meetings to talk about hiring, after being unwilling to do so last year, she said.

Energy optimism

Trump's election brought hopes of a boom in investment driven by cheaper energy, deregulation, lower taxes and reshoring. The day after Trump's inauguration, some of the world's most prominent names in technology pledged to invest up to a half a trillion dollars into building artificial-intelligence infrastructure in the U.S.

Trump's support for fossil fuels has boosted natural gas as a more palatable answer to AI's voracious need for power. Duos Technologies in Jacksonville, which makes tools to automatically inspect railcars, in recent months expanded into digital infrastructure needed in part for the AI boom.

It joined with outside investors in January to manage a fleet of 30 mobile natural-gas turbines that data centers operators nationwide can rent while they secure longer-term electricity deals. At the same time, Duos has deployed six so-called edge data centers, tiny server farms that can be shipped via semitrailer from a factory in

PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Wednesday, February 12, 2025 | A11

Sobering Truth About What You Drink

Pick your poison: For each pairing, guess which one contains more alcohol

**A.**

Pinot grigio or Dogfish Head 90 Minute IPA

**B.**

Margarita or Mojito

**C.**

Mimosa or Bloody Mary

**D.**

Piña colada or Long Island ice tea

**E.**

White Claw black cherry hard seltzer or Modelo Especial

**F.**

Espresso martini or Irish coffee

BY BRIANNA ABBOTT AND JOSH ULLICK

You can probably assume that the tequila shot staring at you from the sticky bar top isn't good for you. But what about that glass of red wine at dinner?

Some Americans have long been sold on the so-called health benefits of red wine, partly because of animal studies that touted the promise of an antioxidant called resveratrol to fight against a range of diseases. But scientists have debunked that concept in recent years, since a person would need to consume an impossibly large amount of wine to see an effect.

Instead, when it comes to health risks such as cancer, evi-

dence shows that it matters less what type of alcohol you drink. What's important is how much you drink and how you drink it.

The current U.S. guidelines say that people who consume alcohol should limit their intake to a drink a day for women and two drinks a day for men. A standard drink is considered about 0.6 fluid ounce of pure alcohol: a 12-ounce can of beer that has 5% alcohol, a 5-ounce glass of wine at 12% alcohol, or a 1.5-ounce shot glass of 80-proof liquor.

But many beers, pours of wine and cocktails include significantly more than that. And most people are probably drinking more alcohol than they realize, according to scientists. "Drinks are bigger than people think, especially at bars and restaurants," said William

Kerr, scientific director of the non-profit Public Health Institute's Alcohol Research Group.

The more alcohol a person drinks, the greater the health risks. Whether you are drinking beer, wine or hard liquor, alcohol in the body briefly breaks down into a compound called acetaldehyde, a carcinogen that can damage DNA. Alcohol can also increase inflammation and alter levels of hormones including estrogen, contributing to breast-cancer risk.

Scientists are still debating how much alcohol is too much. But studies show alcohol consumption

can disrupt sleep, weaken the immune system, and raise risks for some cancers and heart and liver diseases in the long term.

Binge-drinking—four or more drinks for a woman and five or more drinks for a man in a short period of time—is worse than having the same amount stretched throughout the week, according to researchers.

"If you drink more within a confined period, it's harder for your body to process it," said Mary Beth Terry, a cancer epidemiologist at the Columbia University Mailman School of Public Health. "If you

drink slower and drink less, that's much better than drinking fast."

It is also safer to consume alcohol with food, rather than on an empty stomach, to slow down absorption into your system, according to researchers. People should also stay hydrated and watch the sugar and calorie content. Sugary drinks are linked to their own health concerns.

People regularly underreport how much alcohol they drink, studies show.

"A lot of people are not moderate but they're heavy drinkers, and they don't know it," said Dr. Aashish Didwania, a professor of general internal medicine at the Northwestern University Feinberg School of Medicine.

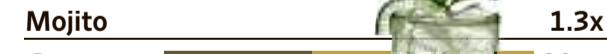
—Illustrations by Erik Brynildsen

HERE'S THE PROOF

A. The booziness of beer and wine depends a lot on the brand and the drink size. In this case, the volume of the IPA outweighs the higher alcohol content in the standard pour of pinot grigio.



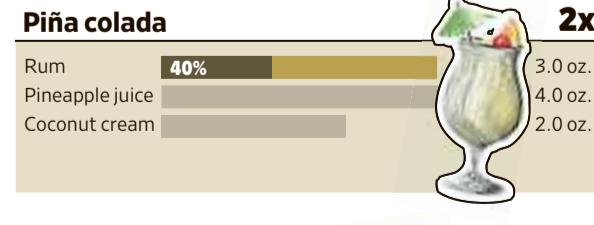
B. A margarita contains more alcohol than the mojito, at half the drink size. Though restaurant sizes often vary.



C. The mimosa contains half the alcohol of a Bloody Mary, when the two brunch drinks are the same size. The alcohol content of the prosecco can vary.

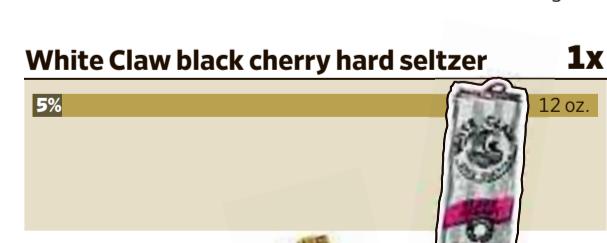


D. Both of these drinks pack a punch (and quite a bit of sugar), but the piña colada contains more rum than all the liquors combined in a Long Island ice tea.



Topped with cola (volume varies)

E. When the drink sizes are equal, these cold ones are close in alcohol content. But the Modelo is lighter.



F. Of these two dessert drinks, the espresso martini is stronger. Each include one shot of hard liquor, but the martini also adds coffee liqueur.



Note: A 'standard drink' in the U.S. has about 0.6 fluid ounce of pure alcohol. The amount of alcohol and standard-drink calculation for mixed drinks and cocktails can vary depending on the recipe. Some quantities from the original recipes were adjusted from milliliters to fluid ounces and rounded.

Sources: National Institute on Alcohol Abuse and Alcoholism (piña colada, mojito, margarita recipes); International Bartenders Association (Long Island ice tea, Irish coffee, espresso martini, Bloody Mary, mimosa recipes)

PERSONAL JOURNAL.



Connecticut Is Taking Off As a Popular Aviation Market

Upstarts are having success there, but travelers say some details still need to be worked out

By JACOB PASSY

Connecticut has become one of the hottest aviation markets in the U.S., but the added convenience for residents and travelers has come with some headaches.

Upstart carriers Avelo Airlines and Breeze Airways have established small hubs in Connecticut's Bradley International Airport and Tweed New Haven Airport. Carriers including JetBlue and Spirit also have added routes from the state.

Analysts say the rise of regional airports there and in places like Virginia, North Carolina and Florida should inspire people to travel more often. That is certainly the case for David Bradt, a 32-year-old resident of southern Connecticut. Bradt and his wife have taken to planning their vacations around the destinations they can fly to or out of Tweed, 20 miles from their home.

"The flights are so cheap that it gives me an excuse to check out a new city I've never been to," Bradt says. Among the places he's visited are Savannah, Ga., and

► Upstart carrier Avelo Airlines has established a small hub in Tweed New Haven Airport.

Destin, Fla. Charleston, S.C., is next on his list.

Driving to New York City to fly out of airports like LaGuardia and JFK is a hassle, he says, even if they offer more options. The drive home from JFK can take as long as some flights, he says.

There are a lot of travelers like Bradt in Connecticut, industry executives say. Airport operator Avports, which runs Tweed, was attracted by the large number of potential customers, says Jorge Roberts, the company's CEO.

The aviation industry focuses on an airport's catchment area, a term that refers to the broader population living within a certain radius from the facility. Tweed's catchment area includes between 2 million and 3 million people, depending on how you define it, Roberts says. Bradley International Airport in Hartford has a similar customer base.

Before the recent expansion of those airports, many of the travelers in these affluent regions drove



to hubs in Boston or New York.

"The region is strong, and it's also been significantly underserved," says Lukas Johnson, Breeze's chief commercial officer.

Mark Lassoff grew up in Connecticut and recalls having to wake at the crack of dawn as a child to schlep down to LaGuardia

to fly for a family vacation. "I remember missing flights because of traffic going into the city," he says.

Lassoff, 50, now lives in Milford, just 15 minutes from Tweed. As service has expanded thanks to the growth of Avelo and Breeze, he says he travels more frequently

► Analysts say the rise of regional airports in Connecticut and in places like Virginia, North Carolina and Florida should inspire people to travel more often.

than he did in the past, including weekend trips down to visit his parents who now live in South Florida.

"I'll just go whenever it suits me," he says. "I can leave on a Friday, be back on a Sunday and not miss any time from work."

Connecticut isn't alone. The Philadelphia suburb of Wilmington, Del., and Lakeland, Fla., between Tampa and Orlando, are markets with similar dynamics, says Avelo Chief Executive Andrew Levy.

"I've recognized the ability and seen the value of going into airports that are underutilized," Levy says, "because of the convenience that affords customers."

Avports CEO Roberts likened his firm's choice to develop Massass Regional Airport in Virginia to the rise of Tweed. He believes that the airport will appeal to ultralow-cost carriers and provide an alternative to Dulles International Airport and Ronald Reagan Washington National Airport.

Building up a small airport isn't without its challenges. Tweed's expansion has drawn the ire of residents around New Haven over air and noise pollution. Such expansion is arguably necessary to attract larger carriers.

JetBlue has regularly looked at whether to operate flights out of Tweed, the airline says. But the airport's short runways pose a challenge for the aircraft the company currently flies to the markets it would serve out of Connecticut.

And then there's the crowding. When Rebecca Hunter traveled to Atlanta out of Tweed in early January, she got a text message warning her to arrive three hours ahead of time. She did so, arriving at 4 a.m., but encountered long lines. Hunter says she and other travelers had to wait outside the terminal in the cold to check luggage or to go through security.

Once she cleared the 28-year-old says she was dismayed to find few options for food. Limited seating was another problem.

"As we got closer to when flights were starting to go out, it got jam-packed, and people were just sitting on the floor or standing shoulder to shoulder," she says. "It felt like you were more at a concert than an airport just because of how crowded it was."

Avports's Roberts attributed the crowding to busier flight schedules in the mornings on peak travel days. He says the airport is working to resolve the issue within the next month.

Others worry that smaller airports may lose some of their charm as they get bigger. "If I couldn't find parking, that would be horrible," says Bradt.

New Aunt Wants to Contribute to Baby's Future

By JULIA CARPENTER

I've recently taken on an exciting new title: Auntie Julia.

Late last year, my sister gave birth to a baby boy—the first grandchild to enter my big, boisterous family—and my other siblings and I traveled to be together for the birth. We all helped out as much as we could: stocking the fridge with Tupperware meals, changing diapers or offering to babysit for a few hours so the new parents could get some sleep.

I'm thrilled to be entering my auntie era. And speaking with other new aunts and uncles my age, I realized a lot of us share similar excitement about how we plan to celebrate birthdays, graduations and other joyous milestones to come. I know my girlfriend and I don't want to have children right now—or maybe ever—and so embracing my sister's child and showing up for their growing family is even more important to me.

At the same time, I've also been contemplating the money questions that accompany this new stage of life. Things like: How much should I budget for travel, given that I'll want to be there in person for many of these special moments? Should I be financially contributing

to the baby's future education? And how can my siblings and I best support the new parents as they set money goals for their expanding household?

Juggling these considerations can be especially confusing for young adults, many of whom are still trying to establish their own professional lives as they shore up their personal savings. I know I'm not the only one with a number of money goals—saving for my first home, investing in my fledgling freelance business—that I want to give priority to even as I show up for my family. Balancing everything may be tricky, but we new aunts and uncles are willing to make it work.

Toys, travel and tips

Danielle Arlotta, adviser and certified financial planner at Brooklyn Plans, became a new aunt last year.

Her first piece of advice: Consider just how much wiggle room you have in your own budget. "I always tell people 'You can't sacrifice your retirement savings or financial well-being to go over the top,'" she says. "But this is an important thing to build into their budget if it's important to them."

Arlotta says she opened up a new savings account when her niece was born to set aside a small amount of money each month for future use, whether it be buying toys or booking travel. Saving any amount of money is helpful, she says, especially if you're committed to doing so on a regular basis.

The important thing is to keep it separate from your personal account so you won't be tempted to dip in next time you're short on cash.

Planning for future baby visits



can be trickier, she says, especially if you live far away from family.

And that often is the case for young adults, as career opportunities can require moving to another city or state.

"Save for it on a monthly basis," Arlotta says, "so you're not throwing your budget out of whack completely when it's November and you want to visit your nieces and nephews for the holidays—and also buy them gifts."

Gift of education

From the moment my sister shared her happy news with me, I knew I had to resist the allure of the toy aisle. My Instagram feed flooded with ads for adorable onesies, must-have parent gear and "imaginative play products" that promise

to turn babies into future Einsteins. I had to remind myself that hitting purchase now would only fill my sister's home with even more well-meaning baby gifts.

Robert Farrington says that

when he and his wife first had their two children, generous friends and relatives overwhelmed his house with boxes of stuff.

"They were getting 20 or 25 gifts and the children would play with three of them, and then the rest were getting thrown away or donated," says the founder of the College Investor. "You realize quickly: \$20 times 10 gifts that were never touched is \$200 that went to waste. And if you do that at the birthday and then at Christmas, it

really adds up."

So rather than continue to fill up the toy chest, Farrington recommended that his family try something different: donate to a "529" education-savings plan. These tax-advantaged savings plans allow people to contribute to a child's future education expenses. Contributions grow tax-free and withdrawals won't be taxed so long as they are used for qualifying educational expenses—though specific rules for plans vary from state to state.

If I were to open up a 529 for my nephew, I and others—like my siblings, my parents or other family friends—could all join in adding cash to the pot. From there, compound interest works its magic and the money invested grows over time. Some states and different plans will limit lifetime contributions to different amounts, so make sure you read the fine print and discuss it with the parents.

"We've done that for eight or nine years, and our friend group has slowly adopted that as well," Farrington says.

The money in a 529 plan can also be used for education-related expenses beyond tuition, says Robin Patin, financial planner and wealth adviser in San Francisco. She recommends people first check with an accountant to make sure the expense fits the rules of the individual 529 account.

"A lot of times, it needs to be done in partnership with the parents," she says. "Because otherwise you'll end up with a kid with three different 529 accounts, or maybe the grandparents on the dad's side might be covering all the education, so they don't need a 529."

FROM TOP: BRADLEY INTERNATIONAL AIRPORT; KENNETH R. GOSSELIN/ZUMA PRESS

Money in a 529 can be used for education-related expenses beyond tuition.

BETH GOODY

ARTS IN REVIEW



MUSIC REVIEW | MARK RICHARDSON

Hypnotic Guitar Rock

The indie band Horsegirl returns with an accomplished second album



Over the past five years there has been a groundswell of new acts that revere the alternative rock of the '90s. Many are solo artists or bands fronted by women. In terms of timing, it makes perfect sense—these are the children who grew up listening to CDs from their Gen X parents' youth while riding around in the back of the minivan. Wet Leg and Beabadoobee are two acts that fit this description, and, on a much bigger scale, pop singer Olivia Rodrigo is another.

Horsegirl, a three-piece indie-rock band originally from Chicago and now mostly based in New York, is in a sense a continuation of this trend. The group comprises Nora Cheng and Penelope Lowenstein, who sing and play both guitar and bass, and drummer Gigi Reece. The trio's sound is steeped in the underground music from late in the 20th century, and its 2022 debut album, "Versions of Modern Performance," featured contributions from guitarist Lee Ranaldo and drummer Steve Shelley, both of Sonic Youth. It was an auspicious beginning for three performers who were just shy of 20 years old, yet it also seemed fair to describe them as another group of '90s revivalists. But the second Horsegirl album, "Phonetics On and On" (Matador), out Friday, is a departure from its predecessor, and finds the band drawing on a different and more

obscure set of influences.

The guitar that kicks off the opening "Where'd You Go?" is thin and trebly, conjuring a school of strumming started by the Velvet Underground and furthered by Yo La Tengo and the Strokes, and the percussion is a twitching pile of drum rolls that brings to mind DIY groups from the U.K.'s post-punk era. Over this jittery backing, Ms. Cheng and Ms. Lowenstein sing interlocking lines with a chilly detachment, as words dissolve into syllables and meaning is found in sound rather than language. Their approach to singing—distant in terms of phrasing and affect, yet charged with melodic beauty—evokes the continental cool of Stereolab, one of the group's acknowledged influences, and is one of the LP's distinguishing features.

Horsegirl's debut album was recorded at Electrical Audio in Chicago, the studio founded by legendary engineer Steve Albini, who gave Nirvana's third studio album its serrated edge. On "Phonetics On and On," they recorded at The Loft, the home base of Wilco, with Cate

Le Bon, who produced the latter band's most recent LP, at the controls. The distortion pedals, so prominent on Horsegirl's first album, have been put away, and the guitar tone throughout is dry and uninflected, letting the simplicity of the riffs and the chord changes do the work. Meanwhile the basslines, indebted to the tuneful, high-on-the-neck approach of New Order's Peter Hook, are packed with catchy riffs. The beauty of the album is in how every element contributes

equally—there are no lead parts and nothing is pushed to the background. Each voice and instrument occupies an equally important place in the mix.

While many of its peers are using quiet/loud song structures and grungy guitars as a backdrop for diaristic lyrics about crushes and loneliness, here Horsegirl embraces the artier side of guitar-rock, where lyrical abstraction and mystery are the norm. This isn't a record where phrases jump out at you—that would disturb the careful balance, where the whole is vastly larger than the individual

parts. On "In Twos," as a hypnotic curlicue of a guitar pattern floats above thudding bass and Ms. Cheng adds a sawing pulse on violin, Ms. Lowenstein sings lines like "Every car that passes by drives to you"—evocative, perhaps, but hard to trace to specific meaning. And in the context of this record, that's fine—the style is the content, which is refreshing when social-media-driven over-sharing is the norm.

"Well I Know You're Shy" re-

calls the drive of Elastica, the bass as fizzy as a shaken soda. It's a song that seems in part about what it's like to feel afraid and withdraw into your own world, and the tune is infectious, as if to lure wallflowers onto the dance floor. When the song shifts keys toward its end, you can feel your heart lifting. Another nugget of pure guitar-pop comes on the fourth track, "2468," a romp as catchy as a playground chant.

For all its focus and efficiency, there is, by design, little variation on "Phonetics On and On"—when an acoustic guitar shows up on "Frontrunner" it almost comes as a shock. Now that Horsegirl has perfected this sound, it's fair to wonder where they will go from here—the U.K. indie-rock band Young Marble Giants, a minimalist outfit whose sound is another obvious predecessor, only stuck around for one perfect full-length album. But that's a question for another day. "Phonetics On and On" is a best-case scenario for a young group studying the history of underground rock, a beautifully rendered amalgam of influences that congeals into something its members can call their own.

Mr. Richardson is the Journal's rock and pop music critic. Follow him on X @MarkRichardson.

CHASE MIDDLETON

TELEVISION REVIEW | JOHN ANDERSON

A Complex Web Of Intrigue in Estonia

'A LITTLE HATRED just makes you stronger," says the title victim of "Who Shot Otto Mueller?" And to judge by this eight-part whodunit—and its many relatives in Agatha Christie World—a lot of hatred just makes you dead. Did Otto (Jaan Rekkor) deserve a bullet in the head? Even his family can't argue otherwise. The question in this snowballing mystery is who was pushed far enough, finally, to pull the trigger.

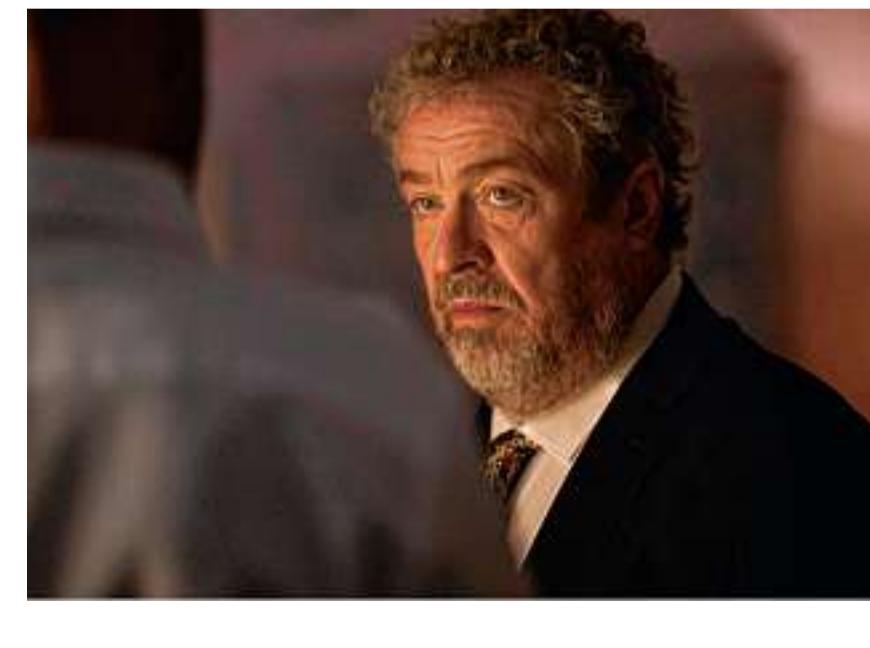
The first original Estonian production from Viaplay, a service that ordinarily showcases Nordic Noir and various other Scandinavian content, "Who Shot Otto Mueller?" bears much resemblance to the U.K. mysteries that are so familiar to PBS viewers. The pace is more measured than a similarly themed American series would be, perhaps; the interpersonal conflicts are more nuanced. But the level of sordid intrigue outpaces anything that even U.S. public television would present on a typical Sunday night. So does its wry sense of humor. And inclination

toward narrative overload.

Otto Mueller is—was—a Tallinn industrialist whom we first see lying in a pool of his own blood with a perforation in his forehead. Who put it there? Was it his much-abused son Oliver (Märt Avandi), a gifted violinist until Otto broke his clavicle? Was it Oliver's brother, Oskar (Mait Malmsten), who has just been replaced on the board of the family shipping firm by Otto's mistress, Marleen (Karmel Nauvre)? Was it Otto's frequently betrayed wife, Merle (Liina Tennosaar), or even

Oskar's wife, Anneken (Hilje Murel), who is literally the housemaid on the vast Mueller estate?

Written by Birk Röhrelend and directed by René Vilbre, "Otto Mueller" unfolds over a series of post-mortem police interrogations by detectives Agnes Maramaa (Doris Tislar) and Gabriel Vanem (Tambet Tuisk), which alternate with the story being related by this suspect or that; one would make the inevitable "Rashomon" comparison, ex-



▲ Jaan Rekkor in Viaplay's eight-part series 'Who Shot Otto Mueller?'

cept that instead of three versions of what happened on the night of Otto's 65th birthday, there are at least eight. The Christie parallel is apt, though even Dame Agatha, aboard the Orient Express, might blanch at the idea of bringing so much bile aboard one vehicle.

Assembled around the table, at which birthday-boy Otto holds forth (Logan Roy of "Succession" might cross a viewer's mind), are the aforementioned Mueller family members and a few unexpected guests. The young Robert (Theodor Tabor) has shown up that very afternoon announcing that he is the son Oliver never knew he had by his first wife, Reeli (Tiina Taurate).

Reeli has shown up, demanding that Robert come home from this "house of horrors." And Oliver's wife, Monika (Evelin Võigemast), who has been taking money from Otto, trips over the tablecloth, taking the whole dinner with her—right after Otto introduces Marleen to the startled clan in the middle of dinner as "my new partner in love and life." Please pass the revolver.

Who wanted to shoot Otto Mueller? Who didn't? Detectives Agnes and Gabriel—new partners with ghosts of their own—have to digest an enormous amount of misleading information, old grudges, dark secrets and a monstrous father whose bullying has made his sons weak, who wants grandchildren until he gets them, and who treats women like trash. Mr. Tuisk, suggesting a young Stellan Skarsgård or Bill Pullman, seems like an obvious import for Hollywood, as does Mr. Tabor, who possesses the kind of androgynous beauty typical of teen-movie idols. Mr. Rekkor is venomous, his character almost too vile to hate, though the objects of Otto's fury—his shortage of grandchildren, his disappointing sons, his wife of many years—add up to far more serious themes than those that populate the usual thriller, along with a certain amount of poetic license in the execution of Estonian law. Though one doesn't really know: Would suspects in a murder case be subject to such lengthy, intensive and intrusive questioning without a lawyer anywhere to be seen in the entire Baltic region? Probably not, but it makes for better storytelling. Even if you can't always trust the stories.

Who Shot Otto Mueller?
Thursday, Viaplay

Mr. Anderson is the Journal's TV critic.

SPORTS

By ANDREW BEATON
AND JOSHUA ROBINSON

When the Philadelphia Eagles took a cornerback with their first pick in last year's NFL Draft, it wasn't anything unusual.

But when they did it again, trading up early in the second round to select yet another cornerback, it looked downright insane.

Not only had Philadelphia used its top two selections on players who played the exact same position. It had also become the first team to draft two corners this early in almost 20 years.

On Sunday night inside the Superdome, though, that oddball move paid off in the most spectacular way imaginable. The first of those cornerbacks, Quinyon Mitchell, burnished his reputation as one of the NFL's premier lockdown corners. And the second, Cooper DeJean, delivered the play of the game, intercepting a pass from Patrick Mahomes in the second quarter and returning it 38 yards for a touchdown.

"All of us rookies, they brought us in and taught us everything they know," DeJean said after denying Mahomes a third consecutive Super Bowl ring. "Now, to be here on the biggest stage and be able to hold that Lombardi Trophy...it's pretty crazy."

Together, DeJean and Mitchell did more than spearhead a secondary that held Mahomes to six first-half completions for just 33 yards. They also underscored how the Eagles have become one of the top NFL teams of the past decade, by reminding the league that football is just as much about economics as it is Xs and Os.

The Eagles' two Super Bowl triumphs since 2017 haven't come behind a single dominant quarterback the way the Chiefs have built around Mahomes. Instead, Philadelphia has thrived by identifying inefficiencies to stay ahead of the competition. And cornerback



Commanders tight end Zach Ertz, center, is tackled by Eagles cornerbacks Cooper DeJean and Quinyon Mitchell.

wasn't just a position where the Eagles needed reinforcements. It was a prime opportunity to beat the market and unlock value.

"The league is set up to be a bell curve, and sometimes if you want to be outside that bell curve on the positive, you're going to take some chances," Eagles general manager Howie Roseman says. "And you've got to be right a lot more than you're going to be wrong."

There tends to be a pattern when the cost of certain NFL positions begins to fluctuate: When players in one role start to become expensive, so do their counter-

parts on the other side of the ball. When the price of offensive tackles surged due to their key role in protecting quarterbacks, so did the cost of edge rushers who were athletic enough to beat them and pulverize passers anyway.

At the other end of the spectrum, as running backs became less important, defensive players whose primary skill was stopping the rush were deprioritized, too.

The latest position to skyrocket has been wide receivers, with a slew of players signing contracts worth over \$30 million annually last offseason. That meant it was only inevitable that the value of

high-end cornerbacks capable of stopping them would eventually follow.

The Eagles didn't sit still waiting for that market correction. By drafting both Mitchell and DeJean, they added two talented cornerbacks who will be on cheap rookie deals right as other top players at their position begin to command enormous paydays.

The matter was all the more urgent for the Eagles, considering how they finished last season. When Philadelphia collapsed by going 1-6 over its final seven games, the team's defense was a sieve. It gave up 30.6 points per

game over that span. Drastic measures were required.

And beyond the price tags, Mitchell and DeJean quickly proved that they belonged even before taking a snap when they locked down star receivers A.J. Brown and DeVonta Smith in practice.

"Seeing them going up against two of the best receivers in the league, in my opinion, and making plays against them, you know they can hold their own against anyone," says veteran Eagles corner Avonte Maddox.

The defense rapidly improved as a result. On the rare occasions when Mitchell actually allowed a completion, he made sure the opposing receiver had no room to run. No defender with more than 30 targets allowed fewer than his 1.5 yards after the catch.

And once DeJean entered the lineup in Week 6 as the nickelback, Philadelphia allowed the fewest yards per play (4.2) in that formation of any team since 2018. Overall, the Eagles went from 31st in passing yards allowed per game in 2023 to leading the NFL in that category this past season.

Then, somehow, they became even more effective in the playoffs.

Going into Sunday's game, receivers covered by Mitchell had been targeted 15 times in the

postseason. He allowed just five receptions for a total of 24 yards and came away with two interceptions.

DeJean also came through in the clutch. He made the play of the Super Bowl in the second quarter, when Mahomes dropped back to pass and saw DeJean sitting underneath his preferred receiver.

Mahomes then thought he could reset and squeeze a pass across the field.

But DeJean took a few quick steps to his right and thought something else entirely as he saw the ball spinning toward him.

"Score a touchdown," he said.

MATT SLOCUM/ASSOCIATED PRESS

The WSJ Daily Crossword | Edited by Mike Shenk



PACKAGE DEAL | By Zachary David Levy

Across													
1 Put together	27 "For customers who have recently moved, you'll need to double-check the ___"	51 Back	6 Four-time AL batting champ Cabrera	44 "Get it?"	23 1990s Indian prime minister	24 1962 Irving Berlin musical	25 Male admirer	26 Ecstasy, initially	27 "30 Rock" producer Michaels	28 Some spots	29 Pointillist unit	30 Wagers	31
6 Left speechless?	11 Flat-screen choice	31 Nightclub in a 1978 hit song	52 Counterparts of cones	53 What may lead to travel reservations?	56 Vein fill	57 "Most important, remember that your primary responsibility is ___"	58 Ed of "Up"	59 First prime	60 Antlered animal	61 Bourbon cousin	62 Greenwich granny	63 Humble	64 Vietnamese festival
14 Eye surgery acronym	15 Remark from one who feels out of touch	32 Former Laker Lamar	55 "I Owe You One" (I.O.Y.O.)	56 "Oar" (row)	57 "Oar" (row)	58 "Oar" (row)	59 "Oar" (row)	60 "Oar" (row)	61 "Oar" (row)	62 "Oar" (row)	63 "Oar" (row)	64 "Oar" (row)	65 Smiles proudly
17 "Welcome to your USPS orientation! As a reminder, you and your fellow carriers are forbidden from ___"	33 Ready to go	34 "To avoid parcels bouncing back, ensure they're not affixed with a ___"	35 Dubai's nat.	36 "I'm a fan of ___"	37 "I'm a fan of ___"	38 Kunis of "Black Swan"	39 Forthright	40 Alaskan light shows	41 Bring in	42 Debtor's notes	43 Checkout lines, of a sort	44 "I'm a fan of ___"	45 "I'm a fan of ___"
19 Sip with scones	20 Mess up playfully	21 Pollux or Polaris	22 Radius, e.g.	23 "I'm a fan of ___"	24 "I'm a fan of ___"	25 "I'm a fan of ___"	26 "I'm a fan of ___"	27 "I'm a fan of ___"	28 "I'm a fan of ___"	29 "I'm a fan of ___"	30 "I'm a fan of ___"	31 "I'm a fan of ___"	32 "I'm a fan of ___"
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Previous Puzzle's Solution

M	O	P	U	P	S	T	P	V	I	O	L	
B	U	R	R	O	U	H	U	A	S	H	E	
A	R	I	A	S	N	O	R	A	S	I	D	
C	L	E	A	N	U	P	H	I	T	T	E	
E	T	E	U	K	E	O	A	R	M	A	Y	
G	A	T	O	R	A	D	E	S	H	O	W	
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► Solve this puzzle online and discuss it at WSJ.com/Puzzles.

The Lakers Are Already Winning Doncic Trade After One Game

By ROBERT O'CONNELL

WHEN THE DALLAS Mavericks traded Luka Doncic to the Los Angeles Lakers just over a week ago, the move sent shock waves through the world of sports. Rival teams wondered whether the Lakers had just been gifted a new chapter of dominance—and what in the world the Mavericks were thinking.

It will take months and years to see exactly how the Doncic trade, for a package centered around All-Star center Anthony Davis, rewrites NBA history. But in the short term, the Lakers face an unusual challenge: trying to build a championship-level team in the middle of the season, completely on the fly.

Monday night in Los Angeles, Doncic made his debut in purple and gold against the Utah Jazz, having recovered from a calf injury that had kept him off the court since Christmas Day. "I was a little bit nervous before the game," he said.

Doncic showed his nerves, and maybe some rust, making just 5-of-14 shots en route to 14 points before exiting for an early rest. He looked a little heavier than his listed weight of 230 pounds. But a so-so stat line hardly dimmed the Lakers' hopes for their new era, or the spectacle that went along with Doncic's unveiling.

In the pregame warmups, the Lakers gifted T-shirts with Doncic's No. 77 to every fan—and to LeBron James, who threw one on while he hoisted jump shots. James also ceded his usual pregame honor of being the last Laker introduced in the starting lineup.

Doncic's debut. Then came the highlight of the night: a rebound and full-court pass to James for an easy layup.

If plays like that showed what Doncic and James could become in time, history shows that blockbuster trades tend not to mean too much to a team's championship hopes in the immediate term. When James Harden came to Brooklyn to join Kevin Durant and Kyrie Irving, in 2021, he hobbled through a conference semifinal loss with an injured hamstring. When Durant joined the Phoenix Suns in 2023, they likewise bowed out in the second round of the playoffs.

Even James has taken time to raise his new franchise to championship level

assembled in front of the arena to protest swapping a perennial MVP candidate still approaching his prime for a 31-year-old center with a history of injuries.

Davis scored 26 points and hauled in 16 rebounds on Saturday, but then left his Mavericks debut with an adductor strain. He could miss up to a month of action.

When Lakers general manager Rob Pelinka pulled off the trade for Doncic, he wasn't shy about its potential impact. "I think Luka Doncic joining forces with the Los Angeles Lakers is a seismic event in NBA history," Pelinka said.

For now, Lakers fans are happy just to feel the tremors.



Luka Doncic scored 14 points in his Lakers debut on Monday.

JAYNE KAMIN-ONKEA/REUTERS

OPINION

Elon Musk's Useful Experiment



BUSINESS WORLD
By Holman W. Jenkins, Jr.

Elon Musk's main asset, I said as soon as DOGE was announced, was his 217-million-strong Twitter following.

For all the Cultural Revolution-flavored hysteria, the real pith of his project is a bunch of outside eyes looking and seeing. This is what terrorizes Washington. What will Mr. Musk's acolytes see and report next? How the U.S. Agency for International Development is often little more than a slush fund for the activist left? That 50% of National Institutes of Health grants sometimes go not to medical research but to swell the ranks and salaries of university administrators?

Mr. Musk also terrorizes the media, whose job you might have thought was policing public spending. Whether wisely, the government can do one thing efficiently: transfer money to citizens who then spend it on whatever best serves their needs, as with Social Security recipients.

At the opposite end is the program Social Security is often paired with. Medicare doles out reimbursements for services that may or may not be real, helpful to the recipient, or reasonably priced. It's very hard to know. Congress doesn't want doctors and hospitals back home closely policed. Result: Medicare con-

trols spending, perversely, with blanket low reimbursement rates for necessary and unnecessary services alike.

The Pentagon, which Donald Trump has actually named as the next Musk target, presents the same problem. What's it getting and at what price?

Yes, Mr. Musk and his young team are seeing confidential government data. But he's also the second most closely observed person on the planet, the exact opposite of the thousands who already have access to government data and stay invisible until they turn out to be Edward Snowden, Bradley Manning, Charles Edward Littlejohn or Jack Teixeira.

Mr. Musk is said to be causing chaos but government programs are *born in chaos*—with congressional horse trading and payoffs to appease interest groups. That's why government programs make so little organizational sense. Remember when we had to pass ObamaCare to find out what was in it? ("Two thousand pages of nonsense," said Warren Buffett at the time. "The problem is incentives.")

Likewise the Biden and Obama administrations received no expert advice that subsidizing green energy would reduce emissions, but the opposite. It didn't matter. And now perhaps \$1 trillion has gone down the hole.

Social Security and Medicare could have been designed for the long haul (as savings programs). Instead, Congresses at the time knowingly gave us the demographic di-

sasters both have become.

All that said, the Musk moment somewhat recalls the heyday of Chairman Mao, when slogans and directives from his lips were enough to cause furor throughout the land.

But the differences are also obvious. Mr. Musk's DOGE actions will be subject to court review; voters will have their say—early voting in the 2026 congressional primaries starts in little more than 12 months in some states.

Our reactionary media might ask how else to bring reform to the D.C. sprawl.

"So far, the Trump administration is largely abiding by the court orders," says New York Times podcaster Ezra Klein, who then makes a 14,000-word "constitutional crisis" out of a tautological JD Vance tweet defining legitimate presidential actions as those that judges aren't entitled to mess with.

Question: How else did our reactionary media imagine a reform movement might be kick-started (and that's all Mr. Musk is doing) in a federal establishment no longer capable of prioritizing its own efforts and resources intelligently? That can't control its debt and deficits. That labors in thrall to an administrative state that has steadily lost sight of the common good.

We come finally to the singular person of Mr. Trump. My every instinct rebels against his approach. When you have a strong economy, leave it alone. Don't inject uncertainty and disruption. Don't spend political capital recklessly when you have big opportunities like Ukraine and deregulation and renewing the 2017 tax reform.

But—look at the approval surveys—Mr. Trump is creating political capital. The public likes what he's doing. He was cheered at the Super Bowl. (Taylor Swift was booed.)

So the mystery: Mr. Trump orchestrated one of history's startling comebacks, informing a grudging intuition in some quarters that he might know what he's doing.

Jibing uneasily, though, is the help he received from his enemies, even the degree to which the Biden administration deliberately sought to re-empower him because he was the one opponent Joe Biden might beat. Mr. Trump didn't just hit a ground ball and then shrewdly take advantage of Democratic errors to land on third base. Team Biden, intentionally in some sense, put him on third.

Yet Mr. Trump also has garnered real legitimacy from public perception of Democratic incompetence. It accounts for the public's willingness to ride with him now. The best hope perhaps lies in his knack for reading the markets, media cacophony and polls and knowing when a change of tack would best serve one Donald J. Trump.

BOOKSHELF | By Malcolm Forbes

After The Fall

Shattered

By Hanif Kureishi
Ecco, 336 pages, \$28

On Dec. 26, 2022, in Rome with his partner, Isabella, the British novelist and screenwriter Hanif Kureishi had a fall. One moment he was sitting at a table feeling dizzy, the next he was lying immobile on the floor in a pool of blood, his neck contorted. He believed he was only a few breaths away from dying. But his life didn't flash before his eyes. Instead, his thoughts were fixed on the future—"everything I was being robbed of, all the things I wanted to do."

The fall rendered Mr. Kureishi quadriplegic and in doubt about whether he would ever be able to walk or use a pen again. As a writer, he found the latter unthinkable: "I am determined to keep writing, it has never mattered to me more."

Mr. Kureishi dictated these words to Isabella from his Italian hospital bed. They formed what was to be the first of many diary entries that chronicled his cruel reversal of fortune and arduous healing process over the course of 2023. Initially, Mr. Kureishi shared them via an online newsletter. Later, working with his son Carlo, he revised, edited and expanded his self-styled "dispatches" into a memoir. "Shattered" is a candid and frequently affecting account of the struggles endured by a broken man with a smashed body.

Mr. Kureishi, the son of a Pakistani father and an English mother, came to prominence with his screenplay for the 1985 film "My Beautiful Laundrette," which depicted a gay relationship against the backdrop of Margaret Thatcher's Britain. Five years later he went on to achieve further literary acclaim with his riotous debut novel, "The Buddha of Suburbia," a coming-of-age tale that also served as a scabrously comic state-of-the-nation satire.

"Shattered" makes for an entirely different type of work. Mr. Kureishi charts the ordeals that have taken him through five different hospitals. He has an operation on his neck and is later transferred to an advanced facility outside Rome that specializes in spinal-cord injuries. Six months after his accident, he is moved to his native London and hospitals closer to home. Each transition brings with it distress and dislocation as he is forced to get used to new rooms and new teams of doctors and nurses. He is regularly pushed, pulled, turned, rolled, prodded and probed. "How did I go from being a private man to a public piece of meat?" the writer asks himself at one point.

Physiotherapy sessions, along with hydrotherapy work, routinely lift Mr. Kureishi's spirits, as do the colorful and diverting stories of a fellow patient he nicknames the Maestro. However, much of his time in the hospital is a battle that darkens his thoughts and saps his willpower. He vents his frustration at being bedbound and "entombed" in his own body, expresses guilt for his dependence on others and acknowledges a "newfound sense of envy" at those who can use their hands to scratch themselves, pick up a cup of coffee or hold a pen to make a mark on a page. He bewails the humiliation of having his most intimate functions managed, of being spoon-fed a breakfast of "dirty cold tea" and mashed biscuit—and then gets to a stage where he believes he has no dignity left. He is often afflicted by boredom as well: "the most corrosive thing there is," particularly in a hospital.

An accident left the writer Hanif Kureishi paralyzed. Struggling to regain control of his life, he aimed to put his new reality into words.

Different moments in the cycle of hours bring their own kinds of dread. "The worst part of the day is the early evening when Isabella puts on her coat and leaves." Later, he tells us "mornings are the worst," for "waking up is like re-entering a horror movie that I had thought, for a moment, I could turn off." We can read this as a contradiction—or we can understand that, for Mr. Kureishi, despair comes whenever he is left on his own. He suffers insomnia and paranoia, veers between anger and anxiety, and at his lowest ebb fantasizes about killing himself. "It would," he says, "be a relief."

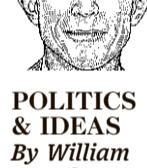
All of which sounds like the grimdest of reading, and it would have every reason to be. But "Shattered" is not a catalog of constant woes. Mr. Kureishi blends in thoughts and meditations on a variety of topics. He reflects on his early years growing up in a mixed British-Indian household, and his relationship with his witty, well-read father and his mother, "the most boring person I ever met." He discusses his origins as a writer and how he drew inspiration from the likes of Fyodor Dostoyevsky, Henry Miller and William S. Burroughs, who all wrote "without fear or inhibition."

As with the best of his fiction, Mr. Kureishi suffuses his memoir with humor. A nurse flips him over and asks, "How long did it take you to write 'Midnight's Children'?" (The real author of that book, Salman Rushdie, turns out to be a loyal friend who writes to Mr. Kureishi every day in hospital "encouraging patience.") Carnal pleasures may be a possibility in the future, he hopes. "But right now I am a desperate man attempting to open a bag of cashews using only my teeth and a brick wall for purchase."

At times, "Shattered" is disjointed, digressive and repetitive. But its redeeming and consistent strength is its author's warts-and-all forthrightness. "I am determined in my current writing to express exactly how I feel," Mr. Kureishi informs us: "This darkness is my truth." His open approach doesn't only apply to his tormented mindset and his bodily functions. It also extends to his declarations of appreciation and empathy for those who tend to him, as well as to his attempts to accept his fate. Mr. Kureishi's road may never lead to a full physical recovery, but he continues to face his rehabilitation with courage and compassion.

Mr. Forbes's work has appeared in the Times Literary Supplement, the Economist and other publications.

In Defense of Birthright Citizenship



POLITICS & IDEAS
By William A. Galston

—

On the first

day of his second term, President Trump signed an executive order aimed at overturning birthright citizenship, the legal doctrine guaranteeing that, with limited exceptions, all children born in the U.S. are citizens of the U.S. This doctrine derives from the 14th Amendment, which was adopted following the Civil War and which says that "all persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside."

What does "subject to the jurisdiction thereof" mean? In a letter criticizing my column on the subject, Prof. Richard Epstein claims that the language of the 14th Amendment covers the same ground as the Civil Rights Act of 1866, which stated that "all persons born in the United States and not subject to any foreign power, excluding Indians not taxed, are hereby declared to be citizens of the United States."

Notice the italicized words, which differ significantly from the 14th Amendment's. In *U.S. v. Wong Kim Ark* (1898), the Supreme Court emphasized this difference, writing that the "negative words" of the Civil Rights Act—"not subject to any for-

eign power"—gave way in the 14th Amendment to the affirmative words "subject to the jurisdiction." Relying heavily on the common law, the court listed only three groups as outside U.S. jurisdiction: children born to foreign diplomats, those born to enemy invaders and those who belonged to Native American tribes.

As Judge James Ho of the Fifth U.S. Circuit Court of Appeals showed in his 2006 study of the amendment's history, this change is neither accidental nor insignificant. A person can be subject to U.S. jurisdiction while also being subject to a foreign power. Judge Ho wrote that the jurisdiction clause means "simply to be subject to the authority of the U.S. government." When we speak of a person as subject to our jurisdiction, he continued, "we do not limit ourselves to only those who have sworn allegiance to the U.S." Aliens illegally in the U.S. haven't sworn allegiance to our country, but they're nonetheless subject to U.S. law. If they weren't, our entire immigration enforcement regime would be null and void.

Mr. Epstein also takes me to task for not discussing two cases that he regards as "key": *The Slaughter-House Cases* (1873) and *Elk v. Wilkins* (1884). But in the case on which I relied, *Wong Kim Ark* (1898), the Supreme Court's opinion discusses these earlier cases in ways that don't advance Mr. Epstein's thesis. The Court said in *Wong Kim*

Ark that *Elk* "concerned only members of the Indian tribes," which stand in a "peculiar relation to the National Government," and had no bearing on the status of other groups.

As for *Slaughter-House*, the court in *Wong Kim Ark* dismissed the one sentence from that decision that addressed the meaning of "jurisdiction." This sentence, the

Precedent and the text make clear that Trump's order is unconstitutional.

Justices declared, was "wholly aside" from the question at hand and was "unsupported by any argument, or by any reference to authorities." It was, the court added tartly, "not formulated with the same care and exactness as if the case before the court had called for an exact definition of the phrase" and was therefore irrelevant.

Writing in these pages in 2018, Prof. Josh Blackman acknowledged that *Wong Kim Ark* considered only the status of a child born in the U.S. to lawfully resident parents. But he argued that this distinction makes no difference: If "subject to the jurisdiction thereof" refers to aliens who are subject to U.S. laws, it does not matter if the parents are in the country legally. The reason such people are called

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Mr. Trump's executive order has launched a legal battle that may reach the Supreme Court. If it does, we will find out whether this court is willing to overturn more than a century of precedent and practice and throw the country into further turmoil.

Mr. Trump's executive order has launched a legal battle that may reach the Supreme Court. If it does, we will find out whether this court is willing to overturn more than a century of precedent and practice and throw the country into further turmoil.

Local and state officials must learn from these wildfires. A trained, talented pool of people is waiting to help protect vulnerable communities. California needs to stop judging people for their past actions and instead look at who they are today and what they can accomplish.

Lawmakers passed a reform in 2020 that allows some former inmate firefighters to obtain EMT certification—but only if they leap through hoops including petitioning a judge to have their criminal records wiped clean. But most people with felony convictions remain ineligible for municipal firefighting, even if they have been rehabilitated. The other option, which some former inmates pursue, is to find less stable seasonal work with agencies like CalFire.

There's no good reason for this ban. The government already has separate authority to deny EMT certifications to anyone it deems unfit.

Prison inmates help with this dangerous work but can't do it after their release.

hand tools, they clear vegetation and build fire lines. The work is long and grueling, but many describe the job as rewarding, prestigious and an opportunity to give back. It even inspires many to pursue professional firefighting after they're released.

Yet the state often bans former inmates from continuing their careers as municipal

firefighters. The problem is that most municipal firefighting jobs—including at the Los Angeles Fire Department—require emergency medical technician certification. Many felons are legally prohibited from obtaining an EMT certification, often for life.

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By Matthew Prensky and Andrew Ward

—

Los Angeles's latest wild-

fires have reduced com-

munities to ashes and

highlighted one of the govern-

ment's counterproductive ten-

dencies: barring qualified peo-

ple from helping their

communities because of irrel-

evant criminal records.

Across the country, more

than 20,000 laws prevent peo-

ple from working because of

their criminal histories, some-

times even imposing lifetime

bans from everyday jobs.

Some of these laws make

sense, but others do nothing to

protect the public and only

prevent former inmates from

getting back on their feet.

The status quo is bad for

people who have paid their

debts to society and still face

legal roadblocks to support-

ing themselves. It's also bad

for society, which could ben-

efit from people who want to

work. The Los Angeles fires

offer a particularly galling example.

Roughly 1,100 incarcerated firefighters battled the Los Angeles fires in January. During wildfires, inmate firefighters work in life-threatening conditions to protect the public. Equipped primarily with

hand tools, they clear vegetation and build fire lines. The work is long and grueling, but many describe the job as rewarding, prestigious and an opportunity to give back. It even inspires many to pursue professional firefighting after they're released.

Yet the state often bans former inmates from continuing their careers as municipal

firefighters. The problem is that most municipal firefighting jobs—including at the Los Angeles Fire Department—require emergency medical technician certification. Many felons are legally prohibited from obtaining an EMT certification, often for life.

OPINION

Next, Defund the United Nations

By Eugene Kontorovich

President Trump has cut funding to some egregious United Nations agencies and ordered a review of all funding for the U.N. and other international organizations. Executive orders cutting taxpayer funding for diversity, equity and inclusion initiatives and trans ideology won't fully ensure the U.S. taxpayer isn't paying for such programs without taking on the global deep state. These priorities are baked in to the institutional structure of international organizations that the U.S. underwrites.

In fiscal 2022, the U.S. government provided more than \$21 billion to 179 international organizations and multilateral entities. The entries fill 455 pages of a State Department report. This is on top of the direct foreign aid that went to radical progressive causes via the U.S. Agency for International Development.

Even the most innocuous-sounding international organizations have institutionalized woke ideology. Nearly every U.N.-affiliated organization seeks to make climate and gender issues (including abortion and



AMR LEVY/GETTY IMAGES

ing Nepalese 'LGBTIQ+' writers to tell their own story.'

The U.N. Population Fund—whose budget Mr. Trump cut in 2017 because of its funding for abortion—says "Diversity, Equity and Inclusion is at the heart of UNFPA's workforce." In 2021, \$1 million went to the International Labor Organization for job training for gays and lesbians in Brazil. In 2022, through the U.N. Development Program, U.S. taxpayers have funded a program called "Being LGBTI in the Caribbean."

Apart from ideological absurdity, this leads to massive inefficiency, with the U.S. funding numerous entities with overlapping missions. The U.S. funds the U.N. Environment Program, the U.N. Convention to Combat Desertification, the International Union for Conservation of Nature, the Secretariat of the Pacific Regional Environment Program, the Global Environment Facility, the Commission for Environmental Cooperation, the Montreal Protocol and others. If that weren't enough, the Global Fund for HIV, Tuberculosis and Malaria says "climate change is the largest global health challenge of the 21st century," and thus part of its mission.

Other parts of the U.N. sound like a taxpayer-funded "1619 Project." The Office of the High Commissioner for Human Rights, for which the U.S., as

with most U.N. programs, is the lead donor, has called on Washington to surrender land to Native Americans, while the Special Committee on Decolonization regularly demands Puerto Rican independence.

If an America-first approach means anything, it should be that the U.S. won't pay international bureaucrats to do what it forbids its own employees to do. Most federal workers are at least U.S. citizens, voters and taxpayers. Employees at international organizations generally aren't, and Elon Musk's Department of Government Efficiency should seek to cut U.S. contributions to these agencies by significantly more than it cuts the federal bureaucracy. Only about a sixth of U.S. spending goes to mandatory membership dues to organizations. The rest is voluntary.

DOGE should begin by ending voluntary contributions to agencies that have adopted DEI or gender ideology agendas. Federal law already requires defunding U.N.-affiliated international organizations that accept Palestine as a member state. The failure, since the Obama administration, to enforce this law has undermined American credibility at the U.N.

It is impossible to quit entities like Unrwa, which Mr. Trump defunded this week, because they are U.N. subsidiaries rather than free-standing

entities. While defunding them is necessary, past aid cuts have been reversed by subsequent Democratic administrations. Such agencies can ride out a liquidity squeeze.

Durable reform involves ending the U.S. relationship, as Mr. Trump has already done with the World Health Organization. Because these are treaty organizations, rejoining would be subject to congressional approval. DOGE and the State Department should review U.S. membership in these organizations with the same determination to make permanent cuts that they have shown domestically. Take one example: The International Labor Organization has been around since the League of Nations, despite massive changes in the global economy and labor relations. But the ILO has kept up with the times by embracing DEI and LGBT issues.

The Trump administration can also cut U.S. contributions to the U.N. peacekeeping system. Peacekeeping is one of the biggest parts of the U.N.'s budget, and the U.S. pays the lion's share. Unlike other U.N. programs, peacekeeping operations must be regularly reauthorized by the U.N. Security Council, and the U.S. can veto them. Missions to be vetoed should include the U.N. Interim Force in Lebanon, which has shielded Hezbollah, and the U.N. Mission for the Referendum in Western Sahara, whose function has been made moot by U.S. recognition of Morocco's sovereignty over Western Sahara.

Peacekeeping is the jewel in the crown of the U.N. system, evoking nostalgia for the original vision of the U.N. as an army that stops bad guys around the world. Starting by canceling a few of these missions may be one of the few ways the Trump administration could show the secretariat that there will be consequences for failing to reform.

Mr. Kontorovich is a professor at George Mason University Scalia School of Law and a senior research fellow at the Heritage Foundation.

The U.S. underwrites a variety of international organizations that make up a global deep state.

transgenderism) an integral part of their work. DEI offices abound. The International Organization for Migration lists as among its central areas of activity "gender equality," "environmental sustainability" and "reducing global inequalities." It sponsors programs like "Strengthening Women's Resilience in the Face of Climate Change in El Salvador." The U.N. Commission on Human Rights promotes a variety of transgender propaganda campaigns, such as help-

'The Best Column About



UPWARD MOBILITY
By Jason L. Riley

It happened nearly two decades ago, but it isn't the kind of memory that fades easily. I had recently completed the manuscript for my first book, and the publisher asked if I knew anyone who would be willing to write me a blurb, or one of those short endorsements that appear on the dust jacket.

I reached out to a well-known public intellectual and bestselling author. "I'd be happy to," she told me. "Why don't you write the blurb yourself and just sign my name?" It was said casually and without hesitation. There was no apology or embarrassment in her voice.

This wasn't an answer I was expecting, but I later learned from other authors that the practice wasn't uncommon in the publishing world. The average reader probably assumes that endorsements are sometimes provided by people more famous than the author who haven't read every page, or maybe any page, of the book. But how many readers are aware that some authors are recommending their own work under a different name?

I decided to find someone else to blurb that first book, but the experience didn't sour me on the practice. I've sought out blurbs for my subsequent books over the years and occasionally have written them for other authors. My writings cover controversial topics, such as immigration, race and social inequality, and I'm eager to help promote the work of like-minded authors who are offering perspectives that I think deserve a wider audience. I'm also flattered that fellow writers care what I think—or at least believe that potential readers will care.

Nevertheless, my view of these endorsements might place me in the minority. Last month one of the largest publishing houses in the country proclaimed a moratorium on the practice. Sean Manning, pub-

lisher of Simon & Schuster, said that authors under contract with the company's flagship imprint will no longer be expected to solicit promotional blurbs. "I believe the insistence on blurbs has become incredibly damaging to what should be our industry's ultimate goal: producing books of the highest possible quality," Mr. Manning wrote in a Publishers Weekly essay. "It takes a lot of time to produce great books, and trying to get blurbs is not a good use of anyone's time."

That's debatable, especially with respect to the reader's time. Yes, soliciting blurbs can be stressful and tedious, which is why many authors pooch the policy. Blurbbing can also amount to little more than back-scratching: Author A endorses Author B's book with the understanding that B will return the favor when A's next book is published. And Mr. Manning isn't wrong when he notes that book recommendations can reward "connections over talent." But there's a reason employers ask job applicants to produce recommendations. It's part of a screening process, however imperfect, that helps them make better hiring decisions.

An endorsement, whether it's offered verbally or in writing, can help someone decide whether to spend time and money on a book—especially when it comes from a name that the reader respects. As a teenager, I read Tom Wolfe's "The Bonfire of the Vanities" and Shelby

Simon & Schuster tells authors to stop soliciting endorsements. I think the practice is still worthwhile.

Steele's "The Content of Our Character" based entirely on recommendations from George Will, whose syndicated column ran in my local newspaper.

I've also experienced the effects of a big-name endorsement as an author. When Stephen Colbert had a talk show on Comedy Central, I was invited on to promote a book. After my appearance, sales spiked. The same thing happened every time the late Rush Limbaugh mentioned one of my books on his radio program. I made multiple appearances on Bill

O'Reilly's old Fox News show. At the end of one segment, he held up a copy of my most recent book and told his audience to check it out. Mr. O'Reilly, never known for his modesty, turned to me during a commercial break and said, "Take a look at your Amazon ranking in a couple of hours." I followed his suggestion. So did his viewers. No one misses "The O'Reilly Factor" more than book authors.

Some writers are pickier than others about publicity, but most of us don't have that luxury. Jonathan Franzen famously rebuffed Oprah Winfrey after she selected his breakout novel, "The Corrections," for her book club. Mr. Franzen quibbled with Ms. Winfrey's past selections, describing them as "shmalzy" and "one-dimensional." He worried that having her seal of approval on the cover of his book might turn readers off. She withdrew her invitation for him to appear on her show, but the novel became a bestseller anyway.

My next book, "The Affirmative Action Myth: Why Blacks Don't Need Racial Preferences to Succeed," will be out in May. George Will wrote a blurb. And Ms. Winfrey, if you're reading this, I'm all yours.

The World's Policeman Goes Rogue

By Anders Fogh Rasmussen

The first weeks of the Trump administration have been difficult, even painful. I have dedicated much of my life to a rules-based international order led by the U.S., and I worry that it is ending.

The world needs a policeman—and since World War II the U.S. has filled that role. But what if the policeman no longer exercises his authority over geopolitical gangsters—or becomes abusive toward the world's most steadfast rule followers?

I never imagined I would hear a U.S. president declare his intentions to "expand our territory," as Donald Trump did in his inaugural address. He continues to suggest that Canada

should become the 51st state, and he has refused to rule out military force to secure America's control of the Panama Canal and the autonomous Danish territory of Greenland.

Vladimir Putin and Xi Jinping are watching. If the U.S. can take Greenland for America's security, Mr. Xi will claim he can invade Taiwan for Chinese security. Mr. Putin's absurd arguments about conquering Ukraine for Russia's security would be validated by Mr. Trump.

As a child I admired John F. Kennedy, who said that America would "pay any price, bear any burden... to assure the survival and the success of liberty." As a young politician, I cheered Ronald Reagan's 1985 State of the Union address, in which he said America's "mission is to nourish and defend freedom and democracy." As Danish prime minister, I worked with President George W. Bush because I believed Denmark's security was best guaranteed by a close alliance with the U.S.

After Mr. Trump's threats against

some of America's closest allies—including Denmark—I have had to revise my views. Today, we Europeans must be prepared to protect ourselves from those who lie in wait just outside our borders. Europe must develop a stronger and more effective defense to deter Russia and any other nation. The North Atlantic Treaty Organization is still the cornerstone of European defense. But given that Mr. Trump has raised doubts about America's willingness to fulfill its NATO obligations and

has threatened two allies, Canada and Denmark, I see no option other than to ensure we can stand on our own in any situation.

We must build a coalition of willing European countries that are prepared to provide a robust European defense. We should strengthen the European Union's security dimension, move to majority voting to prevent pro-Russia members from vetoing important security measures, and sign a security agreement between the EU and the U.K. as soon as possible to protect ourselves and our shared critical infrastructure.

History tells us that trade wars have only losers. Consumers pay more, inefficient domestic companies are protected from competition, and the result is less economic growth, lower productivity and less prosperity for everyone. But if Mr. Trump brings a tariff war to our door, we must fight back aggressively. Europe's response should be dollar-for-dollar retaliation, targeted at the U.S. industries and businesses where it will hurt the most. Mr. Trump respects only strength.

I hope that the new U.S. administration doesn't end an international order that has created more security and more prosperity for more people than any other in history. But hope is no strategy. Europe must be prepared to suffer the consequences.

Mr. Rasmussen served as secretary general of the North Atlantic Treaty Organization (2009-14) and prime minister of Denmark (2001-09).

JD Vance's Tweet Is No Crisis

By Adrian Vermeule

Did Vice President JD Vance set off a constitutional crisis? Many journalists and law professors seem to think so. "If a judge tried to tell a general how to conduct a military operation, that would be illegal," Mr. Vance wrote. "If a judge tried to command the attorney general in how to use her discretion as a prosecutor, that's also illegal. Judges aren't allowed to control the executive's legitimate power."

Mr. Vance's more alarmist critics assumed that the executive branch was preparing or threatening to defy court orders. But the more straightforward reading is that he was referring to legal doctrines of justiciability, reviewability, standing and the so-called political-question doctrine, which are themselves legal principles that courts apply in determining when they have jurisdiction to review executive action. All these principles are ultimately rooted in the constitutional separation of powers or in statutes embodying and implementing separation-of-powers considerations.

Judges also have an obligation to respect the separation of powers. Usually they do so.

To be sure, there is a long tradition of "departmentalism" in American law, under which presidents have sometimes interpreted the law for themselves and even refused to enforce court orders or threatened to do so—a possibility to which Alexander Hamilton referred in Federalist No. 78 as itself an aspect of checks and balances. But no such threat was apparent on the face of the vice president's comments.

The important point here is that the separation of powers operates as an internal doctrinal principle that courts apply in our legal system. Judges often invoke the separation of powers to limit their own authority, to put certain classes of executive action off-limits from judicial review, or to shape and constrain the remedies they provide. That has been true for as long as we have had courts and judicial review.

To illustrate by reference to Mr. Vance's example of prosecutorial discretion, in *U.S. v. Texas* (2023), the Supreme Court ruled against states challenging executive enforcement priorities in immigration, saying that "our constitutional system of separation of powers contemplates a more restricted role for Article III courts." The principle that courts may not directly control battlefield command and the conduct of operations by the president abroad, or even by governors in cases of domestic riots or public emergency, is a venerable one in U.S. law, which the courts themselves apply out of respect for the separation of powers and the judicial role.

Because the separation of powers operates as a central legal principle in the courts, the question "who decides?" comes in two different forms. As a matter of separation of powers, the courts may themselves decide that courts ought not to be the ones to decide a given issue.

To date, all the Trump administration's responses in court have embodied appeals to these principles. In response to a recent temporary restraining order that seemingly barred all political appointees from access to certain internal information, the administration argued in a filing that the work of executive agencies is overseen by the president, and "a federal court, consistent with the separation of powers, cannot insulate any portion of this work from the specter of political accountability."

That was a straightforward legal appeal to the limits of judicial authority, made within a judicial proceeding as an argument under applicable law. Even where courts have jurisdiction to decide, it is always legally valid to argue that their decisions ought to respect the separation of powers.

No constitutional crisis is created when the executive branch appeals to such principles, whether in court or on social media. If there is a crisis of any kind, it is that some judges have overlooked or willfully ignored the time-honored legal doctrines and principles that limit their own role, have exercised discretion without prudence or restraint, and have themselves consequently violated the separation of powers.

Mr. Vermeule is a professor of constitutional law at Harvard. This article is adapted from a post at the New Digest substack.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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BUSINESS & FINANCE

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Chain Automates as Wages Rise

Dave's Hot Chicken adds automatic dishwashers, self-ordering kiosks

By HEATHER HADDON

When **Dave's Hot Chicken** needed to figure out how to pay its workers an additional \$2 an hour, the chain called in the dishwashers.

That is, dishwashing machines. Automating the chore with industrial-scale equipment is among the changes the company made to counter fast-rising labor costs.

Restaurant executives say their economic calculus is getting harder in California and 20 other states that recently raised minimum wages. The Golden State's minimum wage for fast-food workers increased last year to \$20 an hour—the highest in the U.S. for restaurant jobs—and it could rise again this year.

Dave's and other restaurant companies, including **Chipotle Mexican Grill**, **Shake Shack** and **McDonald's**, have lifted their menu prices to help cover rising payroll costs. Such price increases haven't always been enough, but executives know they risk scaring off diners if check sizes grow too fast.

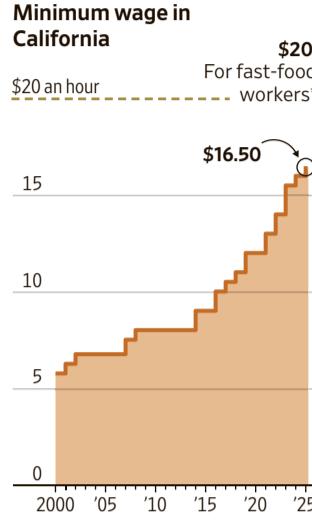
Figuring it out has been especially pressing for Pasadena, Calif.-based Dave's, known for its Nashville, Tenn.-style hot chicken. The chain, founded by four friends as a pop-up concept in Los Angeles in 2017, generates \$1 billion in annual sales. About one-fourth of its 270 restaurants are in California.

Ahead of California's April 2024 minimum-wage increase, Dave's held emergency calls with franchisees to prepare. Executives said they examined every penny of their spending, from kitchens to menus, to figure out how to cut costs and boost sales.



Sides got a new look, too, with a recent addition being fries topped with chicken.

During a franchisee conference last August, the company persuaded 80% of operators to agree to switch to automatic dishwashers rather than clean dishes by hand, which many still did.



*For restaurant chains of at least 60 establishments nationwide.
Source: Federal Reserve Bank of St. Louis

The company also encouraged franchisees to contract out cleaning work.

"It's like taking a power drill to all those jobs that essentially no one wants to do," said Jim Bitticks, Dave's chief

operating officer.

Executives looked for ways to boost customers' spending, too. Dave's last year added self-ordering kiosks near counters in its California restaurants, which cost about \$5,000 a location plus \$150 a month in service fees.

Executives initially feared customers would find the machines impersonal. But diners ordered thousands of dollars in additional drinks when making purchases through the systems, which freed workers to spend more time in the kitchen.

The company has looked for new ways to price and package existing products. For big groups, Dave's has encouraged franchisees to market "Hot Boxes" of food that sell for roughly \$45 for 10 tenders, with a serving of pickles and sauce.

For customers seeking cheaper eats, Dave's started selling bites of chicken starts.

Please turn to page B6

Gucci Owner's Revenue Exceeds Consensus

By ANDREA FIGUERAS

Kering's revenue fell by less than analysts expected in the fourth quarter as the Gucci owner seeks to reinvigorate a turnaround plan for its core brand.

Some luxury groups have pointed to signs of a rebound in demand, but executives at the French luxury group said they expect 2025 to be a transition year, as Gucci looks for a new creative direction after the departure of its top designer and as the Chinese market stabilizes.

Kering—which also owns Yves Saint Laurent, Bottega Veneta and Balenciaga—booked revenue of 4.39 billion euros, or about \$4.52 billion, for the last quarter of 2024, 12% less than in the prior-year period. The result compares with analysts' forecasts of €4.23 billion, according to a poll of estimates compiled by Visible Alpha.

The company's star label Gucci—which accounts for the lion's share of group revenue—posted quarterly sales of €1.92 billion, down 24% from a year earlier.

The group said it logged a slight sequential improvement in North America and the Asia-Pacific region, and said that the performance of new leather-goods lines as well as iconic Gucci lines were highly encouraging.

"We are confident that we have driven Kering to a point of stabilization, from which we will gradually resume our growth trajectory," Chairman and Chief Executive Francois-Henri Pinault said.

Trends in the first three months of the current year are expected to be similar to those in the fourth quarter of 2024, Kering Finance Chief Armelle Poulou said in a call.

The results come days after the group parted ways with Gucci creative chief Sabato De Sarno, two years after he was appointed with the aim of revitalizing the brand and reducing its reliance on seasonal designs. It also intended to target more-affluent customers, who have continued to spend money on high-end fashion and accessories during a slowdown in the luxury market.

The group aims to attract the wealthiest shoppers through a combination of products and enhanced customer experience, Pinault said. Nevertheless, Pinault said the Please turn to page B2

Chinese Film Smashes 'Star Wars' Box Office Record

By LIYAN QI
AND ERICH SCHWARTZEL

A Chinese movie about a boy who fights demons and gods alike has become the world's highest-grossing movie in any single market.

With \$1.2 billion in box-office revenue so far, "Ne Zha 2," released Jan. 29, has outpaced American films that used to be a staple of the Chinese entertainment scene. It beat the record held by the 2015 "Star Wars: Episode VII—The Force Awakens," which reaped \$936.7 million in North America.

The animated film's record-breaking run within two weeks of its release marks a moment of national pride in China's culture and technology as Chinese audiences gravitate toward movies made at home rather than in the West. The movie's success follows Deep-Seek's sudden

No movie from that country has approached the success of 'Ne Zha 2.'

shot to fame with a Chinese artificial-intelligence model that rivals American ones.

The buzz about DeepSeek and "Ne Zha 2" is a timely confidence boost as Chinese officials and consumers face prolonged economic gloom and another trade war with the U.S. under the new Trump administration.

Directed by Yang Yu, who is known by his pseudonym *Jiaozhi* (dumplings) for his love of the Chinese delicacy, the film is loosely based on "Investiture of the Gods," a classic of Chinese

mythology published more than 400 years ago.

"Investiture of the Gods" has proved to be a lucrative source material for a country eager to see its own stories on screen. Chinese filmmakers who want to offer epic story lines while hewing to narratives that will be allowed by Communist Party censors have drawn on the ancient text to create a kind of Marvel-superheroes universe of storytelling.

No Chinese movie has approached the success of "Ne Zha 2." The film, released during the Lunar New Year holiday, speaks to many Chinese who need something to lift their spirits amid slowing economic growth and rising international tension, said Karen Ma, the author of "China's Millennial Digital Generation," which profiles young Chinese directors.

Yang, in his mid 40s, was an unknown director with a good idea who stuck to it for years and pulled it off, Ma said. Makers of Chinese animated films "have arrived at a moment when they can proudly say that 'we can rival Hollywood now,' especially in special effects," she added.

A sequel to "Ne Zha," which topped the country's box office charts in 2019, the movie captivated an even wider audience in China this year.

A theater in downtown Shanghai last weekend was packed, as an emotional crowd reacted to the nearly 2½-hour



'Ne Zha 2' marks a moment of national pride in China's culture and technology.

long movie with laughter and tears.

Ni Mingyue, an art teacher in Shanghai, said her 8-year-old daughter was engrossed. Apart from the stunning visual impacts, such as those illustrating the heavenly palaces where the gods reside, Ni said she was most impressed by the plot's twists and turns.

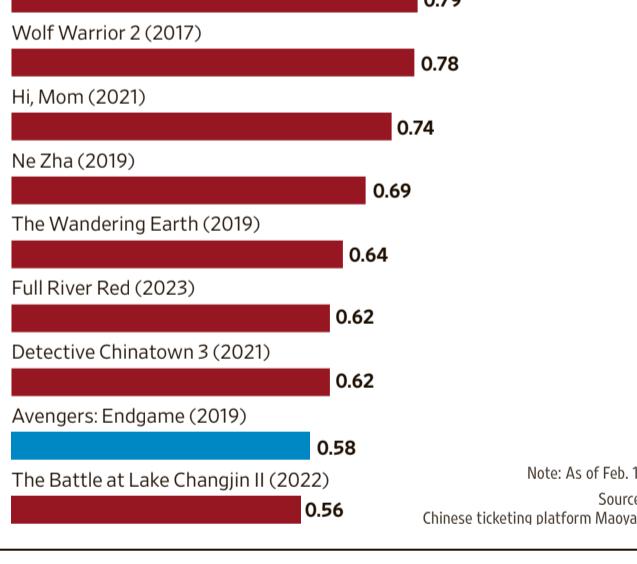
"For many American blockbusters, I can pretty much guess what's going to happen, but this movie surprised me so much, which is very satisfying," said Ni, who has collected all the Ne Zha-themed toys in the form of "blind boxes"—the contents of which buyers don't know until they are opened.

Jiang Jie, a college student in Guangdong, said she missed part of the movie during a bath-

Please turn to page B2

Nine of the 10 highest-grossing films in China are homegrown hits—only one is from overseas.

China's all-time box office titans



Note: As of Feb. 11

Source: Chinese ticketing platform Maoyan

Boomers Set to Revive Senior-Housing Market

By PETER GRANT

Senior housing has been one of the biggest disappointments for commercial-real-estate investors. Now thanks to millions of aging baby boomers, that may be about to change.

The oldest boomers turn 80 in less than a year. And by 2030, the U.S. population 80 years and older is expected to increase by more than four

million people to 18.8 million. History suggests that a growing number of people conclude at that milestone age they can no longer live comfortably or safely at home and seek a senior facility.

Many will find themselves on a wait list. Development of senior housing that nearly ground to a halt during the pandemic hasn't picked up. Please turn to page B6



TECHNOLOGY

China's largest chip maker says profit fell but it expects revenue to grow. B4

INSIDE



HEARD ON THE STREET

Phillips 66 and Elliott Investment don't see eye to eye. B12

Travelers Sees Big Blow From California Fires

By COLIN KELLAHER

Travelers said it expects pretax catastrophe losses of \$1.7 billion from the devastating wildfires that struck Southern California in January.

The New York insurer on Tuesday said the estimate, equal to \$1.3 billion on an after-tax basis, includes losses from its personal and com-

mercial segments, along with estimated assessments from the California FAIR Plan and recoveries from reinsurance.

Analysts have estimated that the wildfires could cost the insurance industry around \$30 billion. The FAIR Plan, the state's insurer of last resort that offers bare-bones fire coverage at typically high rates, can call on insurers to help fund the payouts.

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BUSINESS NEWS

BP to Reset Strategy Amid Activist Push

CEO is expected to abandon low-carbon strategy in favor of core oil, gas assets

By ADAM WHITTAKER
AND JENNY STRASBURG

BP will reset its strategy with a new direction for the oil major, days after reports that activist hedge fund **Elliott Management** has taken a stake in the company with plans to push for changes to boost shareholder returns.

While neither news of the shareholding nor Elliott's plans for the company have been confirmed, BP's Chief Executive Murray Auchinloss is expected to jettison his predecessors' low-carbon strategy in favor of core oil-and-gas assets.

"We now plan to fundamentally reset our strategy and drive further improvements in performance, all in service of growing cash flow and returns," Auchinloss said, add-



A BP oil platform in the Gulf of Mexico. An activist investor has taken a stake in the oil major.

ing that the new direction for the company will be put to shareholders at the capital markets day on Feb. 26.

Auchinloss in a brief interview Tuesday declined to

comment on specific shareholders or what he referred to as speculation about Elliott.

He said BP will lay out a "fundamental reset of strategy and a new beginning" when it

updates investors.

Auchinloss said he has been speaking with shareholders regularly since he took on the CEO role permanently in early 2024.

The comprehensive update will build upon last year's efforts to reshape its portfolio, which now includes new hydrocarbon projects in the Gulf of Mexico and Iraq, while dedicating less capital to low-carbon assets, the company said.

Auchinloss's predecessor, Bernard Looney, had tried to steer the oil company toward a cleaner, low-carbon future. He set a target to cut oil-and-gas output this decade by 40% from 2019 levels and invested heavily in wind, solar and electric-vehicle charging.

As Looney was removed in September 2023 over a failure to disclose details about past relationships with colleagues, Auchinloss was viewed as a continuity candidate.

While Auchinloss rolled back some of Looney's decisions—including abandoning the 40% target—he hadn't fundamentally changed the business strategy.

BP's valuation relative to its European and U.S. peers has fallen, and its heavy ex-

penditure on low-carbon assets has left the business leveraged and struggling to maintain shareholder returns.

The Wall Street Journal reported Sunday that Elliott had built a stake in BP and will push for transformational changes to improve the company's performance, people familiar with the investment said.

The U.S. hedge fund is known for pressuring companies to fire management, break apart and spin off businesses, all with the goal of increasing shareholder returns.

Elliott could force BP to reorganize its business and make changes to its board with the possible removal of Chairman Helge Lund, Jefferies analysts wrote in a note on Monday.

Other options that Elliott could be considering include asset disposals or spinoffs, or seeking a bid for the company, according to AJ Bell.

BP's shares ended down 0.6% Tuesday at 462.25 pence, equivalent to \$5.75, in London.

BOEING

Monthly Deliveries Highest Since 2023

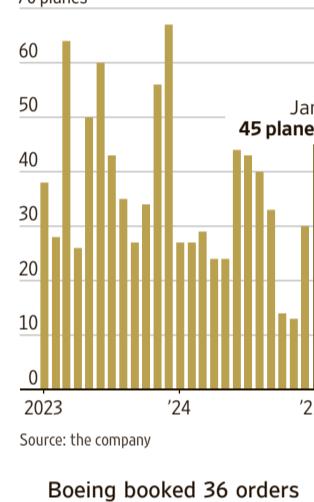
Boeing delivered 45 planes in January, the highest level since before last year's fuselage-panel blowout.

It is an encouraging milestone for Chief Executive Kelly Orlitzky, who took over the company six months ago, and comes in the first full month of production following last autumn's machinists' strike.

January's deliveries included 40 MAX jets, four 787 wide-bodies and a 777 freighter. It was the highest tally since December 2023.

However, Boeing's ability to stanch its cash burn hinges on whether it can substantially ramp up MAX production—not just deliveries.

Boeing commercial airplane deliveries, monthly



Source: the company

Boeing booked 36 orders in January, mostly for MAX planes.

—Sharon Terlep

COCA-COLA

Aluminum Duties Could Hit Soda

Aluminum tariffs could boost the price of President Trump's favorite drink.

Coca-Cola imports aluminum from Canada for its U.S. soda cans, Chief Executive James Quincey said. Trump, a fan of Diet Coke, on Monday announced a 25% tariff on steel and aluminum.

The company is working to ease any potential price increases, Quincey said, by examining ways to use less aluminum and finding different sources of the material.

Coke has long-term hedging programs, he said, so any impact wouldn't hit "immediately on day one."

Quarterly organic revenue rose 14%. —Laura Cooper

FORD MOTOR

Tariffs Mean Chaos For Cars, CEO Says

Ford Motor Chief Executive Jim Farley said the threat of tariffs and other policy changes emanating from Washington have resulted in chaos for the auto industry.

While the Trump administration's bid to spark more domestic manufacturing holds promise, "so far, what we're seeing is a lot of cost and a lot of chaos," Farley said during a Wolfe Research investor conference Tuesday.

The proposed 25% tariffs on Mexico and Canada would be devastating, and fresh levies on steel and aluminum would inflate costs, Farley said.

—Mike Colias

ECOLAB

Sanguine Forecast Sends Shares Up

Ecolab shares closed 6.1% higher Tuesday after it forecast strong earnings growth in the coming year.

The company, which develops technology to purify and clean water, projected adjusted earnings between \$7.42 and \$7.62 a share for 2025, with the midpoint landing above analysts' expectation of \$7.46 a share. Ecolab attributed the upbeat guidance to growth trends in water, hygiene and infection prevention.

The company reported fourth-quarter sales of \$4 billion. Fourth-quarter adjusted earnings of \$1.81 a share topped Wall Street estimates.

—Owen Tucker-Smith

DUPONT

AI Demand Leads To Jump in Sales

Sales in DuPont's artificial-intelligence-related business jumped by 30% last year thanks to swelling demand for semiconductor products.

Those materials, used to fabricate and package chips, are part of DuPont's electronics segment that will be spun off Nov. 1 in an effort to boost its value with investors. The business also benefited from new Chinese semiconductor factories that stocked up on materials as they began production.

DuPont's fourth-quarter sales of \$3.1 billion and adjusted earnings per share of \$1.13 both beat the projections of analysts polled by FactSet. —John Keilman

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SMIC Reports Lackluster Fourth Quarter

China's largest chip maker said profit fell but it expected revenue growth

By SHERRY QIN

Semiconductor Manufacturing International Corp., China's largest chip maker, reported lower profit during the traditional off-peak season but said it expected continued revenue growth in the current quarter.

SMIC said Tuesday that its fourth-quarter net profit fell 38% from a year earlier to \$107.6 million, missing a FactSet consensus estimate of \$191.5 million.

Revenue for the quarter rose 31.5% to \$2.21 billion, higher than analysts' expectations of \$2.19 billion and in line with the company's guidance.

SMIC's gross margin was 22.6%, topping its guidance of



JAMES PARK/BLOOMBERG NEWS

The company's Hong Kong-listed shares have risen more than 40% this year.

18%-20%.

Despite stronger revenue, higher cost of sales and operating expenses weighed on its bottom line.

Management had already said during the third-quarter earnings call that customers' willingness to place orders were weak in the fourth quar-

ter, as they typically use the period to adjust their inventories for the coming year.

The lackluster fourth-quarter results brought the full-

year net profit to \$492.7 million, a 45% decline from 2023, which the company attributed to lower investment income and financial income.

For the current quarter, SMIC said it expects revenue to rise 6% to 8% sequentially and gross margin to be in the 19%-21% range.

The company expects its 2025 revenue growth to be higher than the industry average and the capital expenditure to be roughly flat.

Positive sentiment around China's chip-localization efforts and artificial-intelligence advancements have fueled the rise of more than 40% in the company's Hong Kong-listed shares this year.

That came on top of their 5.25% gain in the final quarter of 2024.

The gains have come despite the U.S. caps on how many advanced AI chips can be exported to certain countries after a core circuitry produced by TSMC was found in a note.

some of Huawei's AI chips last year.

Analysts said SMIC could be a primary beneficiary of efforts to develop a domestic industry after the U.S. tightened chip restrictions further.

DBS thinks the self-sufficiency rate of China's integrated circuit market has been on an upward trend and expects it to reach 26.6% in 2027 from 18.3% in 2022.

With homegrown AI startup DeepSeek's recent breakthrough, SMIC, as the only Chinese foundry capable of producing sub-14 nanometer advanced chips, is positioned to meet rising demand for domestically designed AI graphics processing units and accelerators, DBS said in a note.

DeepSeek's success despite the lack of the most advanced chips could also reduce the urgency for SMIC to produce cutting-edge chips, Morningstar analyst Phelix Lee said in a note.

Sonos Marketing Chief Leaves Amid App-Malfunction Fallout

By KATIE DEIGHTON

Audio equipment company **Sonos** is on the hunt for a new global chief marketing officer to help repair its brand following the exit of Jordan Saxemard, who arrived last year just as the company was rolling out an app update that would prove disastrous.

Saxemard, who joined the company from Dyson and previously spent more than a decade in marketing at beauty company Coty, is departing a month after longtime Chief Executive Officer Patrick Spence stepped down following a disastrous software update that sent customers reeling.

The update was designed to

improve the user experience and accelerate the company's pace of innovation. Users of its premium audio equipment instead found that its glitches were so bad they made the Sonos systems essentially useless.

Sonos since then has been in a scramble to placate existing and would-be customers, a challenge compounded by Spence's initial delay in apologizing.

Lindsay Whitworth, a Sonos vice president, will lead the company's marketing team as it searches for Saxemard's successor, Sonos said, declining to comment further on Saxemard's departure. The news was earlier reported by The Verge.

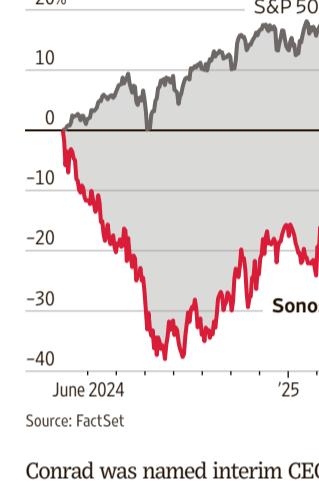
Saxemard, who couldn't be reached for comment, arrived

at Sonos in May and steered it through the launch of its first headphone product with a campaign starring musician and actor Suki Waterhouse. He also oversaw its first big holiday campaign in years, a quirky brand-building effort that centered on a video called "Elves of Sound."

Still, the Santa Barbara, Calif.-based company in November said that the botched app update cost it at least \$100 million in revenue. The company's unit sales during the second half of 2024 fell 14% from a year earlier to about 2.7 million products sold, the fewest for that period since 2016.

Former Pandora executive and Sonos board member Tom

Share-price and index performance since the Sonos app launched



Conrad was named interim CEO in January. Conrad last week told staff and investors that the company was laying off 200 employees, including 50 managers and executives, as part of an organizational restructuring and focus on cost savings.

Shopify's Profit Doubles On Strong Holiday Sales

By ADRIANO MARCHESI

Shopify's profit doubled in the fourth quarter after revenue rose by nearly a third, boosted by strong sales during the holidays and deeper integration with more online merchants.

The results reflect that Shopify's platform, which provides the backbone for online storefronts, is playing a critical role to a wider swath of e-commerce transactions.

During the fourth quarter, gross merchandise value, a metric that reflects the total value of orders placed via Shopify, rose 26%, its best rate since a spike during the pandemic. In recent months, brands including sneaker maker Reebok, mu-

sic company Warner Music Group and soccer club FC Barcelona have launched storefronts or expanded their business with Shopify.

The Ottawa-based company expects to carry that momentum into the new year, though its growth forecast in the mid-20s percent range represents a slowdown from its busy fourth quarter.

Shopify executives on Tuesday highlighted the company's key gains in areas ranging from health and beauty to home and garden industries, as well as smaller industries such as toys and games. Its revenue topped its earlier forecast, primarily due to stronger-than-expected sales in the U.S. and Canada.



Executive Produced By Nicole Rechter/Greg Williamson/John Varvatos

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THE PROPERTY REPORT

Senior Housing Set To Rekindle

Continued from page B1

The sector is expected to move from its former glut to a shortage in the next five years. More than 560,000 new units are needed to meet all the demand by 2030, but only 191,000 will be added at current development rates, according to data service NIC MAP.

"We've never had a population pyramid that looks like this," said Arick Morton, chief executive of NIC MAP. "The senior housing industry would need to develop twice as many units as it has ever developed in any single calendar year every year to keep up."

That means more seniors, especially those living on limited fixed incomes, will likely be priced out of senior housing or will have fewer housing options in the places they want to live, industry participants say.

High interest rates and inflated building costs are leading most senior housing developers to avoid new construction.

"Despite the attractive growth prospects of our industry, most developers have thrown in the towel due to a lack of development economics," said Shankh Mitra, CEO of



Residents learn how to make charcoal drawings at The Hacienda, a luxury retirement community in Georgetown, Texas.

Green Street.

But about 35% of seniors who could afford senior housing opt not to use it, Green Street said. They prefer to age at home closer to friends and family, something that is being made increasingly possible by advances in design and technology.

The sector also has a history of gluts. Developers, taking advantage of low interest rates and plentiful capital, overbuilt a decade ago in the hope that baby-boomer demand was approaching. That caused a decline in occupancy in the years leading up to the Covid-19 outbreak.

Developers say many of the projects that will break ground will be those that cater to the wealthiest seniors, sparing no expense on luxury design and fine dining, spas and educational programs.

Private-equity firm Harrison Street and a developer are scheduled to break ground this year on a 172-unit senior housing project in the Rancho Santa Fe master planned community in San Diego. It will feature golf-cart paths, a private wine room, art studio, movie theater and sports lounge.

Developers are targeting wealthy seniors because they will be more likely to accept higher costs due to inflation or a labor shortage than seniors on fixed incomes.

Wealthy senior citizens seeking top-shelf amenities also are more willing and able to afford rent increases in the future, noted Selznick of Kayne Anderson.

Welltower, on an earnings call last year.

Instead, Welltower went on a buying spree. The largest senior housing owner in the U.S. spent \$6.2 billion on acquisitions during the first three quarters of 2024, up from the \$5.9 billion it spent in all of 2023.

Ventas, another large owner, said on an earnings call last year that its "overarching capital allocation priority" is buying existing communities.

Acquisitions look more attractive because senior housing communities today can be purchased for less than what it would cost to build them.

Prices are rising but they are

still about 20% to 30% below what they were in 2019, investors say.

"It doesn't make sense today to put shovels in the ground except for a handful of top-tier deals," said David Selznick, chief investment officer of **Kayne Anderson Real Estate**, a big investor in the sector.

Wall Street likes this strategy, too. Ventas and Welltower outperformed the all-equity REIT index by an average of 28 percentage points in 2024, according to real-estate analytics firm Green Street.

The senior housing sector suffered huge losses during the

pandemic. Demand nose-dived due to high infection rates, loss of life and social-distancing restrictions imposed on residents and their families.

Labor shortages sent costs soaring. Many projects defaulted on their mortgages after interest rates spiked.

Occupancy rates last year finally returned to prepandemic levels, and rent growth has resumed. But developers remain unconvinced that the growing senior housing population will produce high-enough occupancy and rent gains to justify breaking ground on new projects.

For starters, Green Street

says about half of seniors can't afford private senior-housing communities, which generally require residents to pay out-of-pocket and don't accept third-party reimbursements. Average monthly rents are above \$4,100 for independent living units and \$6,400 for assisted living units that include more care.

Still, baby boomers are the wealthiest generation in the U.S. Many have paid off mortgages on homes that have soared in value. More than 40% could afford senior housing from income alone, up more than 10 percentage points from 2017, according to

Fast-Food Business Automates

Continued from page B1

ing around \$6.99. Sides got a new look too, with a recent addition being fries topped with chicken and other items.

The chain examined its lineup of drinks, which tend to be more profitable than food. It added large drinks for \$2.99 versus \$2.29 for the standard size.

Last fall, Dave's added frozen Slushers drinks for about \$3.70, a profitable introduction because ingredients cost around 75 cents a pop. A cream topping for the drink costs an extra \$2.

Instead of asking employees to cart 35-pound drums of frying oil through kitchens, Dave's installed a system that siphoned out old grease and drew in new batches through tanks. The switch saved about \$15,000 a restaurant in labor and other costs, Dave's said.

The company is shifting prep steps of its chicken marinade to outside producers rather than having workers do it by hand.

It recently started serving its signature sauce in packets for-to-go orders, rather than assigning workers to apportion it into plastic cups, and is testing a robotic fry cooker



California's minimum wage for fast-food workers increased last year to \$20 an hour—the highest in the U.S. for restaurant jobs—and it could rise again this year.

in a handful of California restaurants.

"There's a lot of little things," Chief Financial Officer James McGehee said.

Executives said California's wage law sped up an operational overhaul at the chain. Hourly wages for California workers increased roughly \$2

an hour on average, and franchisees also anticipated raising pay for more tenured workers.

With about 35 workers a restaurant, the pay increase translated to an estimated \$8 million annual increase in labor expenses for the company.

After holding most prices steady since 2022, Dave's last year twice bumped up menu prices in California, totaling an 8% increase.

Dave's did lose some sales after increasing prices, but traffic continued to grow and made up for it, McGehee said. Average profit per restaurant

increased \$6,000 last year, he said.

Dave's estimated that its changes have shaved \$100,000 from each restaurant's annual costs.

Executives said they are now implementing what they learned in California across other locations.

In 2025, Dave's expects to raise prices again. Executives aim to keep that to a minimum by pushing more high-dollar catering orders, adding menu items and increasing late-night sales.

"We just have to get better," Bitticks said. "We can't just raise prices."

BUSINESS NEWS

Accounting Firms Hire Growth Leaders as Dealmaking Spreads

BY MARK MAURER

More accounting firms are adding chief growth officers to their ranks as small and midsize players aim to stay competitive amid fast-paced expansion and dealmaking in the traditionally staid industry.

Rapid growth generally hasn't been a priority for smaller accounting firms. But a wave of private-equity ownership has many of them looking for ways to boost revenue, possibly through a ramp-up in services they provide to existing clients and acquisitions. Others may be positioning themselves as private-equity targets. A chief growth officer can help hone these strategies.

Forty-nine of the 100 largest U.S. accounting firms employed at least one growth executive at the end of 2024, roughly double as many as in 2019, according to employment-data provider Live Data Technologies. The bulk of the appointments in recent years have occurred outside of the top 20 firms, which largely

have had these roles for years.

"Founders and managing partners are getting tired of waiting to be bought out or find an ideal successor, so they come to us and say their goal is to identify somebody who can make them visible in the right circles," said Ash Athawale, senior vice president of executive search at Robert Half.

Frazier & Deeter, an Atlanta-based accounting firm, in February 2024 promoted advisory partner John Hightower to serve as its first chief growth officer, a role centered on finding new opportunities to boost revenue.

About a year later, the firm is close to a structural overhaul: It is in advanced talks to sell a stake to private-equity firm **General Atlantic**, people familiar with the matter said. The transaction hasn't been finalized, and it is still possible talks could fall apart or that another suitor could prevail. Frazier & Deeter and General Atlantic declined to comment on a potential deal.

Frazier & Deeter is one of

many midsize providers of audit, consulting and tax services that have turned to private-equity investors in part to raise more funds for technology and workforce purposes. Private-equity investors, drawn to the steady recurring revenue of accounting firms, often look to speed up revenue growth by assisting their targets in buying up smaller accounting practices.

Atlanta-based Smith + Howard last year appointed Marty Dauer in the newly created role of chief growth officer in part to help lead the firm's acquisitions following a capital boost it received from private-equity firm Broad Sky Partners in 2022. Dauer previously served as a marketing and operations executive at advisory firm Kroll.

Broad Sky's investment has helped Smith + Howard better

compete against other private-equity-backed peers to strike M&A deals, particularly on the returns it has been able to promise to deliver, Smith + Howard Chief Executive Sean Taylor said.

"What it's allowed us to do is to be successful in the M&A component of our growth plans," Taylor said. "Once you're successful with one,

you get the opportunity to be successful with a second and a third."

Smith + Howard expects to book about \$125 million in revenue in 2025, up from roughly \$80 million last year, Taylor said. A little over half of the forecast increase of \$45 million will likely come from acquisitions, potentially two to three deals, he said. The firm has made four acquisitions since January 2024, a mix of audit and consulting firms, he said.

For Frazier & Deeter, the COO position was part of a larger push to build out its international footprint and offerings. Frazier & Deeter expects its revenue to hit \$145 million this year for all services except wealth management, up from \$130 million last year, Chief Executive Seth McDaniel said.

Hightower and other executives have weighed opportunities ranging from private-equity ownership to an employee stock-ownership plan, McDaniel said. "We wouldn't be doing the right thing if we weren't constantly evaluating our capital structure and our investment needs," he said.

Some other firms don't have private equity in their sights. St. Louis-based Anders CPAs + Advisors added a chief growth officer in August 2023 to develop a strategy around lifting profit, including identifying service lines and industries into which to expand. Missy Kelley also has been tasked with evaluating acquisitions and other structural opportunities.

Anders wants to remain independent, but continues to evaluate its options, said Robert Minkler Jr., managing partner. "To this point we really haven't been close to doing a deal such as that," he said, referring to private equity.

KLR, a Boston-based firm that named a chief growth officer in November, is competing well for both new clients and acquisitions without the need of selling to private equity, Chief Executive Paul Oliveira said. "For us, it isn't appealing," he said.

Accounting-firm executives are finding they have to think like a private-equity-backed company even if they don't accept money from those investors.

"A PE-readiness mindset is becoming an industry standard," said Jeremy Cepin, a principal of professional services at **Korn Ferry**. "Even if firms aren't considering a PE investment, they're being evaluated through a PE lens, whether it's by competitors or potential acquirers."

'A PE-readiness mindset is becoming an industry standard.'

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX)	25,000 lbs.; \$ per lb.	Open	High	Low	Settle	Chg	Open interest
Feb	4,5560	4,6990	4,5470	4,5945	-0,1060	2,025	
March	4,6935	4,7000	4,5410	4,6010	-0,1060	95,885	
Gold (CMX)	100 troy oz.; \$ per troy oz.						
Feb	2925,50	2945,40	▲ 2890,00	2912,50	-1,80	7,845	
March	2926,40	2955,50	▲ 2894,50	2920,20	-1,90	14,726	
April	2937,00	2968,50	▲ 2907,00	2932,60	-1,80	402,497	
Dec'27	2942,00	2942,00	▼ 2942,00	3282,30	7,70	27	
Palladium (NYM)	50 troy oz.; \$ per troy oz.						
Feb	1027,00	1030,00	1027,00	987,60	-11,10	12	
March	1005,00	1009,00	973,50	992,30	-11,10	14,418	
Platinum (NYM)	50 troy oz.; \$ per troy oz.						
Feb	978,40	1018,00	979,70	1026,90	4,40	1	
April	1035,80	1040,00	1015,90	1035,70	3,40	72,580	
Silver (CMX)	5,000 troy oz.; \$ per troy oz.						
Feb	32,110	32,260	31,635	32,231	-0,161	779	
March	32,495	32,660	31,650	32,322	-0,169	104,593	
Crude Oil, Light Sweet (NYM)	1,000 bbls.; \$ per bbl.						
March	72,49	73,68	72,31	73,32	1,00	211,466	
April	72,11	73,33	72,00	73,08	1,07	218,170	
May	71,78	72,91	71,65	72,76	1,11	136,807	

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are consolidated from trades reported by various market centers, including securities exchanges, Finra, electronic communications networks and other broker-dealers. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:

i-New 52-week high; 1-New 52-week low; dd—Indicates loss in the most recent four quarters.

Stock tables reflect composite regular trading as of 4 p.m. ET and changes in the official closing prices from 4 p.m. ET the previous day.

Tuesday, February 11, 2025

Stock	Sym Close	Net Chg	Net		Net		
			Stock	Sym Close	Chg	Stock	Sym Close
Alcoa	ALC	89.81	0.53	AB InBev	BUD	51.07	0.74
AlexanderRost ARE	94.96	-0.16	AnnalyCap NLY	NLY	20.76	0.07	
Alibaba	BABA	112.78	1.46	AnteroResources AR	AR	40.02	-0.02
AlignTech ALGN	102.52	-1.51	Aon AON	AON	384.20	-1.40	
AlliantEnergy LNT	60.31	0.44	ApogeeBldgMgmt APG	APG	158.08	-0.91	
AllisonTransm ASN	114.19	0.05	Apple AAPL	AAPL	232.62	4.97	
Allstate ALL	189.43	2.85	AppliedInt'l Techs ADT	ADT	26.50	-1.41	
AllyFinancial ALY	38.00	-0.20	AppMaterils AMAT	AMAT	183.20	-0.46	
AlmyanPharm AWL	268.99	-0.57	AppLovin APP	APP	375.25	-9.15	
Alphabet GOOG	187.07	-1.13	Apptargroup ATTR	ATTR	142.29	-0.99	
Alphabet A GOOGL	185.32	-1.15	API Group API	API	46.66	0.68	
AltairEngg ALTR	110.37	-0.04	APIV APTV	APT	37.46	-0.10	
Altria MO	53.85	0.01	ArclerMittel MT	MT	27.37	-0.43	
Amazon.com AMZN	232.76	-0.58	ArchCapital ACGL	ACGL	89.60	-1.86	
Amber BEV	185	-0.01	ADM ADM	ADM	46.44	0.35	
Amcor AMCR	10.03	-0.01	AresMgmt ARES	ARES	186.37	-3.61	
Amdocs DOX	86.32	0.52	Argenx ARGX	ARGX	636.02	-10.39	
Amersports AS	29.47	-1.14	AristaNetworks ANET	ANET	323.89	3.78	
Amherst AmeriGas AEM	98.18	0.98	Arm ARM	ARM	157.74	-3.39	
AmicoMovil AMX	14.72	0.18	AspenTech AZPN	AZPN	265.43	-0.07	
AmidMicroDevices ADM	111.10	0.62	AmericAirlines AAL	AAL	16.41	-0.21	
Aegon AEG	6.62	0.04	AmericanAirlines AAJ	AAJ	212.80	0.27	
AerCap AER	9.77	0.29	AmeriExpress AXP	AXP	309.57	-0.69	
Affirm AFRM	78.02	0.27	AmericanFin AF	AF	127.13	0.59	
AgilentTechn A	141.75	-1.94	AmHomesAMT AMH	AMH	35.35	-0.69	
AgroCoEagleMines AGM	98.37	-2.14	AmHomeWtr AWK	AWK	126.08	1.97	
AirProducts APD	309.49	-1.06	AmPowerREIT AMT	AMT	193.42	3.54	
Airbnb ABNB	134.52	-0.72	Autodesk ADSK	ADSK	299.72	-5.27	
AkamaiTech AKAM	101.38	-0.72	AmeriPrise ADP	ADP	305.78	-1.15	
AlamosGold AGI	22.48	-0.35	Ametek AME	AME	185.32	-0.65	
AlaskaAir ALK	72.85	-2.21	AutoZone AZO	AZO	3446.75	1.87	
Albemarle ALB	75.70	0.56	Avlonabay AVB	AVB	218.92	-0.34	
Albertsons ACI	21.29	0.08	Amphenol APH	APH	69.95	-1.85	
Alcoa AA	37.17	0.25	Avantor AVTR	AVTR	18.39	-0.62	
			AviationDevices ADVS	ADVS	203.46	-1.40	
			AveryDennison AVY	AVY	179.99	-1.71	
			BroadfieldAsset BDA	BDA	56.88	-0.72	
			Broadfield BN	BN	58.68	-0.72	
			BroadfieldInfr BIP	BIP	33.11	-0.22	
			CookPointe CHKP	CHK	218.52	3.52	

BIGGEST 1,000 STOCKS

Stock	Sym Close	Net Chg	Stock	Sym Close	Net Chg	Stock	Sym Close	Net Chg	Stock	Sym Close	Net Chg	Stock	Sym Close	Net Chg	
BCE	BCE	22.88	0.37	BrookfieldRenew BEPR	BEPR	26.60	-0.51	Chemed CHE	CHE	553.87	0.25	Duolingo DUOL	DUOL	383.66	0.51
BHP Group BHP	BHP	50.20	-0.62	BrookWealth BNT	BNT	58.60	-0.20	CheniereEnergy LNG	LNG	219.20	-2.31	DuPont DuPont DD	DD	81.48	5.22
Bj'sWholesale BJ	BJ	106.97	0.67	Brown&Brown BRO	BRO	108.75	-0.16	CheniereEnterPtrs COP	COP	62.24	-1.32	DutchBros BROS	BROS	64.19	-2.39
BP BP	BP	34.55	0.13	BrownForman BB	BB	31.36	0.19	Chevron CVX	CVX	157.44	1.67	Dynatrace DYN	DYN	61.38	0.17
BWX Tech BWXT	BWXT	111.89	-2.18	BrownForman BFA	BFA	31.67	0.17	Chewy CHWY	CHWY	37.23	-0.23	EMCOR EMCOR	EMCOR	446.24	20.27
BXP BXP	BXP	71.55	0.43	BuildersFirst BLDR	BLDR	156.16	0.44	Chipotle CMG	CMG	56.18	-1.62	ENI ENI	ENI	29.13	0.34
Baidu BIDU	BIDU	89.44	-4.41	BungeGlobal BG	BG	267.96	1.38	CIA CIA	CIA	327.55	-1.35	EPAM Systems EPAM	EPAM	263.92	3.92
BakerHughes BKR	BKR	47.11	-0.07	BurlingtonStrs BURL	BURL	255.05	0.55	ChungHwaTel CHD	CHD	104.88	0.33	Disney DIS	DIS	53.76	0.26
Ball BALL	BALL	50.36	0.01	CACI CACI	CACI	364.92	-17.18	Church&Dwight CHD	CHD	121.20	-0.67	Docusign DOCU	DOCU	87.92	-2.94
BBVA BBVA	BBVA	12.22	0.34	CAVA CAVA	CAVA	130.87	-9.24	Churchills CHDN	CHDN	121.20	-0.67	EagleMaterials EXI	EXI	255.00	-0.98
BancoBradesco BBDO	BBDO	1.98	0.06	CBRE Group CBRE	CBRE	141.79	-2.07	Ciena CIEN	CIEN	87.49	-2.62	EastWestBnpp EWP	EWP	98.97	1.17
BancodeChile BCH	BCH	25.97	0.05	CDW CDW	CDW	191.74	0.17	Cigna CIGNA	CIGNA	295.24	2.42	EastGroup EGP	EGP	178.80	2.14
BancanBrasil BCB	BCB	4.61	0.01	CF Industries GIB	GIB	120.78	0.02	Cintas CTAS	CTAS	205.40	1.43	DominionEner DNE	DNE	100.75	1.69
BancoSantander SAN	SAN	5.83	0.24	CH Robinson CHRN	CHRN	99.74	0.40	CiscoSystems CSC	CSC	62.34	-0.38	Darden DPZ	DPZ	47.04	0.88
Bancolombia CIB	CIB	40.04	0.21	CME Group CME	CME	241.74	-0.07	Citigroup C	C	81.11	0.38	Donaldson DCI	DCI	70.72	0.28
BankofMontreal BMO	BMO	99.62	0.12	CNA FIN	CNA	48.97	-0.62	CitizensFin CFG	CFG	167.17	-0.19	Dow DOW	DOW	38.63	0.06
BankWest BK	BK	85.50	0.47	CNHI CNHI	CNHI	12.28	-0.02	ClearenHarbor CLX	CLX	148.36	1.22	DollarTree DLTR	DLTR	124.29	-1.62
BankNovaScotia BNS	BNS	50.97	0.36	CRH CRH	CRH	102.98	0.91	Cloudflare NET	NET	172.55	0.06	Danaher DHR	DHR	201.62	-1.88
Barclays BCS	BCS	15.23	0.20	CSX CSX	CSX	33.11	0.03	Coca-Cola COKE	COKE	67.00	3.05	DardenR DDD	DDD	145.42	-1.68
Bartsch BSC	BSC	22.01	-0.09	CVS Health CVS	CVS	55.00	0.71	Coca-ColaEuro CCEP	CCEP	141.65	0.28	Datadog DDOG	DDOG	173.75	-0.23
BayerBayer BKR	BKR	47.11	-0.07	Cigna CIGNA	CIGNA	99.74	0.40	Comcast Comcast FINS	FINS	194.78	-0.63	DeutscheBank DB	DB	19.65	0.51
BectonDickinson BDX	BDX	229.52	-0.03	Cigna CIGNA	CIGNA	141.89	-0.53	ConocoPhillips COP	COP	101.71	2.23	DuPont DuPont DG	DG	74.03	-1.01
BellRing BRBR	BRBR	76.16	0.68	Cigna CIGNA	CIGNA	141.89	-0.53	ConocoPhillips COP	COP	101.71	2.23	Dynatrace DYN	DYN	10.35	-0.20
BentleySystems BYI	BYI	46.63	0.32	Cigna CIGNA	CIGNA	102.92	0.42	Comcast Comcast FINS	FINS	12					

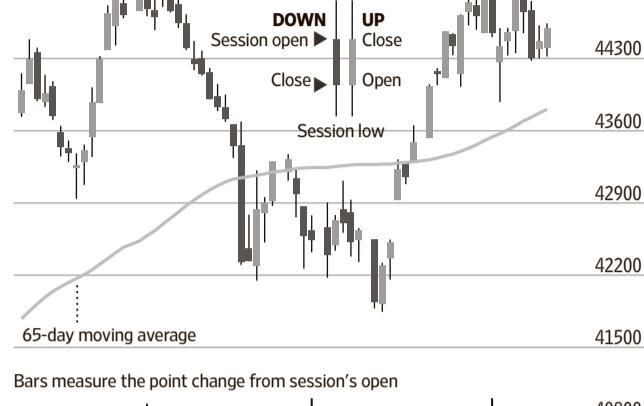
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

44593.65 **▲** 123.24, or 0.28%
High, low, open and close for each trading day of the past three months.

Current divisor 0.16268413125742



Bars measure the point change from session's open

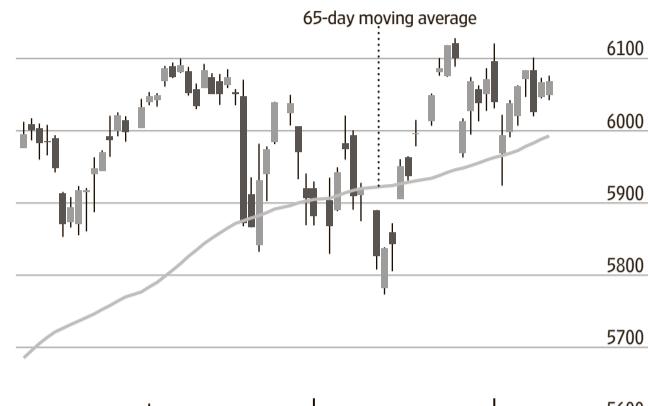
Nov. Dec. Jan. Feb. 40800

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

S&P 500 Index

6068.50 **▲** 2.06, or 0.03%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 25.62 22.85
P/E estimate * 22.43 22.51
Dividend yield * 1.24 1.49
All-time high 6118.71, 01/23/25



Nov. Dec. Jan. Feb. 5600

Nasdaq Composite Index

19643.86 **▼** 70.41, or 0.36%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 33.68 31.72
P/E estimate * 27.59 30.02
Dividend yield * 0.72 0.84
All-time high: 20173.89, 12/16/24



Nov. Dec. Jan. Feb. 17600

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	44640.60	44319.51	44593.65	123.24	▲ 0.28%	45014.04	37735.11	16.5	4.8	8.7
Transportation Avg	16412.62	16240.18	16376.53	63.78	▲ 0.39%	17754.38	14781.56	3.7	3.0	3.0
Utility Average	1011.53	992.09	1011.14	8.26	▲ 0.82%	1079.88	829.38	21.9	2.9	3.0
Total Stock Market	60405.47	60130.31	60333.33	-42.99	-0.07	60885.79	49314.67	22.3	3.3	10.4
Baron's 400	1308.61	1300.71	1304.11	-4.50	-0.34	1356.99	1069.92	21.9	4.2	8.8

Nasdaq Stock Market

Nasdaq Composite	19731.93	19579.77	19643.86	-70.41	-0.36	20173.89	15282.01	25.5	1.7	12.5
Nasdaq-100	21776.25	21625.51	21693.52	-63.21	-0.29	22096.66	17037.65	23.3	3.2	15.0

S&P

500 Index	6076.28	6042.34	6068.50	2.06	▲ 0.03	6118.71	4953.17	22.5	3.2	11.2
MidCap 400	3204.28	3184.88	3194.10	-14.23	-0.44	3390.26	2765.08	15.5	2.3	6.5
SmallCap 600	1432.39	1422.61	1430.27	-1.34	-0.09	1544.66	1241.62	13.1	1.6	3.2

Other Indexes

Russell 2000	2282.21	2270.89	2275.70	-12.24	-0.53	2442.03	1942.96	15.9	2.0	3.9
NYSE Composite	20180.56	20049.38	20168.21	50.33	▲ 0.25%	20272.04	17068.54	18.2	5.6	6.6
Value Line	625.80	621.79	623.68	-2.12	-0.34	656.04	568.94	8.0	2.1	-0.5
NYSE Arca Biotech	6031.48	5960.56	5969.59	-61.89	-1.03	6318.63	4861.76	19.7	3.9	5.3
NYSE Arca Pharma	986.80	976.21	982.80	2.03	▲ 0.21	1140.17	912.71	-0.2	5.2	7.7
KBW Bank	138.40	136.40	138.23	0.86	▲ 0.62	140.59	92.30	49.8	8.4	-0.8
PHLX® Gold/Silver	164.56	162.51	162.53	-2.79	-1.69	175.74	102.94	56.7	18.5	6.4
PHLX® Oil Service	74.84	73.44	74.06	0.24	▲ 0.33	95.25	68.88	-4.9	2.0	2.4
PHLX® Semiconductor	5110.45	5042.54	5079.97	-2.70	-0.05	5904.54	4306.87	13.7	2.0	14.7
Cboe Volatility	16.42	15.75	16.02	0.21	▲ 1.33	38.57	11.86	1.1	-7.7	-16.3

\$Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	873.67	-0.12	-0.01	3.8
	MSCI ACWI ex-USA	341.30	-0.02	-0.005	4.7
	MSCI World	3854.96	0.87	▲ 0.02	4.0
	MSCI Emerging Markets	1104.63	-3.83	-0.35	2.7
Americas	MSCI AC Americas	2289.67	-0.20	-0.01	3.5
Canada	S&P/TSX Comp	25631.83	-27.03	-0.11	3.7
Latin Amer.	MSCI EM Latin America	2078.72	14.27	▲ 0.69	12.2
Brazil	Bovespa	126521.66	949.85	▲ 0.76	5.2
Chile	S&P/IPSIA	3903.41	-8.90	-0.23	8.0
Mexico	S&P/BMV IPC	52451.64	525.33	▲ 0.99	8.0
EMEA	STOXX Europe 600	547.18	1.26	▲ 0.23	7.8
Eurozone	Euro STOXX	549.98	2.70	▲ 0.49	8.9
Belgium	Bel-20	4338.21	-10.76	-0.25	1.7
Denmark	OMX Copenhagen 20	2067.97	-21.64	-0.104	-1.6
France	CAC 40	8028.90	22.68	▲ 0.28	8.8
Germany	DAX	22037.83	126.09	▲ 0.58	10.7
Israel	Tel Aviv	2490.90	-24.58	-0.98	4.0
Italy	FTSE MIB	37582.05	339.88	▲ 0.91	9.9
Netherlands	AEX	938.92	7.19	▲ 0.77	6.9
Norway	Oslo Bors All-Share	1730.19	23.53	▲ 1.38	5.2
South Africa	FTSE/JSE All-Share	87562.74	-202.62	-0.23	4.1
Spain	IBEX 35	12774.80	66.00	▲ 0.52	10.2
Sweden	OMX Stockholm	1028.30	1.42	▲ 0.14	7.7
Switzerland	Swiss Market	12694.16	66.32	▲ 0.53	9.4
Turkey	BIST 100	9882.79			

NEW HIGHS AND LOWS

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Tuesday, February 11, 2025

Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg						
Highs																										
AT&T	T	25.18 -1.2	DigitalOcean	DOCN	46.46 -1.5	Nordstrom	NSLG	10.34 -0.7	Sennheiser	SENNR	18.74 -1.4	AdverumBiotech	ADVM	4.00 -0.2	Cel-Sci	CVIM	0.33 -0.9	5EAdevMats	FEAM	0.30 -4.9	KyvemaTherap	KYTK	2.91 -2.7			
AZZ	AZZ	98.67 -.2	Oillard's	DDS	501.41 -2.3	Shopify	SHOP	125.05 -3.1	Alctec	ALEC	1.58 -2.4	CellExTech	CLDX	20.98 -1.8	FloFlora	FLOC	26.90 -5.3	LarhCo	LRHC	0.22 -12.4	POSCO	PXK	40.20 -2.1			
AgricNatvnt	ANSW	1.00 2.8	DogGo	DGGO	5.61 -0.2	NicolaBancor	NYAX	40.30 1.1	Small	SMAL	3.42 -15.0	AllogenBioTher	ALLO	1.36 -5.4	CenturyTherap	IPSC	0.68 -1.2	FlowersFoods	FLW	18.36 -5.5	LeekariaBioVol	LEKKW	1.60 -2.6			
American	AlphaTech	ATGL	26.60 -4.6	Dynatrace	DTC	11.83 -0.2	OSI Systems	OSIS	212.00 0.8	SocietyPass	SOPA	6.75 -120.4	AltressCleaners	ALCS	0.22 -20.6	ChargePoint	CHPT	0.66 -12.6	ForciteGlobal	AFRT	0.45 -0.4	LevoTherap	LXEO	4.20 -2.0		
Ameren	AEE	98.25 1.0	DigitalTurbine	APPS	5.71 -1.3	Moody's	MCO	513.04 1.7	SpirreGlobal	SPIR	21.43 -4.5	AltoNeurosci	ANRO	3.08 -0.8	3CharlesFarrar	CRL	1.50 -3.1	FactoFactory	FOFX	25.42 -0.3	Li-Cycle	LICY	0.77 -5.9	PasitheeTherap	KTTA	1.35 -1.4
AngloGoldAsh	ANG	33.77 -0.6	ESCO Tech	ESCE	166.49 -1.7	Onity	ONIT	41.27 -0.1	StellisSolns	SLNG	8.28 -2.3	Amgen	AEGO	14.47 -3.1	ChinaJoDong	CJD	1.29 -3.0	FlyHealthyl	GUTS	1.37 -3.4	LightwaveLogic	LWLG	1.57 -7.0	PharmenPHAT	PHAT	5.21 -1.4
AntenexTech	AVR	7.90 15.9	Ecolab	EDCI	27.56 -1.2	DocGo	DGGO	5.61 -0.2	NicolaBancor	NYAX	11.84 -1.8	SummitMidstream	SMAC	44.49 -1.1	Amphastar	AMPH	31.55 -1.7	FulgentGenetics	FLGT	15.99 -0.7	FulgentGenetics	FLGT	2.01 -15.1	TitanTherap	TRIX	2.47 -8.8
Archimedes	ATHU	10.05 0.4	Endavor	EDU	34.77 -1.1	PhibroAnimal	PAHC	26.49 -0.4	AutoBrake	TKO	178.13 -2.0	AnaptysBio	ANAB	12.21 -4.8	Amphar	AMPH	12.19 -2.4	PaladeBio	PALI	1.11 -2.6	Syntac	SYNA	67.16 -1.8			
AutoNation	ATV	198.50 1.7	EurekaAcqna	EKUR	10.21 -0.1	Philip Morris	PM	148.53 -0.9	T-MobileUS	TMUS	259.46 -1.1	NorthDynasty	NAK	0.78 -6.0	TelePhoneData	TDS	37.85 -0.3	Annexon	ANX	3.04 -8.5	CenturyTherap	IPSC	0.75 -1.1			
AxsomeTherap	AKSM	134.19 1.4	Every	EVRG	66.25 -0.6	Vcom	VCIL	10.00 -0.1	VeriSign	VRSN	227.50 -2.3	VeriSign	VRSN	1.00 -0.1	Apollonics	APLM	6.38 -13.4	CorneMoldingTech	CMT	15.20 -0.2	LevoTherap	LXEO	4.20 -2.0	PassithreeTherap	KTTA	1.35 -1.4
Bj'sWholesale	BJ	102.29 0.6	Exelon	EXC	42.46 -1.3	PitneyBowes	PBI	9.37 -0.7	VeriSign	VRSN	21.90 -0.6	Alomarica	AMSC	1.00 -0.1	Alomarica	AMSC	0.95 -0.1	ProfoundMed	PROF	5.63 -1.1	System	SST	0.56 -2.6			
BVVA	BVVA	12.29 -0.2	Z Corp	EZPW	14.07 -1.1	PlayHabits	PLAY	13.29 -0.4	Visa	VIS	1.00 -0.1	Charter	CHTR	0.75 -0.1	Charter	CHTR	0.75 -0.1	Protagonist	PTIT	0.24 -0.1	Genomic	GNS	1.35 -1.4			
BankofChile	BCH	21.62 -0.2	FirstInn	FIR	57.60 -1.9	PowerTech	PTWA	7.45 -0.3	PowerTech	PTWA	1.74 -0.1	AutoZintellnet	AZI	0.61 -0.1	Unico	UNCO	0.30 -0.1	PebblebrookRd	PRBF	18.84 -0.4	TBCPharm	TCBP	1.38 -15.3			
BancoSancti	SAN	5.83 -4.3	FirstHorizon	FH	22.44 -1.6	PowerFleet	FIOT	8.71 -0.1	VitaCoco	VITC	39.07 -1.1	ConagraBrands	CAG	1.20 -0.1	ChinaJoDong	CJD	1.29 -3.0	T2Biosystems	TTTO	0.11 -31.1	Run	RUN	7.93 -3.1			
BankoButterfield	NTB	41.67 -8.8	FirstUnited	FUNC	42.50 -3.3	PowerUpAcq	PWPW	14.90 -2.3	WattWater	WTWS	232.60 -1.2	Translational	TDAC	2.01 -0.1	ArgoBlockchain	ARBK	0.45 -5.0	PaladeBio	PALI	1.11 -2.6	TCOM	TCOM	65.69 -2.70			
BigBearLwtr	BBWL	3.80 -17.9	FlockNoteWtr	FNLW	0.05 -0.2	PowerUpAcq	PWPW	0.92 -0.3	Waystar	WAY	42.56 -2.5	ArbitraBiother	ARTV	3.69 -3.7	Constransts	STZ	161.00 -0.2	GreenPhar	GP	6.10 -4.7	Techno	TXT	7.51 -0.1			
BlackSkyTech	BKSYN	1.45 18.2	FranklinWeiss	FWKL	5.56 -0.4	Precio	PRPO	7.42 -0.7	ArbitraBiother	ARTV	25.29 -1.2	AspiraWomen	AWI	0.24 -20.2	ContextTherap	CNTX	0.78 -6.5	LeekariaBioVol	LEKKW	1.60 -1.1	Techno	TXT	7.51 -0.1			
BoleagleAcqcn	BEAG	10.28 -0.2	GDS Holdings	GDS	34.78 -1.7	PrivateHealth	HTSM	34.00 -1.4	PrivaHealth	HTSM	0.50 -0.1	Brigade	BRG	1.26 -1.2	Genicon	GNC	13.76 -1.1	LogiMark	LGMN	0.69 -14.9	TechTarget	TGT	16.34 -2.7			
BoldAgeAcqcn	BEAG	10.28 -0.2	ExxonMobil	XOM	291.55 -0.9	PrivateHealth	HTSM	34.00 -1.4	PrivaHealth	HTSM	0.50 -0.1	Brigade	BRG	1.26 -1.2	Genicon	GNC	13.76 -1.1	LogiMark	LGMN	0.69 -14.9	TechTarget	TGT	16.34 -2.7			
BritishAmtnAbt	BTI	42.54 -0.5	GasLogPrtRk	GLP	26.00 -0.6	RELEX Solutions	RELX	51.36 -1.5	YumBrands	YUM	184.20 -1.7	QuestDag	DGX	168.17 -1.1	ContineumTherap	CTNM	7.75 -4.5	GreenShing	GLE	1.25 -1.4	TechTarget	TGT	16.34 -2.7			
BroadingeInfr	BIGI	243.00 -0.3	Global-Eonline	GLEB	62.99 -1.2	GasLogPrtRk	GLP	26.00 -0.6	RELEX Solutions	RELX	51.36 -1.5	YumBrands	YUM	184.20 -1.7	QuestDag	DGX	168.17 -1.1	ContineumTherap	CTNM	7.75 -4.5	TechTarget	TGT	16.34 -2.7			
Cantelope	CTLP	10.54 -0.1	GlobalStarWt	GLTW	0.07 -25.9	GasLogPrtRk	GLP	26.00 -0.6	RELEX Solutions	RELX	51.36 -1.5	YumBrands	YUM	184.20 -1.7	QuestDag	DGX	168.17 -1.1	ContineumTherap	CTNM	7.75 -4.5	TechTarget	TGT	16.34 -2.7			
Carvana	CVNA	27.92 -12.0	Go2Net	GO2N	20.00 -1.6	RadientLogistics	RLGT	7.94 -1.7	VeriSign	VRSN	21.90 -0.6	VeriSign	VRSN	1.00 -0.1	Alomarica	AMSC	0.95 -0.1	Moderna	MRNA	30.70 -0.1	Moderna	MRNA	30.70 -0.1			
Compass	COMP	7.95 -0.1	GlobalStarWt	GLTW	7.00 -2.6	RadientLogistics	RLGT	7.94 -1.7	VeriSign	VRSN	21.90 -0.6	VeriSign	VRSN	1.00 -0.1	Alomarica	AMSC	0.95 -0.1	Moderna	MRNA	30.70 -0.1	Moderna	MRNA	30.70 -0.1			
CompassTherap	CMPK	4.08 -6.4	GlobalStarWt	GLTW	7.00 -2.6	RadientLogistics	RLGT	7.94 -1.7	VeriSign	VRSN	21.90 -0.6	VeriSign	VRSN	1.00 -0.1	Alomarica	AMSC	0.95 -0.1	Moderna	MRNA	30.70 -0.1	Moderna	MRNA	30.70 -0.1			
Costco	COCT	106.60 -0.0	MBIA	MBIA	7.47 -0.2	SG&Tech	SSNC	87.54 -0.7	VeriSign	VRSN	21.90 -0.6	VeriSign	VRSN	1.00 -0.1	Alomarica	AMSC	0.95 -0.1	Moderna	MRNA	30.70 -0.1	Moderna	MRNA	30.70 -0.1			
CrownStrike	CRWD	434.78 -0.6	Mytheresa	MYTH	125.20 -3.8	Schwab	SCHW	84.50 -2.5	VeriSign	VRSN	21.90 -0.6	VeriSign	VRSN	1.00 -0.1	Alomarica	AMSC	0.95 -0.1	Moderna	MRNA	30.70 -0.1	Moderna	MRNA	30.70 -0.1			
CurblineProp	CURB	25.69 -0.1	MatrixService	MTRX	15.75 -2.7	Sea	SE	129.00 -3.5	VeriSign	VRSN	21.90 -0.6	VeriSign	VRSN	1.00 -0.1	Alomarica	AMSC	0.95 -0.1	Moderna	MRNA	30.70 -0.1	Moderna	MRNA	30.70 -0.1			
DakotaGold	DC	3																								

MARKETS

Nasdaq Slips and Bond Yields Rise

Investors considered the latest on tariffs, monetary policy and corporate earnings Tuesday and decided the S&P 500 was already priced just about right.

The broad U.S. stock index added less than 0.1%, or 2.1 points, to 6068.50 in its smallest daily advance since November.

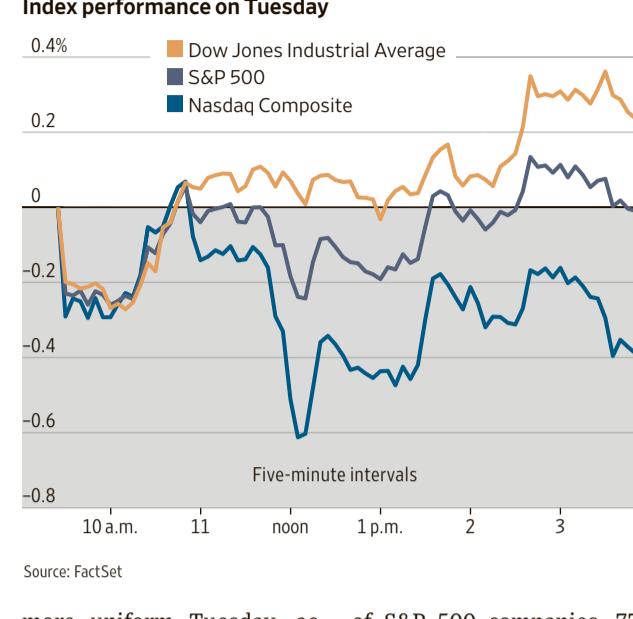
TUESDAY'S MARKETS Gains by Apple and IBM helped push the Dow Jones Industrial Average up 0.3%, or about 123 points, to 44593.65.

The technology-heavy Nasdaq Composite fell 0.4%, or 70 points, to 19643.86 as shares of Tesla, Nvidia and Alphabet declined.

Major indexes started the day lower after President Trump signed off on 25% tariffs on imports of steel and aluminum to the U.S.

Stocks pared their losses after Federal Reserve Chair Jerome Powell told a Senate committee that because the economy is doing well, the central bank can take its time deciding when and whether to cut interest rates.

A widespread view that the Fed will hold rates steady at its March meeting grew even



Source: FactSet

more uniform Tuesday, according to CME Group's Fed-Watch tool. The market's expectation that rates will remain unchanged in May also strengthened.

Meanwhile, earnings season rolled on, with Coca-Cola, S&P Global and DuPont unveiling results that beat Wall Street expectations. Coke shares rose 4.7%, S&P shares advanced 4.9% and DuPont shares jumped 6.9%. With reports in from about two-thirds

of S&P 500 companies, 77% have exceeded profit forecasts, according to FactSet.

"The market really is having to grapple with these opposing forces," said Tony Welch, chief investment officer at wealth-management firm SignatureFD.

On the one hand, markets are facing the potential challenge of tariffs. On the other, Welch said: "You've got corporate fundamentals that are marching along pretty well."

Elsewhere:

◆ The yield on the benchmark 10-year U.S. Treasury note rose for a fourth consecutive trading day, settling at 4.536%, from 4.492% on Monday.

◆ Gold slipped 0.1% from its Monday record to end at \$2,912.50 a troy ounce. The metal is up 11% this year.

◆ Brent crude gained 1.5% to \$77.00 a barrel, rallying for a third session in a row.

◆ The Stoxx Europe 600 rose 0.2% to a second consecutive record close. Hong Kong's Hang Seng Index declined 1.1%, while the Shanghai Composite slipped 0.1%.

—Karen Langley
and Caitlin McCabe

AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

THREE-YEAR NOTES	
Applications	\$177,493,910,000
Accepted bids	\$73,933,406,800
* noncompetitively	\$241,203,900
* foreign noncompetitively	\$144,300,000
Auction price (rate)	98.860298
Interest rate	(4.300%)
Bids at clearing yield accepted	4.250%
Cusip number	41.59%
The notes, dated Feb. 18, 2025, mature on Feb. 15, 2028.	91282CMN8

Coca-Cola
The beverage maker posted better-than-expected quarterly revenue and profit. Its chief executive also warned on the impact of tariffs. Shares jumped 4.7%.

U.S. Steel, Nucor and Alcoa
Shares of the steel and aluminum producers rose 1.5%, 0.4% and 0.7%, respectively after President Trump imposed tariffs on the metals.

Intel
Vice President JD Vance's pledge at a Paris summit to ensure powerful artificial-intelligence chips are made in the U.S. lifted shares 6.1%.

Phillips 66
Activist Elliott Investment Management has built a \$2.5 billion-plus stake in the oil refiner and plans to push for operational changes, The Wall Street Journal reported.

Shares of the increased 4.7%.

DuPont
Shares of the maker of chemicals and materials rose 7.2% after it reported higher-than-expected quarterly earnings and revenue.

Shopify
Shares of the Canadian e-commerce platform climbed

3.1% after it posted a near-doubling in quarterly profit and trumped revenue forecasts.

Marriott International
Shares of the hotelier slid 5.4% after profit declined in the fourth quarter and guidance for the current period fell short of expectations. Adjusted per-share earnings for the latest quarter topped views, however.

WEDNESDAY'S EVENTS:

◆ Data: The big number of the week arrives at 8:30 a.m. with the January reading of the consumer-price index. Surveyed economists expect the CPI to log an increase of 2.8% from a year earlier, slightly lower than the 2.9% rate as of December.

◆ Speakers: Fed Chair Powell testifies in front of the House Financial Services Committee at 10 a.m.

EARNINGS EXPECTED:

Cisco Systems
CME Group
CVS
Kraft Heinz
Robinhood

UniCredit Aims to Balance Deals With Shareholder Rewards

By ELENA VARDON

ters, depending what you assume," he said.

UniCredit has been in the spotlight due to its appetite for dealmaking and built up a 28% stake in Germany's Commerzbank in a few quarters, its chief executive said as the Italian bank balances its dealmaking efforts with shareholder returns.

The Italian bank is waiting to engage with the new German government after elections are held this month before making a move, Andrea Orcel said in a call with analysts. "If you go through the timeline, that takes you through three, four, five quar-

The bank is sitting on €6.5 billion, or \$6.7 billion, in excess cash, which it aims to deploy to reward shareholders or use deals to gain scale as the European Central Bank's interest-rate cuts dent its top line.

The lender promised that annual shareholder distributions in the 2025-to-2027 period will exceed the €9 billion it returned in 2024. This will include a cash dividend payout—which was lifted to 50% of net profit from 40% as previously flagged—as well as any excess cash above regulatory requirements.

UniCredit said it expects

2025 net profit to be in line with 2024's result of €9.31 billion. Its net profit metric is adjusted for the previous year's losses from deferred tax assets—balance-sheet items reducing future tax obligations.

The lender guided for revenue net of loan loss provisions to slip due to the effect of lower rates and come in above €23 billion for 2025, compared with the €24.20 billion net result reported for 2024. Total revenue for the year was €24.84 billion. The expected slowdown is explained by a moderate fall in net interest income—the difference be-

tween what lenders earn from loans and pay for deposits—as well as efforts to compress its Russia business, as fee growth in the mid single digits won't fully offset the dip.

For the fourth quarter, UniCredit made €1.56 billion in adjusted net profit, which represented a 18% on-year fall but beat expectations of €1.44 billion taken from a company-compiled consensus. On a reported basis, net profit dropped 30% to €1.97 billion due to integration costs.

It generated total revenue of €6 billion—against €5.96 billion a year prior—which

UniCredit share price over the past year



Note: €1=\$1.03

Source: FactSet

topped consensus' €5.89 billion estimate.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

The Magnificent 7 Are So Last Year

A twist on value spotlights the beauty of companies returning gobs of cash to shareholders

The investing secret that helped make Warren Buffett a multibillionaire isn't working anymore, though probably not for the reason you would think.

Every decade or so someone will declare that the **Berkshire Hathaway** boss has lost his touch—usually a cue for the reasonably priced stocks he prefers to come roaring back.

Even so, value investing the way that Buffett's mentor Benjamin Graham practiced it and Nobel Prize-winning economists defined it decades later has had too few rebounds recently.

The reason isn't that the "Magnificent Seven" stocks such as **Nvidia**, **Apple** and **Tesla** have re-written the law of gravity.

Value investing just needed a tune-up. A slew of exchange-traded funds, many without "value" in their names, have given it one.

The classic value factor was described in a landmark paper by economists Eugene Fama and Kenneth French in 1992, and it was compelling: A portfolio of stocks that were cheap relative to their book value trounced flashier stocks to the tune of thousands of percentage points over the decades.

But the professors' results covered a period when companies' value was mostly in property and machinery rather than brands and intellectual property. Fifty years ago, less than one-fifth of the S&P 500's assets were intangible. Today it is well over four-fifths, and many top-performing companies like **Microsoft** are "asset-light."

The results tell the story: Analysts at fund manager Lord Abbett point out that a low price-to-book-based portfolio returned 519% between 2002 and the middle of last year. One based on free-cash-flow yield did more than twice as well.

Free cash flow is generally defined as money left over after expenses and capital expenditures that a company can return to shareholders. The yield is usually calculated by dividing 12-month free cash flow by enterprise



VINCENT TULLO FOR WSJ

value—market capitalization plus net borrowings.

"We sort of caught on to this about 10 years ago," says Sean O'Hara, president at Pacer ETFs Distributors.

Pacer's U.S. Cash Cows Index underpins an eponymous ETF, ticker symbol COWZ, which has about \$25 billion in assets. The index has returned 15.7% annually over five years, a whopping 7 percentage points better than the Russell 1000 Value Index.

It even beat the plain-vanilla Russell 1000 index, dominated by the very much nonvalue Magnificent 7 stocks, by 1.4 points a year.

If imitation is the sincerest form of flattery, then the recent popularity of funds that try to capture similar effects is high praise for free-cash-flow yield.

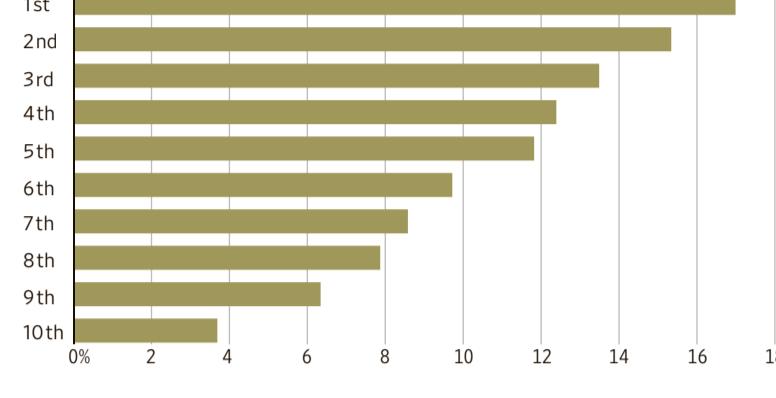
ETFs launched in 2023 alone include the tickers FLOW from Global X, QOWZ from Invesco, COWS from Amplify ETFs and VFLO from VictoryShares.

Value investing was never dead—it just had a measurement problem.

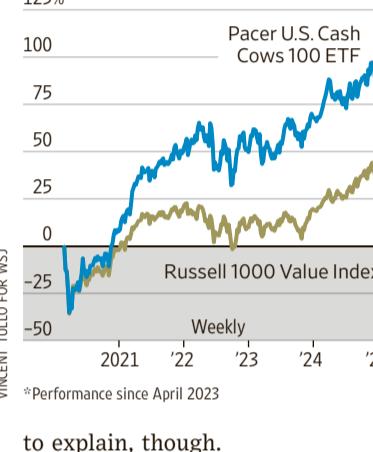
Plenty of investors, including Joel Greenblatt of "Magic Formula" fame, and even Buffett himself, ignore the academic strait-jacket plaguing some value indexes.

Other fund managers have accounted for the rise of intangible assets by tweaking the classic book-value calculation, which also improves results. That is harder

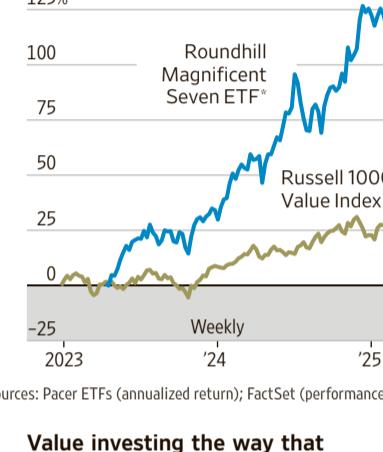
Annualized return of Russell 1000 stocks by decile of free-cash-flow yield, 1991-2024



ETF and index performance over the past five years



ETF and index performance since the beginning of 2023



*Performance since April 2023

Sources: Pacer ETFs (annualized return); FactSet (performance)

to explain, though.

COWZ is simple: Its proprietary index picks the 100 highest free-cash-flow yielders out of the Russell 1000 stock index and then weights those 100 by their cash flow in dollars, capped at 2% of the index.

The fund's yield at the end of 2024 was 7.32% or 4.7 percentage points more than the overall Russell 1000 index. A small company version, CALF, yielded 9.94%.

Will the strategy work during tough times? S&P Dow Jones Indices has constructed its own free-cash-

flow-based index based on the S&P 500. It calculates that the index beat the broad market by the greatest margin during times of falling economic growth and rising inflation.

With nervousness growing over the Mag 7 stocks, COWZ's top seven returners of cash recently—**Qualcomm**, **Gilead Sciences**, **Centocor**, **Tenet Healthcare**, **Valero Energy**, **Archer-Daniels-Midland** and **Bristol-Myers Squibb**—might be a sturdier alternative.

Just call them the "Munificent Seven."

—Spencer Jakab

A Light Touch to Corporate Crime Isn't a Free Pass for Banks

There may be fewer prosecutions of U.S. companies for overseas bribery and money laundering while U.S. Attorney General Pam Bondi is leading the Justice Department. That doesn't mean everyday corporate compliance costs should be coming down soon, especially at big banks.

Bondi last week issued a departmentwide memo instructing prosecutors to concentrate their resources on targeting illegal-drug cartels and other transnational criminal organizations. One

part of her directive singled out the Foreign Corrupt Practices Act.

When it comes to bribery of overseas officials, she said the FCPA unit of the Justice Department's criminal division should give priority to investigations with connections to cartels and other cross-border crime syndicates and shift away from cases lacking such connections. She set similar priorities for prosecutors in the criminal division's money-laundering section.

The directive drew gasps from critics who said it shows the Justice Department going light on white-collar crime. There are others, of course, who would welcome a go-light approach.

Executives at many large banks have complained for years about soaring compliance costs.

But there's a difference between shifting priorities and changing the law. Her memo didn't change any statutes. (Only Congress can do that.)

For anyone who believes this

will lead to immediate slashing in compliance budgets and operating expenses, consider that the statute of limitations for FCPA violations is five years and can be extended to as much as eight years in some instances, as attorneys at law firm Akin Gump Strauss Hauer & Feld noted yesterday. Their advice: Companies should keep "well-designed and adequately resourced" compliance programs in place.

Nobody knows who the president will be four years from now, or how long Bondi will be attorney

general. Someone who commits a crime today that goes unprosecuted in the current administration might be considered a priority for enforcement during the next administration.

Moreover, Bondi's memo covered criminal cases, not civil litigation by the Justice Department or other agencies.

The armies of compliance employees populating large financial-services companies haven't been rendered obsolete just yet.

—Jonathan Weil

Here Is Where Phillips 66 and Elliott Don't See Eye to Eye

Activist **Elliott Investment Management** had a clear road map for refining giant **Phillips 66** when it took its first \$1 billion stake in the company in late 2023. The company, though, has moved in a slightly different direction.

Hence Elliott's latest move: The activist on Tuesday disclosed an additional stake in the refiner that brings its total to more than \$2.5 billion. The gist of its demands are similar to the previous set: sell or spin off noncore assets such as the midstream segment, focus more on the refining business and cut operating costs.

By some metrics, the company has made progress: Phillips 66's operating expenses declined by 75 cents a barrel to \$6.23 in 2024, according to a report from Matthew Blair, equity analyst at Tudor Pickering Holt.

In its latest earnings call, the company said it could cut another 40 cents a barrel of expenses this year. The company also distrib-

uted about \$13.6 billion in cash to shareholders from July 2022 until year-end 2024, meeting its own target range of \$13 billion to \$15 billion.

It also exceeded its own \$3 billion asset-divestiture target.

But the progress hasn't been fast enough, and in some cases Phillips 66 is veering completely off path.

Even with the cost cuts, Phillips 66's operating expenses per barrel in 2024 were still about 34% higher than those of peer **Valero**, according to TPH estimates. Its margins per barrel still badly trail those of Valero and **Marathon Petroleum**.

There aren't obvious reasons for Phillips 66 to have higher refining costs: After all, its exposure to the higher-cost West Coast region is in line with Valero and about half of Marathon's.

And while Phillips 66 did sell off some assets, it also doubled down on the midstream business, a segment that Elliott wants the



MARIO TAMA/GLOBE STUDIO

In its latest earnings call, the company said it could cut another 40 cents a barrel of expenses this year.

company to sell or spin off. Since Elliott's initial involvement, Phillips 66 acquired two new midstream assets and has said it is open to more deals.

In its latest earnings call, Phillips 66 said some of its investors

own a stake in the company because of what it is doing in its midstream business. "We believe we can create more shareholder value by keeping the midstream business integrated with our refining," Chief Executive Mark Lashier

said on the call.

The market reaction on Tuesday, though, suggests more investors might be in Elliott's camp: Phillips 66's shares rose 4.7% following Elliott's announcement.

—Jinjoo Lee