

THE WALL STREET JOURNAL.

D DOW JONES | News Corp

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WSJ.com

★★★★ \$5.00

DJIA 42025.19 ▲ 522.09 1.26%

NASDAQ 18013.98 ▲ 2.5%

STOXX 600 521.67 ▲ 1.4%

10-YR. TREAS. ▼ 14/32, yield 3.739%

OIL \$71.95 ▲ \$1.04

GOLD \$2,588.00 ▲ \$17.30

EURO \$1.1161

YEN 142.63

What's News

Business & Finance

◆ **The Federal Reserve's** big rate cut sparked a furious global rally in stocks. The Nasdaq climbed 2.5% and is now up 20% in 2024 while the S&P 500 and Dow each hit record closes after rising 1.7% and 1.3%, respectively. **A1**

◆ **The Fed's rate cut** aims to softly land the economy, but it left unanswered where the central bank is taking rates and how long it will take to get there. **A1, A2, A3**

◆ **Hedge-fund powerhouse** Two Sigma is likely to pay as much as \$100 million to settle an SEC investigation into a trading scandal at the firm. **B1**

◆ **Disney plans** to transition away from its use of Slack, a move that comes after a hacking entity stole and leaked online company data. **B1**

◆ **Olive Garden owner** Darden Restaurants struck a delivery deal with Uber, betting it can help reverse flagging sales. **B1**

◆ **Nike CEO** John Donahoe will retire next month, capping a tenure marked by a series of missteps that caused the sneaker giant to lose ground to competitors. **B1**

◆ **Brazil's Supreme Court** ordered Elon Musk's X to pay a fine of almost \$1 million a day until he stops users from accessing the banned platform in the country. **B1**

◆ **Axel Springer announced** a breakup, keeping media assets such as Politico and Business Insider, while KKR, its largest shareholder, will take the classified assets. **B3**

◆ **U.S. home sales** fell in August as the recent decline in mortgage rates failed to offset home prices that remain near record highs. **A3**

World-Wide

◆ **Israel launched** a wave of airstrikes against Hezbollah targets in Lebanon, as the militant group's leader said two days of attacks on its members amounted to a declaration of war. **A1**

◆ **Senior U.S. officials** are now privately acknowledging they don't expect Israel and Hamas to reach a cease-fire and hostage-release deal before the end of Biden's term. **A7**

◆ **Tech companies** employed vast consumer surveillance strategies to monetize user data without providing adequate privacy controls, including for children, according to findings released by the FTC. **A3**

◆ **House Republicans** signaled they have no appetite for a government-shutdown battle right ahead of the election, ignoring exhortations from Trump to hold the line on an election-security bill opposed by Democrats. **A4**

◆ **The GOP nominee** for North Carolina governor, Lt. Gov. Mark Robinson, denied posting racist, antigay and inflammatory comments on a pornography-website message board more than a decade ago and said he would remain in the race. **A4**

◆ **A 10-year-old** Japanese boy who was stabbed on his way to school in China died, after the second such attack amid a social-media campaign that has stirred up anti-Japan sentiment. **A16**

◆ **Swedish authorities** charged a woman associated with Islamic State with genocide and other crimes against Yazidi women and children in Syria. **A16**

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Flood Laps at Door of Hungary's Parliament



DANUBE BLUES: The flooding in Central Europe struck Budapest as the Danube River threatened the seat of the National Assembly, left, on Thursday. The EU pledged billions of euros for flood recovery for the countries affected. **A16**

Stocks Rally Globally in Shift To Technology, Riskier Assets

By RYAN DEZEMBER

The Federal Reserve's big rate cut sparked a furious global rally in stocks as traders bid up technology shares and other risky assets in a bet that lower borrowing costs will help keep unemployment low without reigniting inflation.

The rally was a delayed yet emphatic response to the central bank's decision Wednesday to cut interest rates by a half percentage point that pushed the S&P 500 to its first record high since mid July and the Dow Jones Industrial Average to close above 42,000 points for the first time.

Stocks rose immediately after the announcement but ended Wednesday lower. Shares regained those declines and much more on Thursday, rising at the opening bell and remaining aloft throughout the session.

The tech-dominated Nasdaq Composite led the way, climbing 2.5% and is now up 20% in 2024. The S&P 500 added 1.7%, surpassing the broad index's previous peak and is now up 19.8% this year. The Dow industrials gained 1.3%, or 522 points, to end at a record 42,025 points.

The Russell 2000 index of smaller companies ended 2.1%

higher to stretch its winning streak to seven sessions, its longest in more than three years. Stock indexes across Europe and Asia also rose.

Gold futures settled at a record of \$2,588 a troy ounce, while the giant SPDR Gold Shares exchange-traded fund added 1.5%. Bitcoin climbed 5.3% to end at \$63,270.05.

Ross Mayfield, investment strategist at Baird, said investors' initial enthusiasm for a rate cut that was larger than many analysts expected was tempered by what some perceived as a downbeat news conference given by Federal Reserve Chairman Jerome

Powell on Wednesday.

"Today's reaction is the true reaction," Mayfield said Thursday. "It's clear the Fed will be cutting rates aggressively over the next year and that's what should matter to markets and risk assets."

The Fed voted to lower the benchmark federal-funds rate to a range between 4.75% and 5%, while quarterly projections showed a narrow majority of officials penciled in fur-

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◆ Greg Ip: Odds of soft landing improve..... **A2**

◆ Homeowners face choice on refinancing..... **A3**

After Fed's Big Rate Reduction, Tactics Remain Open Question

By NICK TIMIRAO

Fed Chair Jerome Powell entered a new phase in his campaign to softly land the U.S. economy, lowering interest rates Wednesday with an audacious half-point cut. The move raised new questions the central bank can't easily answer.

At the same time, the rate cut did clarify the answer to a more important question about the Fed's overarching goal. It underscored Powell's desire to prevent the central bank's past rate rises from tipping the economy into recession now that inflation is

heading down.

But chief among the questions the Fed can't easily answer now that it is cutting: Where is the Fed taking rates and how fast will it get there?

The Fed doesn't know on either front. Officials often set policy with an eye toward figuring out where their interest rate is relative to a so-called neutral rate that neither spurs nor slows growth. The neutral rate can't be observed. Before the pandemic, most Fed officials thought this neutral rate had fallen to 2.5% or lower. Now, many think the rate has risen. Possible contributors in-

clude soaring government deficits and new sources of demand for investment.

Powell characterized the Fed's latest cut, which lowered the benchmark federal-funds rate to between 4.75% and 5%, as "recalibrating policy down over time to a more neutral level." While he has typically avoided offering specific pronouncements about where that might be, he volunteered

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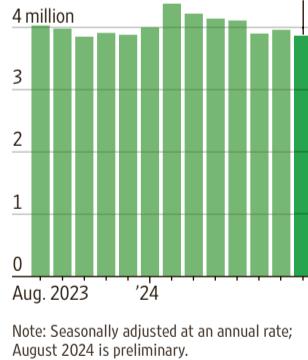
◆ Bank of England holds off on rate cut..... **A6**

◆ Heard on the Street: Fed aims for '90s repeat..... **B10**

Home Prices Squeeze Sales

Home sales in August fell as a drop in mortgage rates failed to offset high prices. **A3**

U.S. existing-home sales



Israel Launches Airstrikes Against Hezbollah

Attack in Lebanon comes as militants call waves of device blasts an act of war

TEL AVIV—Israel launched a wave of airstrikes against Hezbollah targets in Lebanon Thursday, moments before the militant group's leader said two days of debilitating attacks on its members amounted to a declaration of war.

By Shayndi Raice, Anat Peled and Summer Said

The strikes Thursday were more extensive than in previous days and were timed to coincide with a televised speech by Hezbollah leader Hassan Nasrallah, who was addressing two waves of device explosions before cadres who had been shocked by the scale of the attacks. Israeli jets flew over Beirut, setting off sonic booms as they have repeatedly in recent months in an effort to intimidate the group.

"This criminal act is a major terrorist operation and

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◆ U.S. sees little chance for Gaza deal..... **A7**

Next Steps Are Unclear After Pager Operation

By MICHAEL R. GORDON AND SHAYNDI RAICE

TEL AVIV—In a long history of audacious operations, exploding pagers and walkie-talkies across Lebanon was one of Israel's boldest feats. The question now ringing through Israel is whether it helps win the war.

There is broad agreement that the deadly sabotage of Hezbollah's electronic communications was a short-term tactical success that sent its foe into disarray and incapacitated thousands of its fighters. It is among a string of attacks, including the recent killings of Hezbollah and Hamas leaders, that have helped re-establish the fearsome reputation of Israel's military and intelligence services after the Oct. 7 attack launched the war in Gaza and brought the Middle East to the brink of regional conflict.

"This sends a message to Hezbollah that this is going to look ugly for you," said Amos Yadlin, a former head of military intelligence, assuming

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Warren Buffett's Yard Could Matter in Presidential Election

Neighbors watch for a blue-dot sign at billionaire's home in key Nebraska district

By JOHN McCORMICK



Oracle of Omaha

for more than six decades. The signs, a grassroots effort started recently in the Berkshire Hathaway chairman's neighborhood, have no words. Just dots. They ooze Midwestern understatement and have emerged as a symbol of solidarity for Democrats living amid a sea of Nebraska's Republican red.

Buffett's past backing of Barack Obama and Hillary Clinton have made his Democratic neighbors hopeful, even a bit

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Tech Jobs Have Dried Up And Aren't Coming Back Soon

Employment for software engineers has cooled as resources shift toward developing artificial intelligence

By KATHERINE BINDLEY AND JOSEPH PISANI

Finding a job in tech by applying online was fruitless, so Glenn Kugelman resorted to another tactic: It involved paper and tape.

Kugelman, 50, let go from an online-marketing role at eBay, blanketed Manhattan streetlight poles with 150 fliers over nearly three months this spring. "RECENTLY LAID OFF," they blared. "LOOKING FOR A NEW JOB." The 30-year-old posted them outside the offices of Google, Facebook and other tech companies, hoping hiring managers would spot them among the "lost cat" signs. A QR code on the flier sent people to his LinkedIn profile.

"I thought that would make me stand

out," he says. "The job market now is definitely harder than it was a few years ago."

Once heavily wooed and fought over by companies, tech talent is now wrestling for scarcer positions. The stark reversal of fortunes for a group long in the driver's seat signals more than temporary discomfort. It's a reset in an industry that is fundamentally readjusting its labor needs and pushing some workers out.

Postings for software development jobs are down more than 30% since February 2020, according to Indeed.com. Industry layoffs have continued this year with tech companies shedding around 137,000 jobs since January, according to Layoffs.fyi. Many tech

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U.S. NEWS



CAPITAL ACCOUNT | By Greg Ip

Fed's Cut Improves Odds of Soft Landing

In the past month, something that once seemed impossible suddenly became likely. After four years of upheaval, the U.S. now seems to have low inflation, low unemployment, and solid economic growth.

The popular term for this is soft landing. A better word is "normal." This is what an economy is supposed to look like.

Until Wednesday, one thing still looked abnormal: the Federal Reserve's interest-rate target, which at 5.25% to 5.5%, was much higher than economic conditions called for.

The Fed has begun to rectify that abnormality with its half-point rate cut. This vastly improves the odds of a soft landing. It might even leave the economy and interest rates looking more normal a year from now than before the pandemic.

To be clear, "normal" doesn't mean idyllic. Some people will be unemployed. Some people's wages won't keep up with inflation. Prices will rise gradually but won't go back to where they were before the pandemic. Normal simply means sustainable, without the excesses that lead to either recession or ac-

celerating inflation.

A little over a year ago core inflation (which excludes food and energy) was around 4%, double its 2% target. That's using the Fed's preferred gauge, the price index of personal-consumption expenditures, or PCE. With unemployment near a 50-year low of 3.5% and 1.5 vacancies for every unemployed worker, the Fed feared it would stay there.

And so it raised interest rates to a 20-year high, in essence declaring it would rather cause a recession than see inflation stay high. Markets adjusted accordingly: long-term bond yields, which reflect expectations of future interest rates, inflation and growth, stayed below the Fed's short-term rate target. Such an "inverted yield curve" has been a reliable predictor of recession.

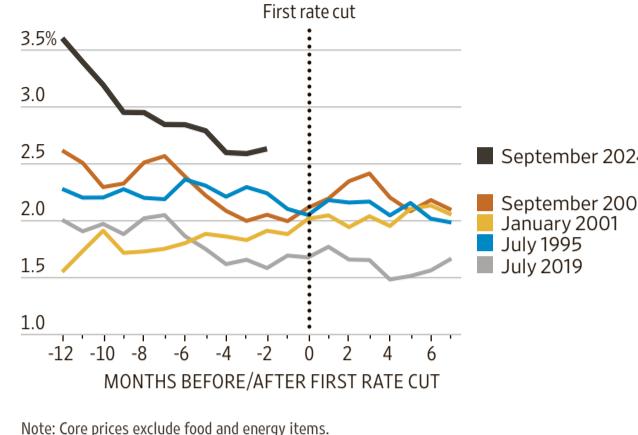
The recession didn't happen because the abnormalities that drove inflation so high in the first place began to unwind. Supply chains straightened out and businesses responded to high prices by boosting capacity. Workers returned to the labor force (joined by new migrants), firms got staffing back to normal lev-

els, and turnover dropped. Federal stimulus expired and mortgage rates rose.

With supply up and demand moderating, companies could no longer raise prices at will and workers couldn't get a raise just by changing jobs. In August, core inflation had fallen to an estimated 2.7%. Even that overstates the underlying trend because moderating rents have yet to fully pass through to official measures of housing inflation.

In projections released Wednesday, Fed officials see

12-month inflation rate, as measured by the core PCE indexes, before and after the starts of the last several rate-cutting cycles



Note: Core prices exclude food and energy items.
Source: Commerce Department

core inflation falling to 2.2% next year. Though above their 2% target, that's preferable to the sub-2% inflation that prevailed before the pandemic. That left too little cushion against deflation and the need for zero interest rates.

In the meantime, the unemployment rate has risen from 3.5% to 4.2% (the Fed expects it to edge up next year), and private-sector job growth has fallen to just under 100,000 a month, half the pace of a year earlier. This is not, though, because falling demand has led to layoffs,

which so far remain low. Instead, firms have applied the brakes to hiring.

In fact, job growth and unemployment are close to what the Congressional Budget Office estimates ought to prevail in an economy at full employment and growing at its long-run potential rate. Indeed, Powell was careful to note that the job market is "actually in solid condition. And our intention with our policy move today is to keep it there."

While the Fed has only a vague idea of what an interest rate in normal times (dubbed "neutral") should be, it's sure the number is far below 5.25%.

By cutting by half a point Wednesday, the Fed implicitly admitted rates have a way to go, and it was a bit late getting started. "We don't think we're behind. But I think you can take this as a sign of our commitment not to get behind," Powell said.

A return to the pre-pandemic era, when the Fed's interest-rate target was usually around zero and never above 2.5%, isn't in the cards. Those rates were anomalously low, reflecting a world of persistent deflationary pressure, subdued

investment and risk aversion.

The outlook today is for more upward pressure on inflation amid reversing globalization, shrinking labor forces and the costly transition to net zero carbon emissions. Structurally larger government deficits will add upward pressure to interest rates. Looking out a decade, markets think a neutral interest rate will be 3.25% to 3.5%.

Yet as of Thursday, 10-year yields were only a little higher, at 3.75%. In part, that reflected some investors betting that a recession would force the Fed to cut interest rates steeply again, if not quite to zero.

As confidence grows that the Fed has stuck the soft landing, long-term rates might rise until they are above the Fed's rate target. Indeed, bond yields on Thursday were higher than before the Fed rate cut.

A world of higher bond yields will be a bitter pill for investors whose stockholdings have been buoyed by cheap money, or home buyers wondering why they can't have the 3% to 4% mortgage rates of a decade ago. And yet this would be one more sign that the world has truly returned to normal.

Central Bank Enters New Phase

Continued from Page One
on Wednesday that "the neutral rate is probably significantly higher than it was" before the pandemic.

"How high is it? I just don't think we know," Powell said.

How fast the Fed cuts is also a wild card, and Powell tried to dissuade investors of the view that a half-point cut should be the default path at the central bank's next meeting in November.

"There's no sense that the committee feels it's in a rush to do this," he said. "I do not think that anyone should look at this and say, 'Oh, this is the new pace.'"

Just as the decision over whether to initiate rate cuts with a traditional quarter-point reduction or a larger half-point reduction was unusually unpredictable in the run-up to this meeting, the Fed faces the prospect that continued mixed signals on the economy create similar uncertainty for their next meeting.

Officials will have two more months of labor-market data before the Nov. 6-7 meeting, including one report less than a week before their meeting.

With inflation cooling, Wednesday's decision represented a valiant effort to manage against the risks of an undesirable slowdown in hiring, said Loretta Mester, who retired as president of the Cleveland Fed in June. But the uneven communications around the move in the run-up to the meeting might occur again.



Job seekers talked to recruiters this month at the New York Public Library's annual Bronx Job Fair and Expo. The labor situation is a main concern of the Fed.

YUKI IWAMURA/BLOOMBERG NEWS

"Going into the next meeting, it's going to be, again, '25 or 50?' What's the case for not doing 50 again?" And so that just makes it a little more complicated," she said.

To be sure, Powell tried to put guardrails around expectations of additional rate cuts of 0.5 point, or 50 basis points, by pointing to officials' rate projections released Wednesday. "It's not completely convincing because the last set of quarterly projections, in June, 'never signaled this 50-basis-point cut,'" said Dean Maki, chief economist at the hedge fund Point72 Asset Management.

Fed officials are trying to

balance two risks: One is that they drag their heels on reducing rates in a way that gives rise to rising joblessness and makes officials rush into bigger cuts.

"It is a race between the labor-market deceleration that's happening and the Fed reducing restrictiveness" before the weakness leads to a downturn, said Priya Misra, portfolio manager at J.P. Morgan Asset Management. "If this is the start of a weakening in the labor market, they should have more urgency" to keep making bigger cuts.

The other risk is that they move too fast in dialing back rate hikes. The chances that

inflation gets stuck at a level above the Fed's 2% target "increase if the Fed does continue to do 50-basis-point cuts going forward" when the economy doesn't need them, said Maki.

Even if tactical questions remain, Powell answered bigger questions about the Fed's strategy, said Mester, by following up his speech in Jackson Hole, Wyo., last month with specific action on Wednesday. Those earlier remarks made clear that further labor-market weakness wouldn't be welcomed.

His Jackson Hole speech was pretty explicit. Usually, chairs aren't as explicit as he

was there," said Mester. "I know everyone is focused on 25 or 50, but the big message is, 'Look, the committee has become much more confident that inflation is going back down to 2% over time, and they're attuned to the labor-market risks.'

Powell tried to strike a balance on Wednesday between signaling concern about the economy and complacency about those risks to employment. "It bears watching, and we're watching," he said. "There is thinking that the time to support the labor market is when it's strong, and not when you begin to see the layoffs."

Over the last two weeks, more former Fed officials had urged the Fed to start with a larger cut to better balance the risks facing the economy even though public comments from some of Powell's colleagues had implied they were more comfortable leading off with a smaller cut. Powell has prioritized consensus building, reflected in a string of 17 meetings with no dissenting votes that came to an end on Wednesday.

"I didn't know whether he would be able to get the committee on board, and he did," Misra said. "So it also tells you the power he has over the committee."

Stocks Rally Globally

Continued from Page One
ther cuts of at least a quarter-point each at meetings in November and December.

Wednesday's was the first rate reduction since early 2020, when the Fed cut rates to near zero amid the Covid

market meltdown.

The central bank raised rates starting in the spring of 2022 to fight inflation, eventually bringing borrowing costs to their highest level in a generation.

Now that the central bank has pivoted to reducing rates, investors are focused on the pace of cuts.

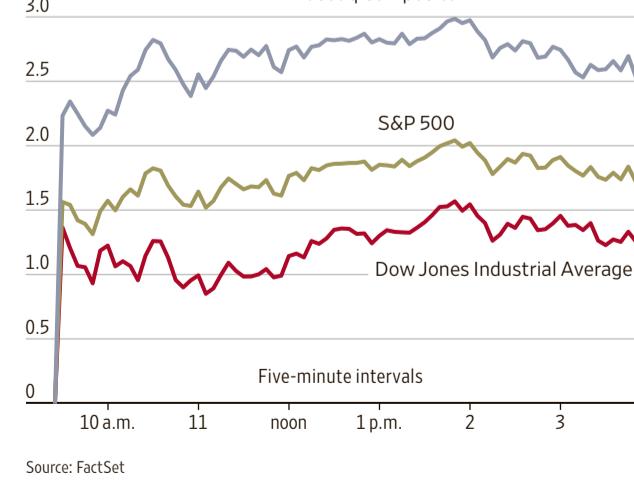
Jobs data will be key to forecasting the central bank's next move as well as assessing whether the Fed lowered rates soon enough to avoid tipping the economy into recession, analysts said.

"Employment readings will have a larger influence on market direction over the next several months as the Fed tries to navigate the economy toward a soft landing," said Charlie Ashby, portfolio manager at Catalyst Funds.

New Labor Department data, released on Thursday, showed that fewer people applied for unemployment benefits last week than in any week since May.

Also Thursday, the Federal

Index performance on Thursday



Source: FactSet

Reserve Bank of Philadelphia said its gauge of regional business activity climbed into narrowly positive territory in September, signaling improving conditions and surprising economists, who had forecast another month in contraction.

The data pushed bond yields higher. The yield on benchmark 10-year Treasury notes ended at 3.739%, up from 3.685% on Wednesday.

Darden Restaurants shares jumped 8.3% and led the S&P 500 higher after the Olive Garden owner said it struck a deal with Uber Technologies

to deliver breadsticks and pasta to homes.

Tesla finished second in the index, rising 7.4%. Nvidia, which had waned amid concerns that its share price had outrun realistic profit forecasts, gained 4%. Facebook owner Meta Platforms climbed 3.9% to a record.

Stocks that should benefit from lower borrowing costs and bond yields, such as utilities and big property owners, were among the few left behind Thursday. Such shares have rallied in recent months in anticipation of the rate cuts.

Shares of Steelcase dropped 5.7% after the maker of office furniture reported lower-than-expected sales for its fiscal quarter that ended Aug. 23 and said orders from big corporate customers were down.

Overseas, Germany's DAX gained 1.6% to close at a record and London's FTSE 100 increased by 0.9%. At midday Friday, Japan's Nikkei 225 was up 2.1% and Hong Kong's Hang Seng Index was up 1.8%.

CORRECTIONS & AMPLIFICATIONS

Taiwan's population is 23.6 million. A World Watch article on Thursday incorrectly said it was 2.3 million.

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

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U.S. NEWS

FTC Says Tech Firms Fall Short On Privacy Controls

By DON NICO FORBES

Companies such as Amazon, Meta and X Corp. employed vast consumer surveillance strategies to monetize user data without providing adequate privacy controls, including for children, according to findings released Thursday by the Federal Trade Commission.

The consumer-protection agency—which in December 2020 issued orders to nine companies that own the biggest social-media and video-streaming platforms in the world, including Facebook, Twitter, TikTok, Twitch, YouTube, Snap, Discord, WhatsApp and Reddit—found that many of the companies collected data indefinitely and wouldn't delete all user data upon request. Twitter is now known as X.

"The report lays out how social-media and video streaming companies harvest an enormous amount of Americans' personal data and monetize it to the tune of billions of dollars a year," said FTC Chair Lina Khan.

The findings come as lawmakers around the country continue efforts to shield children from specific types of content on social-media platforms, which have come under fire for their addictive nature and contributions to mental illness in young users. The report recommended that Congress pass legislation to limit surveillance, address protections and grant data rights for children.

The FTC found that the companies aggressively collected the data of users and nonusers alike and aggressively monetized it without sufficient oversight. The companies employed privacy-invasive tracking technologies to facilitate targeted advertising, and lacked adequate protections for children and teens on their sites, according to the report.

Many of the companies say there are no children on their platform because their services didn't allow children to create accounts or weren't directed at children, the report said. The FTC said it was an apparent attempt to avoid liability under the Children's Online Privacy Protection Act.

"While lucrative for the companies, these surveillance practices can endanger people's privacy, threaten their freedoms, and expose them to a host of harms," the FTC said.

The FTC added that companies should limit data collection and sharing with third parties and affiliates, while providing greater privacy protections for children and teens.

Amazon, Meta and X Corp. weren't immediately available for comment.

Officials around the country are pushing for restrictions on social-media platforms. Earlier this year, officials in New York pushed to prohibit social-media companies from serving content to minors in the state using algorithms unless apps such as Instagram and TikTok obtain parental consent.

TikTok is challenging legislation that requires its parent company, Beijing-based ByteDance, to sever ties with China to keep operating in the U.S. The U.S. government maintains that China's ability to mine data on the app poses a national security threat.



FTC Chair Lina Khan.

◆ Companies say EU rules stifle AI push..... B4

Philadelphia Police Officer Shot in Line of Duty Mourned



UNITED IN GRIEF: The casket of Philadelphia police officer Jaime Roman was carried into the Cathedral Basilica of Saints Peter and Paul on Thursday. Roman, 31 years old, was shot at a traffic stop in the city's Kensington section June 22 and died of his wounds Sept. 10. He was married and had two young children.

ALEJANDRO A. ALVAREZ/THE PHILADELPHIA INQUIRER/ASSOCIATED PRESS

Home Sales Slip as Prices Remain Elevated

By NICOLE FRIEDMAN

U.S. home sales fell in August as the recent decline in mortgage rates failed to offset home prices that remain near record highs.

Sales of previously owned homes in August fell 2.5% from the prior month to a seasonally adjusted annual rate of 3.86 million, the National Association of Realtors said Thursday, the fifth time sales have declined over the past six months.

The average rate for a 30-year fixed mortgage has slid steadily from the spring to 6.09% this week, the lowest level in more than a year, according to Freddie Mac. But with high housing prices and the inventory of homes for sale still lower than normal, many buyers are waiting for rates to fall further.

Those buyers may not get much more relief soon, said Lawrence Yun, NAR's chief economist. The Federal Reserve cut short-term interest rates by half a percentage point Wednesday. But the mortgage market has already priced in expectations for additional Fed rate cuts, which means mortgage rates might not fall further in the coming months, he said.

"Any further decline in mortgage rates will be minimal," Yun said.

On an annual basis, existing-home sales, which make up most of the housing market, fell 4.2%.

The national median existing-home price in August was

\$416,700, a 3.1% increase from a year earlier, NAR said. While that is down from the recent high, it is the highest median home price for any August, Yun said. Prices aren't adjusted for inflation.

"August home sales are a disappointment," Yun said. "The positive influencing factor of mortgage rates and [rising] inventory has yet to impact the market."

The housing market remains out of reach for millions of would-be buyers. The high cost of housing has become a hot topic on the campaign trail, with both parties promising to help increase the supply of homes.

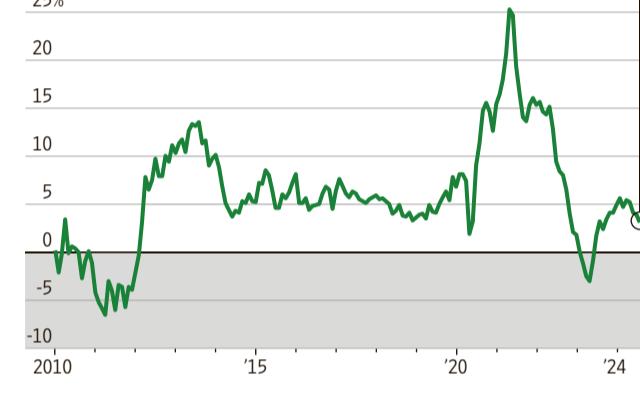
Despite the slow end to the summer, some real-estate agents and loan officers expect a pickup in activity this fall if rates decline further.

"We could have another busy end of the year depending on where rates go," said Laurnyn Dempsey, a real-estate agent in the Denver area. "There's obviously lots of talk about the Federal Reserve dropping interest rates, and that always catches clients' eyes."

Nationally, there were 1.35 million homes for sale or under contract at the end of August, up 0.7% from July and up 22.7% from August 2023, NAR said.

At the current sales pace, there was a 4.2-month supply of homes on the market at the end of August. That is at the low end of what is considered a balanced market between buyers and sellers.

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



Note: August 2024 is preliminary.

Source: National Association of Realtors

Mortgage Rates Slide

Mortgage rates have fallen to the lowest level in more than a year and a half, new data showed Thursday.

The figures represent loan rates in the past seven days. Most were offered before the Federal Reserve slashed benchmark interest rates on Wednesday.

The average rate on the standard 30-year fixed mortgage fell to 6.09%, according to the survey of lenders by Freddie Mac,

the lowest level since February 2023 and down from 6.20% a week ago.

Mortgage rates are down more than a percentage point from last year. But they are still roughly double what they were before the Fed started to raise them in 2022.

By the end of next year, economists expect average mortgage rates to decline to around 6% or slightly below.

—Gina Heeb

but they wanted to move out of the city after having a child in 2022. The couple bought a four-bedroom house in Arlington Heights, Ill., in July and sold their condo in August. Their current mortgage rate is 6.99%, but they hope to refinance in the future if rates decline, MacLachlan said.

"If we didn't have our daughter and we didn't have a reason to move, we would not have left our condo," MacLachlan said. "But life happens."

The typical home sold in August was on the market for 26 days, up from 20 days a year earlier, NAR said.

Nina and David Bryce, who are expecting their first child, bought a two-bedroom house in New York's Dutchess County in July for \$400,000.

When locking in their mortgage rate, "I kept holding out because the Fed was going to maybe drop rates," David Bryce said. "They never did."

But even with a 6.625% mortgage rate, their monthly payments are less than what they were paying for rent in Manhattan, he said. "We're super excited," he said.

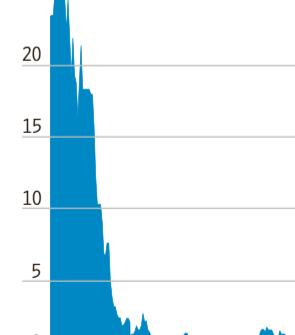
Homes typically go under contract a month or two before the contracts close, so the August data largely reflect purchase decisions made in July and June, before new rules for how real-estate agents get paid went into effect in most of the country.

News Corp., owner of The Wall Street Journal, also operates Realtor.com under license from NAR.

Homeowners Face a Choice: Refinance Now, or Wait?

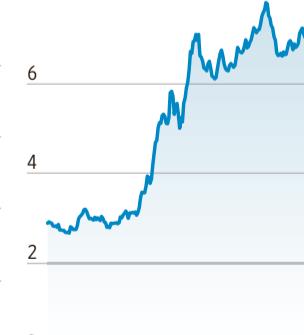
By VERONICA DAGHER

Number of mortgages where a refi could lower rate by at least 0.75 percentage point



Sources: ICE (mortgage number); Freddie Mac via St. Louis Fed (average rate)

Average rate on a 30-year fixed mortgage



month of cash flow.

Financial advisers and mortgage brokers are getting more calls from homeowners with higher-rate mortgages who are wondering what to do.

Rates around 6% are still too high to make it worthwhile for most people to refi, said Gordon Miller, a mortgage broker in Cary, N.C. "People hear about the Fed's cuts but once they hear what their monthly payment will be if they refi, it's 'no thank you, we'll wait,'" he said.

Break-even point

Say you bought a home two years ago with a \$500,000, 30-year fixed-rate mortgage at 7%.

Two years have gone by, and you've been making all of your payments on time so your current balance is about \$489,475. You found you could get a rate of 6% if you refinance to another 30-year fixed rate loan.

You should expect to spend anywhere between 2% and 6% of your loan's value in closing costs, said LendingTree's Channel, which you can pay out of pocket or fold into your loan balance.

Say you decide to refi, in the process spending about \$14,684 out of pocket. This lowers your monthly payment by about \$392. Your break-even point, or how long it will take you to re-

coup the cost of refinancing in how much you save a month, is just over three years.

If you're planning to move away before you reach the break-even point on your refinance, you may want to consider another option.

People with adjustable-rate mortgages that are about to reset higher after an initial fixed rate might find they want to lock in a fixed rate.

Actual savings will depend on factors including your credit score, how much of your loan balance you've already paid and who your lender is, said Channel. He suggests shopping around and considering offers from more than one lender before you commit.

Some homeowners will find they can get a lower rate without doing a full refi.

Once you've closed on your mortgage, some lenders will allow you to reset your rate based on market rates, said Melissa Cohn, a mortgage banker in New York.

Say you close on a loan now and the rate is 5.75%. If, in a year, that bank is offering a rate of 4.75%, the bank may allow you to reset the rate by paying a fee and avoid the entire process and cost of refinancing. The fee may be around \$2,000, depending on the lender, she said.

costs and start saving money.

If you can cut your mortgage rate by one-half percentage point or more, refinancing typically makes sense, said Jacob Channel, senior economist at LendingTree. But it is largely a timing question given rates are likely to keep falling and you may be able to cut your rate further if you wait.

When to refi

Refinancing makes the most sense for people who took mortgages at the elevated rates of the past few years.

But many are waiting. Refi-

nancing is still down 75% since the boom during the third quarter of 2020, when rates hovered around 3%, said Mark Palim, deputy chief economist at Fannie Mae.

Kris Ware bought a \$725,000 home with a 7.12% mortgage in Raleigh, N.C., about two years ago. The 54-year-old retired law-enforcement officer has been waiting for the opportunity to refinance ever since.

He said he would refi if he can get a roughly 6% rate with no closing costs, something he's excited to possibly land this month. He expects the new loan will free up almost \$1,000 a

U.S. NEWS

House GOP Defies Trump, Seeks to Avoid Shutdown

Party leaders discuss three-month funding deal that leaves out election-related items

BY KATY STECH FEREK

WASHINGTON—House Republicans signaled Thursday they have no appetite for a government-shutdown battle right ahead of the November election, ignoring exhortations from former President Donald Trump to hold the line on an election-security bill opposed by Democrats.

GOP leaders are discussing a bill that would keep federal agencies funded until mid-December, an idea in line with what Democrats have said they would support. The new proposal under discussions being led by House Speaker Mike Johnson (R., La.) could get a vote early next week and then head to the Democratic-run Senate. It leaves out any election-related provisions, which Democrats had called a poison pill.

Congress needs to act by the Sept. 30 end of the fiscal year to prevent a partial government shutdown.

The revised approach would mark the latest in a series of humbling episodes for Republican leaders, who have repeatedly relied on Democrats this term to help pass spending legislation in the House due to deep divisions in the GOP ranks and their narrow majority.

Johnson went ahead with a six-month bill earlier this week that also included a provision called the SAVE Act that would require voters to provide proof of citizenship to register, an issue that is a priority for Trump. The measure failed in a 202-220 vote on Wednesday with 14 Republicans and nearly all Democrats opposed.



A new proposal is under discussions led by House Speaker Mike Johnson, shown above Thursday.

Trump, the Republican presidential nominee, has falsely claimed the 2020 election was stolen and has said Republicans should reject any spending patch that doesn't tighten election rules. It is illegal for non-citizens to vote in federal elections, and there is no evidence of ineligible immigrants ever voting in sufficient numbers to affect an election outcome.

A person familiar with the discussions said Republican leaders are discussing the new proposal but said that Johnson hasn't settled on a plan.

Rep. Tom Cole (R., Okla.), the top Republican on the House Appropriations Committee, said lawmakers are still discussing the exact date in December at which federal funding would expire, a date that would essentially become the new deadline for lawmakers in charge of funding the government to finalize their package of 12 annual spending bills.

Rep. Lisa McClain (R.,

Mich.) said she thought Trump could accept that a government shutdown would have been bad for Republicans so close to an election. "I trust that both him and Johnson will come to an agreement," she said.

Rep. Troy Nehls (R., Texas), holding a cigar and wearing a necktie with a pattern of Trump's face on it as he stood on the House steps, said he wouldn't vote in favor of the new proposal. "Mike's got a very difficult job. There's no question about it," he said.

Asked for comment, the Trump campaign pointed to the candidate's previous statements on the matter. On Wednesday, Trump said that "if Republicans don't get the SAVE Act, and every ounce of it, they should not agree" to a short-term deal "in any way, shape, or form."

Several lawmakers said they would be willing to accept the proposal to avoid a shutdown.

"What I wanted it to look

like didn't pass," said Rep. Chuck Fleischmann (R., Tenn.), who leads a House subcommittee that funds energy and water infrastructure projects. "I voted for the SAVE Act twice now, right? But time is of the essence. The ultimate goal is to keep the government open."

Rep. Andy Biggs (R., Ariz.) said he doesn't expect that Johnson will face major backlash from Republicans.

House Minority Leader Hakeem Jeffries (D., N.Y.) said Thursday morning he hadn't talked with Johnson about another proposal to prevent a shutdown since the vote failed. "Time is short," he said. "This should not be complicated."

Senate Majority Leader Chuck Schumer (D., N.Y.) took a first step Thursday to start the clock in his chamber, teeing up a bill that could be amended to include the text of whatever measure passes the House, so that senators could move quickly.

N.C. Republican Vows to Stay in Race

BY VICTORIA ALBERT
AND SABRINA SIDDIQUI

North Carolina Lt. Gov. Mark Robinson, the state's Republican candidate for governor, said he would stay in the race and denied new accusations that he posted racist, antigay and inflammatory comments on a pornography-website message board more than a decade ago.

"Let me reassure you, the things that you will see in that story, those are not the words of Mark Robinson," he said in a video posted Thursday on X. "You know my words, you know my character, and you know that I have been completely transparent in this race and before."

Less than an hour after Robinson posted his video, CNN published a story alleging he called himself a "black NAZI" and said he supported reinstating slavery. The outlet also said Robinson repeatedly used antisemitic and racist slurs. CNN linked Robinson to a screen name used on a pornography website between 2008 and 2012, when he wasn't running for or holding office.

The Wall Street Journal hasn't verified the article's claims. CNN declined to comment beyond its reporting.

In his video, Robinson accused his Democratic opponent, North Carolina Attorney General Josh Stein, of leaking a false story about him to the media.

Stein has fashioned himself as a moderate who would follow in the footsteps of Democratic Gov. Roy Cooper, whereas

Robinson has largely echoed Trump's bombastic style and embraced his MAGA platform.

Robinson wasn't invited to appear with Trump at a North Carolina rally on Saturday. That decision predated the CNN story, said a person familiar with the matter.

In a statement, the North Carolina Republican Party said Robinson denying the allegations "won't stop the Left from trying to demonize him via personal attacks."



Lt. Gov. Mark Robinson denied accusations he posted racist and antigay comments.

has been one of the most expensive and closely watched gubernatorial elections this year. Stein had pulled ahead in polls in recent weeks amid controversies over remarks Robinson has made in recent years about the Holocaust, gay rights and gun control.

Former President Donald Trump carried North Carolina by 1.3 percentage points in 2020. He is effectively tied with Democratic nominee Vice President Kamala Harris in current polling in the state.

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—Alex Leary contributed to this article.

WITHOUT YOU THERE'S NO THEM

San Diego Zoo Wildlife Alliance

The world's most extraordinary wildlife are relying on us to survive. Thank you for becoming a friend.



EXTENDING A HAND: City sanitation workers helped move people from an encampment to interim housing as part of an 'Inside Safe' operation on Thursday in Los Angeles.

DELAWARE Sentencing Delayed For Hunter Biden

Hunter Biden will be sentenced on felony firearms charges in December after the judge agreed Thursday to a delay requested by the defense.

In June, President Joe Biden's son was convicted in Delaware federal court of three felonies for purchasing a gun in 2018 when, prosecutors said, he lied on a federal form by claiming he wasn't illegally using or addicted to drugs.

He was initially scheduled to be sentenced Nov. 13, but the judge agreed to delay the hearing until Dec. 4 after Hunter Biden's lawyers said they needed more time to adequately prepare.

The gun charges are punishable by up to 25 years in prison, though he will likely face far less time behind bars or possibly avoid imprisonment entirely.

Hunter Biden also faces sentencing in California on Dec. 16 on federal tax charges he pleaded guilty to earlier this month. Those charges carry up to 17 years behind bars. He also faces up to \$1.35 million in fines.

President Biden has said he wouldn't use his presidential powers to pardon his son or lessen his sentence.

—Associated Press

MICHIGAN Court Backs School In Shooting Lawsuit

The Michigan Court of Appeals ruled in favor of the Oxford school district Thursday in a lawsuit that seeks to hold employees partly responsible for a shooting that killed four students and wounded others in 2021.

The court, in a 3-0 opinion, said lawyers for the families haven't offered evidence that shows Oxford staff were the "proximate cause" of the tragedy.

While staff had expressed concerns about Ethan Crumbley, and a meeting was held with his parents on the day of the shooting, it was the teenager who "made the definite and premeditated decision" to take a gun to Oxford High School, the appeals court said.

The court affirmed a lower-court decision that said governmental immunity applied.

Under Michigan law, immunity is a high hurdle to overcome in lawsuits against a public body or staff. Lawyers typically have to show that gross negligence occurred.

A law firm representing the Oxford families said they would next ask the Michigan Supreme Court to take an appeal. A separate lawsuit is in federal court.

—Associated Press

KENTUCKY Sheriff Arrested After Judge Slain

A Kentucky district court judge was shot and killed Thursday afternoon after an argument with a local sheriff, law-enforcement officials said.

Kevin Mullins, a 54-year-old district county judge, was shot multiple times inside the Letcher County Courthouse, according to Kentucky State Police. Law enforcement and emergency medical services responded to the courthouse just before 3 p.m. local time after a 911 call about shots fired in the building.

Letcher County Sheriff Shawn M. Stines, 43, was taken into custody at the scene, state police said. Stines is accused of fatally shooting Mullins following an argument inside the courthouse, according to police. He has been charged with one count of murder in the first degree.

"Sadly, I have been informed that a district judge in Letcher County was shot and killed in his chambers this afternoon," Gov. Andy Beshear, a Democrat, said in a statement on social media. "There is far too much violence in this world, and I pray there is a path to a better tomorrow."

—Ginger Adams Otis

U.S. NEWS

Trump Promotes Tax Break That GOP Curbed

Restoring the SALT deduction would benefit some people in high-cost states

UNIONDALE, N.Y.—At Donald Trump's rally Wednesday night, the candidate promised to "cut taxes for families, small businesses and workers." But the applause and cheers came after Trump pledged to restore the SALT deduction, a piece of tax policy with a singular power to stir passions in this part of the country.

By Katherine Hamilton, Richard Rubin and Kate King

The provision on SALT, shorthand for state and local taxes, allows taxpayers who itemize their deductions to subtract what they paid in local taxes from their federal tax returns. For some high-income taxpayers, and for homeowners in states with steep property taxes, the SALT deduction is a big break.

When Trump was president, Republicans passed legislation capping the deduction at \$10,000. On social media and in his speech Wednesday, Trump signaled he wants to take the cap off SALT.

It was no accident Trump raised the topic at a rally in the Nassau Coliseum on Long Island. Removing the SALT cap is popular among New Yorkers and voters in Connecticut and New Jersey, Democratic states where residents pay high taxes.

Trump isn't likely to win in blue states, but the SALT talk allows him to bolster his pitch as the champion of working families as he bashes Kamala Harris over President Biden's economic record. It could also energize Republicans in several close House elections.

The Trump campaign hasn't elaborated on his comments.

"That's icing on the cake for why I would vote for him," said Kristen Glynn, a 39-year-old hair stylist who owns a house on Long Island and stood in line to see the former president Wednesday night. She estimated that she paid around \$26,000 in state and local taxes last year.

Glynn said she doesn't mind paying extra taxes if it directly benefits her through infrastructure or education, but she worries her tax dollars are supporting undocumented immigrants instead.

She was aware that the SALT cap was a Trump policy, but she still believes his policies will help keep tax dollars directed toward causes she cares about.

"He took it away because he's like, 'Eff them, they're a blue state,' which I totally appreciate even though I live here," she said.



Donald Trump spoke at a rally Wednesday in Uniondale, N.Y. Below, Chantel O'Shea, left, and Kristen Glynn were in line to enter the event. 'That's icing on the cake for why I would vote for him,' said Glynn, a hair stylist who owns a house on Long Island, referring to Trump's pledge to bring back the SALT deduction if elected.



SALT cap opponents in both parties see a chance for leverage next year, with the limit and much of the rest of the tax law scheduled to expire.

"For Donald Trump to pretend he's found religion on eliminating the SALT caps—two months before an election, speaking in Long Island—is comical, it's unserious, and it shows the lack of integrity that this man has," said Senate Majority Leader Charles Schumer (D., N.Y.). "I'll do everything in my power so that when these caps expire at the end of next year they will not come back."

Greg Smithie, a Republican from Connecticut, is in favor of Trump's seemingly new posi-

tion on the issue. But he also said he thought the issue wasn't nearly enough to sway voters in Connecticut who would benefit with the cap's removal and agree with Trump's move, but otherwise oppose him.

"I think you have a small piece of people who are upper middle class and vote for Republicans. But the others who are filthy rich can afford to pay the tax and vote Democrat," said Smithie, 44.

Sitting outside with a salad in downtown Westport, Conn., on Wednesday, attorney Pamela Dale said that while she would personally benefit from a rollback of the state and local

tax-deduction cap, she isn't holding her breath.

"I think it's pathetic that at the 11th hour he's coming up with all these new tax cuts to try to entice people to vote for him," Dale said about Trump. "This guy will promise anything right now. He'll promise the moon. But the way our government works is, you need a Senate and you need a Congress to pass tax cuts."

Dale said she is supporting Harris in the November election, and the possibility of a lower tax bill wouldn't change her vote. Harris, as a senator, co-sponsored a bill to repeal the cap and raise tax rates on top earners.

"I'm very hopeful that the country is focused on bigger issues anyway and not just financial issues that would benefit the top 1%," Dale said, "but issues that would benefit mostly the women of this country and reproductive healthcare and choice."

Andy Hibbert, 46, said that with property taxes always kind of inching up, a repeal of the SALT cap would be welcome on his wallet. But he questioned how the government would make up the shortfall in revenue that would result from the tax cut.

"Spending is out of control. The deficit is out of control," said Hibbert, who lives in Fair-

field, Conn., and works in finance. "It's not sustainable. We're going to just keep passing this on to our kids and our grandkids and everyone else, and at some point it's going to come home and it's going to bite us."

Hibbert declined to say which candidate he plans to vote for in November. But he said Trump's latest tax-cut proposal wouldn't affect his decision.

"Whatever side of the aisle you're on, at the end of the day this stuff has to get paid for somehow," he said.

—Justin Lahart and Dan Frosch contributed to this article.

FROM TOP: SARAH YENSE/EP/SHUTTERSTOCK; KATHERINE HAMILTON/WJS

It's always been easier for me to help others

than to help myself



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WORLD NEWS

Bank of England Holds Off on Rate Cut

U.K. institution opts for a more cautious approach after Fed's half-point reduction

By PAUL HANNON
AND ALEXANDRA WEXLER

LONDON—The Bank of England left its key interest rate unchanged on Thursday, taking a more cautious approach than the Federal Reserve in loosening the restraints it imposed on the economy to tame inflation.

While it opted to stand pat at 5%, the U.K.'s central bank said it is likely to follow up on an August cut over coming months in anticipation of a decline in inflation to its 2% target late next year, but also said it is concerned by the still-rapid pace at which services prices and wages are rising.

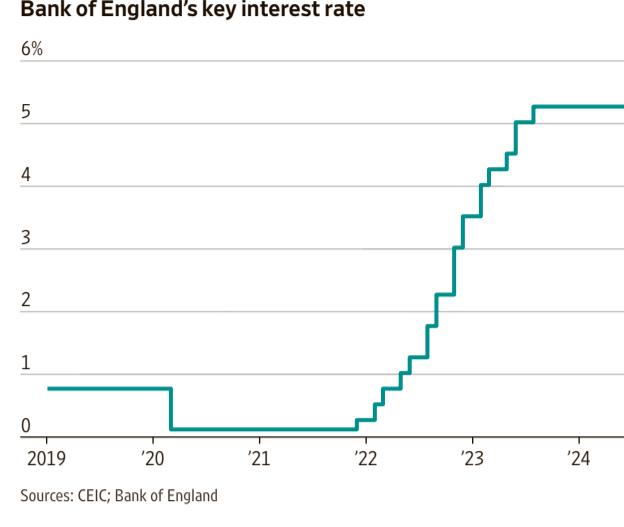
The Fed on Wednesday lowered the federal-funds rate for the first time since March 2020, by half a percentage point. Officials signaled they are likely to cut the key rate again in coming meetings as worries about inflation ease and concerns about the job market grow.

But the BOE all but ruled out a move of that size or a quick succession of smaller cuts.

"We should be able to reduce rates gradually over time," said Gov. Andrew Bailey. "But it's vital that inflation stays low, so we need to be careful not to cut too fast or by too much."

The Fed's decision to trim rates by a larger amount than most analysts anticipated until just a few days ago is a fresh challenge for the BOE and other central banks that have signaled a more gradual approach.

Responding to the changed outlook for interest rates, the British pound has appreciated against the U.S. dollar over



recent weeks and made further gains after Bailey's comments, reaching a 2½-year high of \$1.33. Any further increases will add to downward pressure on inflation by lowering the prices of many imports, but will also make it more difficult for Britain's exporters—including its large tourist industry—to sell to U.S. customers.

While eight of the BOE's nine rate setters voted to leave borrowing costs unchanged, a record of their meeting said that most favored further rate cuts, albeit at a cautious pace. Before the rate announcement, investors expected the BOE's next move to come in November. The BOE noted that the November meeting would involve "a full assessment of recent and prospective developments" as new forecasts become available.

Norway's central bank also left its key rate unchanged on Thursday and said it won't cut this year. Coupled with the BOE's decision, that is a sign that many European

policymakers are less convinced they have tamed inflation than their U.S. counterparts. Taiwan's central bank also stayed pat on Thursday, as did Turkey's.

Brazil has already seen a revival in inflation after a series of rate cuts that ended in May and its central bank decided to raise its key rate just hours after the Fed's move. Most policymakers would want to avoid that kind of volatility in borrowing costs, which can make it difficult for households and businesses to make financial plans.

By contrast, South Africa on Thursday became the first central

bank to follow the Fed's move to lower borrowing costs but again was more cautious. The South African Reserve Bank cut the main repo rate to 8% from a 15-year high of 8.25%, and Gov. Lesetja Kganyago said rates should stabilize "slightly above 7%" next year.

"Global conditions have become more favorable, but there are still risks," he said. "A soft landing is looking more likely, after the worst

Many European policymakers aren't convinced they have tamed inflation.



The Bank of England, above, on Thursday also ruled out a quick succession of smaller cuts.

MALCOLM PARK/AVON/ZUMA PRESS

inflation surge in a generation, but it is not inevitable."

Although the U.K.'s headline inflation rate is close to the BOE's target, its policymakers are unsure whether it will settle there. Some fear that a still-tight jobs market will keep pushing wages sharply higher, pressuring businesses in labor-intensive sectors to raise their prices at such a rate that inflation remains above target for many months.

To counter that outcome, BOE policymakers said the key rate will have to be high enough to damp demand for some time. But there are signs that high borrowing costs are taking a heavy toll on the economy, which stalled in June and July after

a surprisingly strong start to the year. The BOE said it expects growth to resume but at a weaker pace.

Weaker oil prices will likely reinforce the impact of the stronger pound in reducing some prices, suggesting policymakers may have less cause to worry about inflation than they did just a few months ago.

The BOE also set a 100-billion-pound target—equivalent to around \$132 billion—for reducing the size of its bond portfolio in the year through September 2025.

The bonds were acquired through the quantitative easing programs the BOE undertook in an effort to boost the economy and safeguard the financial system between

2009 and 2021.

The BOE began to reduce its bond portfolio as inflation surged in 2022. But unlike other leading central banks, it has done so partly through sales of bonds, rather than waiting until they mature.

Since bond prices have fallen in recent years as interest rates have risen, the BOE makes a loss on the sales, which has to be paid for by the U.K. government and therefore adds to its debts.

But while the BOE's target for quantitative tightening is unchanged in the coming year, a larger share will be completed by letting bonds mature and only £13 billion will be carried out through sales, reducing the government's losses.

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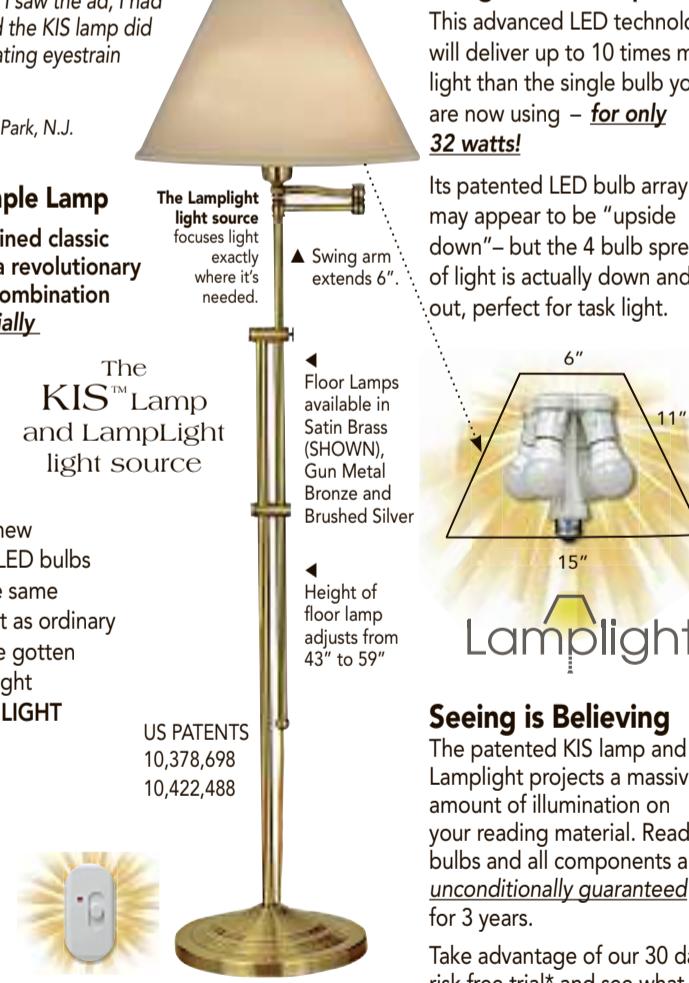
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WORLD NEWS

U.S. Sees Little Chance Now For Gaza Deal

Talks are pressed, but no breakthrough expected during rest of Biden's term

By ALEXANDER WARD

WASHINGTON—After months of saying a cease-fire and a hostage-release deal was close at hand, senior U.S. officials are now privately acknowledging they don't expect Israel and Hamas to reach an agreement before the end of President Biden's term.

The administration won't stop its pursuit of an agreement, seeing it as the only way to end the war in Gaza and stop a rapidly escalating conflict between Israel and Lebanese Hezbollah. The White House has previously said the warring parties have already agreed to "90%" of the deal's text, so there is still hope for a breakthrough. But a number of top-level officials in the White House, State Department, and Pentagon argue the warring parties won't agree to the current framework.

"No deal is imminent," one of the U.S. officials said. "I'm not sure it ever gets done."

Officials cited two main reasons for the pessimism. The ratio of Palestinian prisoners that Israel must release to bring Hamas-held hostages home was a major sticking point—even before the U.S.-designated terrorist group killed six hostages, including an American citizen. And the two-day attack on Hezbollah with explosive pagers and walkie-talkies—followed by Israeli airstrikes in Lebanon—has made the possibility of all-

out war much more likely, complicating diplomacy with Hamas.

Another problem is that, according to Biden administration officials, Hamas makes demands and then refuses to say "yes" after the U.S. and Israel accept them. The intransigence has severely frustrated negotiators, who increasingly feel the militant group isn't serious about completing an agreement. Critics have also accused Israeli Prime Minister Benjamin Netanyahu of sabotaging the process, partly in an effort to appease the hard-right flank of his governing coalition.

As a result, the mood inside the administration and in the Middle East is as gloomy as it has been in months.

"There's no chance now of it happening," an official from an Arab country added shortly after the operation against Hezbollah. "Everyone is in a wait-and-see mode until after the election. The outcome will determine what can happen in the next administration."

Failure to reach a deal could harm Biden's legacy, who after embracing Israel following Hamas's Oct. 7 attack was slow to convince Netanyahu that he should give priority to the return of the roughly 250 hostages. It would also be a blow to the families waiting nearly a year to embrace their loved ones again, as well as the Palestinians in Gaza seeking relief from the war that has killed more than 40,000 Palestinians, according to the enclave's Hamas-run health ministry.

National security adviser Jake Sullivan met Wednesday with the relatives of the remaining seven American hos-



Removing a body from a collapsed building following an Israeli strike this week on a refugee camp in the Gaza Strip.

tages held in Gaza, telling them that securing their release was a priority for the president. But in a statement, the families said they "expressed frustration with the lack of tangible progress" to Sullivan, urging the administration to make a deal as soon as possible.

John Kirby, the National Security Council spokesman, told reporters Wednesday the prospects of a completed deal were "daunting," and though the administration signaled for months that a deal was near, said, "we aren't any closer to that now than we were even a week ago." Still, he reiterated that the administration would still work toward an elusive diplomatic breakthrough.

The stakes are higher now than they have been in weeks.

In a televised Thursday ad-

dress, Hezbollah leader Hassan Nasrallah called the deadly pagers attack "a declaration of war"—just as Israeli jet fighters broke the sound barrier above the Lebanese capital, Beirut—and said attacks against Israel would proceed until the war in Gaza was over. Meanwhile, Israel's defense minister vowed to continue striking Hezbollah in Lebanon, aiming to stop the group's missile-and-rocket attacks so 70,000 Israelis can return to their homes in the northern border region.

Secretary of State Antony Blinken, speaking Thursday in France after a visit to Egypt, cautioned all sides to show restraint and avoid actions that could make a deal "even more difficult." Central Intelligence Agency Director William Burns, one of the administration's lead negotiators, has no

immediate plans to return to the region.

The cease-fire remains the

linchpin of the Biden adminis-tration's strategy in the re-gion, believing that it would calm tensions and pave the way to establish formal diplo-matic relations between Israel and Saudi Arabia. On Thurs-day, Saudi Crown Prince Mo-hammed bin Salman said the kingdom wouldn't recognize Israel without a Palestinian state.

Some U.S. officials empha-sized that there were many months left to garner a break-through between Israel and Hamas, and a lot could change between now and Inaugura-tion Day, when either Vice President Kamala Harris or former President Donald Trump inherit a Middle East on fire. The U.S. is still in talks with mediators Egypt and Qa-

tar about how to break the im-passe—or if it can be broken at all.

One of the officials said "it

would be irresponsible" for the administration to give up

seeking an agreement that

brings at least temporary re-lief to the region. But the offi-cial also signaled frustration

with the Israelis and Hamas.

"As we've said from the

outset, it is going to require

leadership and compromise,"

the official said, "and we urge

all sides to demonstrate it."

—Lara Seligman

and Warren P. Strobel

contributed to this article.

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Next Steps By Israel Are Unclear

Continued from Page One

the attack was conducted by Israel, which hasn't confirmed its involvement. "We aren't going only to play with you on the northern border. It will be all over the place with some operations that we never did before."

Less clear is whether it helps achieve Israel's larger strategic war goals of returning tens of thousands of residents to homes they fled along the border with Lebanon after Oct. 7, when the U.S.-designated terrorist organization began firing cross-border rockets. Since Israel's last war with Hezbollah in 2006, the group has re-established itself along the Lebanese border, posing what Israel considers to be an unacceptable threat.

The U.S. has been trying, so far unsuccessfully, to broker a deal to move Hezbollah back from the border. And Israel has increasingly threatened military action to push the group back.

On Thursday, Israel launched a new wave of aerial bombings across Lebanon, and Hezbollah leader Hassan Nasrallah said Israel had effectively declared war.

Israel's pager attack has undermined Hezbollah's sense of security.



Israel's military evacuated people from the border near Lebanon amid cross-border hostilities with Hezbollah.

an extraordinary tactical achievement," said Eyal Pinko, a former Israeli intelligence official, of the pager and walkie-talkie attacks. "In the long term, it doesn't produce any military and political achievement."

Israel has history of daring raids and covert operations that carry high risks but can yield big rewards. This summer, a precise Israeli strike in Beirut killed Fuad Shukr, Hezbollah's second in command who had eluded U.S. capture after masterminding a 1983 bombing that killed 241 servicemen in Lebanon.

Hamas political leader Is-

mail Haniyeh was killed in July by a bomb placed in his room while in Tehran for the inauguration of the new Iranian president. And last week, Israeli special forces conducted a daring

raid into a Syrian compound inside a mountain near the city of Masyaf, which was used by Iran to develop missiles and rockets for Hezbollah. The commandos fast-rope from hovering helicopters into Syrian territory, local reports say.

With such ambitious operations, Israel is trying to send a message to its enemies that despite Oct. 7, which killed some 1,200 people and 250 were taken hostage, it is still a military force to be reckoned with.

"Israel is restoring its defense brick by brick, operation by operation," said Mark Dubowitz, chief executive of the Washington-based Foundation for Defense of Democ-

racies, a think tank that has argued for a tough policy on Iran and its proxies. "The message: We've deeply penetrated your systems and networks. We can kill any of you at any time."

The pager and walkie-talkie attacks, military experts said, had clear tactical benefits. The operation exposed undercover Hezbollah members and crippled the group's communications network. It wounded thousands and killed dozens of members, putting many fighters out of commission.

It also undermined Hezbollah's sense of security,

prompting the group to conduct an internal investigation that could expose those who cooperated with Israel but could also impact operatives who weren't involved. The attack has created paranoia within Hezbollah's ranks about what else Israel has up its sleeves and knows about the group's internal plans.

The aftermath of the opera-tion also carries some notable risks, including the possibility of escalation before Israeli forces are ready to open up another front in the north and while they are contending with the remnants of Hamas in Gaza.

Menny Barzilay, a cyberse-curity expert at Tel Aviv University, said that the attack revealed Israeli capabilities.

Barzilay said that it would have taken a long time to breach Hezbollah's supply chain and construct the opera-tion.

Exploding the pagers meant burning those previously covert techniques.

—Warren P. Strobel

in Washington

and Anat Peled in Tel Aviv contributed to this article.

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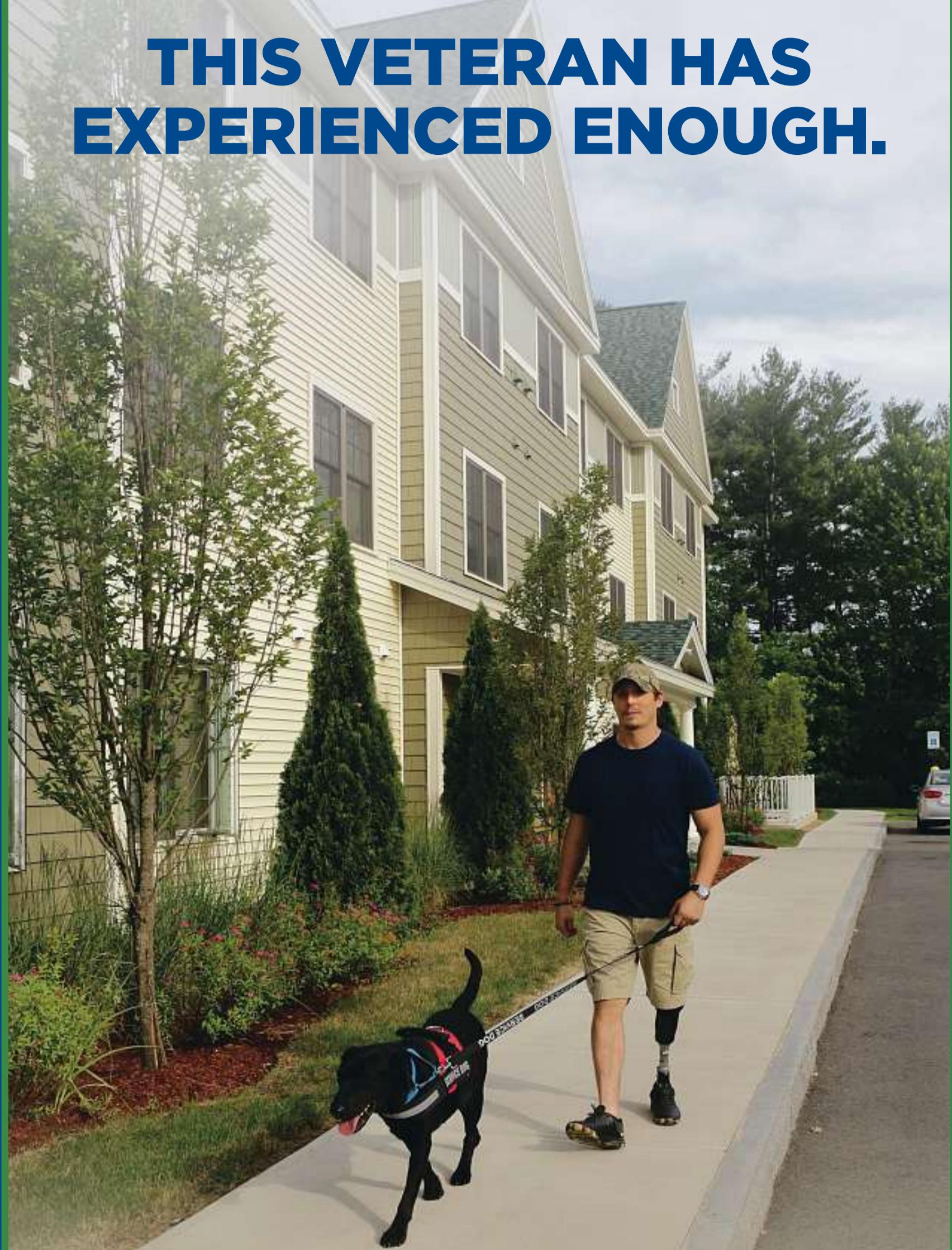
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FROM PAGE ONE

Tech Jobs Get More Scarce

Continued from Page One

workers, too young to have endured the dot-com bubble burst in the early 2000s, now face for the first time what it's like to hustle to find work.

Company strategies are also shifting. Instead of growth at all costs and investment in moonshot projects, tech firms have become laser focused on revenue-generating products and services. They have pulled back on entry-level hires, cut recruiting teams and jettisoned projects and jobs in areas that weren't huge moneymakers, including virtual reality and devices.

At the same time, they started putting enormous resources into AI. The release of ChatGPT in late 2022 offered a glimpse into generative AI's ability to create humanlike content and potentially transform industries. It ignited a frenzy of investment and a race to build the most advanced AI systems. Workers with expertise in the field are among the few strong categories.

"I've been doing this for a while. I kind of know the boom-bust cycle," says Chris Volz, 47, an engineering manager living in Oakland, Calif., who has been working in tech since the late 1990s and was laid off in August 2023 from a real-estate technology company. "This time felt very, very different."

For most of his prior jobs, Volz was either contacted by a recruiter or landed a role through a referral. This time, he discovered that virtually everyone in his network had also been laid off, and he had to blast his résumé out for the first time in his career. "Contacts dried up," he says. "I applied to, I want to say, about 120 different positions, and I got three call backs."

He worried about his mortgage payments. He finally landed a job in the spring, but it required him to take a 5% pay cut.

No more red carpet

During the pandemic, as consumers shifted much of their lives and spending online, tech companies went on hiring sprees and took on far too many workers. Recruiters enticed prospective employees with generous compensation packages, promises of perpetual flexibility, lavish off sites and even a wellness ranch. The fight for talent was so fierce that companies hoarded workers to keep them from their competitors, and some employees say they were effectively hired to do nothing.

A downturn quickly followed, as higher inflation and interest rates cooled the economy. Some of the largest tech employers, some of which had never done large-scale layoffs, started cutting tens of thousands of jobs.

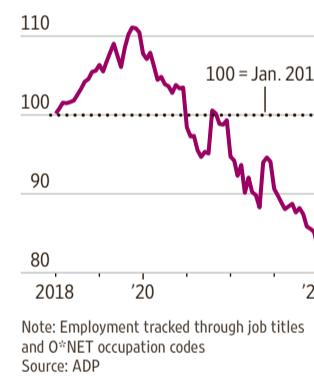
The payroll services company ADP started tracking employment for software developers among its customers in January 2018, observing a steady climb until it hit a peak



FROM TOP: BRIAN L. FRANK FOR WSJ; CAM POLLACK FOR WSJ



The number of employed software engineers among ADP clients has been shrinking. Software engineer employment index:



in October 2019.

The surge of hiring during the pandemic slowed the overall downward trend but didn't reverse it, according to Nela Richardson, head of ADP Research. One of the causes is the natural trajectory of an industry grounded in innovation.

"You're not breaking as much new ground in terms of the digital space as earlier time periods," she says, adding that increasingly, "There's a tech solution instead of just always a person solution."

Some job seekers say they no longer feel wined-and-dined. One former product manager in San Francisco,

who was laid off from Meta Platforms, was driving this spring to an interview about an hour away when he received an email from the company telling him he would be expected to complete a three-part writing test upon his arrival. When he got to the office, no one was there except a person working the front desk. His interviewers showed up about three hours later but just told him to finish up the writing test and didn't actually interview him.

The trend of ballooning salaries and advanced titles that don't match experience has reversed, according to Kaitlyn Knopp, CEO of the compensation-planning startup Pequity. "We see that the levels are getting reset," she says. "People are more appropriately matching their experience and scope."

Wage growth has been mostly stagnant in 2024, according to data from Pequity, which companies use to develop pay ranges and run compensation cycles. Wages have increased by an average of just 0.95% compared with last year. Equity grants for entry-level roles with midcap software as a service companies have declined by 55% on average since 2019, Pequity found.

Companies now seek a far broader set of skills in their engineers. To do more with

less, they need team members who possess soft skills, collaboration abilities and a working knowledge of where the company needs to go with its AI strategy, says Ryan Sutton, executive director of the technology practice group with staffing firm Robert Half. "They want to see people that are more versatile."

AI boot camp

Some tech workers have started trying to broaden their skills, signing up for AI boot camps or other classes.

Michael Moore, a software engineer in Atlanta who was laid off in January from a web-and-app development company, decided to enroll in an online college after his seven-month job hunt went nowhere.

Moore, who learned how to code by taking online classes, says not having a college degree didn't stop him from finding work six years ago.

Now, with more competition from workers who were laid off as well as those who are entering the workforce for the first time, he says he is hoping to show potential employers that he is working toward a degree. He also might take an AI class if the school offers it.

The 40-year-old says he gets about two to three interviews for every 100 jobs he

'I kind of know the boom-bust cycle,' says Chris Volz, who was laid off last year. 'This time felt very, very different.' Left, Glenn Kugelman hung fliers in Manhattan.

applies for, adding, "It's not a good ratio."

Tech internships once paid salaries that would be equivalent to six figures a year and often led to full-time jobs, says Jason Greenberg, an associate professor of management at Cornell University. More recently, companies have scaled back the number of internships they offer and are posting fewer entry-level jobs. "This is not 2012 anymore. It's not the bull market for college graduates," says Greenberg.

Myron Lucan, a 31-year-old in Dallas, recently went to coding school to transition from his Air Force career to a job in the tech industry. Since graduating in May, all the entry-level job listings he sees require a couple of years of experience.

He thinks if he lands an interview, he can explain how his skills working with the computer systems of planes can be transferred to a job building databases for companies.

But after applying for nearly two months, he hasn't landed even one interview.

"I am hopeful of getting a job, I know that I can," he says.

"It just really sucks waiting for someone to see me."

Some non-technical workers in the industry, including marketing, human resources and recruiters, have been laid off multiple times.

James Arnold spent the past 18 years working as a recruiter in tech and has been laid off twice in less than two years. During the pandemic, he was working as a talent sourcer for Meta, bringing on new hires at a rapid clip. He was laid off in November 2022 and then spent almost a year job hunting before taking a role outside the industry.

When a new opportunity came up with an electric-vehicle company at the start of this year, he felt so nervous about it not panning out that

he hung on to his other job for several months and secretly worked for both companies at the same time. He finally gave notice at the first job, only to be laid off by the EV startup a month later.

"I had two jobs and now I've got no jobs and I probably could have at least had one job," he says.

Arnold says most of the jobs he's applying for are paying a third less than what they used to. What irks him is that tech companies have rebounded financially but some are relying on more consultants and are outsourcing roles. "Covid proved remote works, and now it's opened up the job market for globalization in that sense," he says.

One industry bright spot: People who have worked on the large language models that power products such as ChatGPT can easily find jobs and make well over \$1 million a year.

Knopp, the CEO of Pequity, says AI engineers are being offered two- to four-times the salary of a regular engineer.

"That's an extreme investment of an unknown technology," she says. "They cannot afford to invest in other talent because of that."

Companies outside the tech industry are also adding AI talent. "Five years ago we did not have a board saying to a CEO where's our AI strategy? What are we doing for AI?" says Martha Heller, who has worked in executive search for decades. If the CIO only has superficial knowledge, she added, "that board will not have a great experience."

Kugelman, meanwhile, hung his last flier in May. He ended up taking a six-month merchandising contract gig with a tech company—after a recruiter found him on LinkedIn. He hopes the work turns into a full-time job.

Blue-Dot Fans Watch Buffett

Continued from Page One

zealous. One went so far as to send Buffett a handwritten letter to ask him to display one of the signs. His more politically active daughter, Omaha philanthropist Susan Buffett, had two put in her yard last weekend.

Jason Brown, who lives mere blocks from Buffett, is the mastermind behind the blue-dot signs. He said watching the Democratic National Convention on television sparked the idea.

What started out as a single sign has proliferated into thousands across Omaha and well beyond.

The blue dots are heavily concentrated in Buffett's neighborhood, an upscale area west of downtown filled with older homes. Initially, some residents were perplexed, thinking the signs were baby

boy birth announcements or something more mundane.

"I thought it had to do with the pipes," said Sherry Mead, who at first took them for some kind of utility marking, perhaps related to a lead-pipe replacement project. The retired healthcare professional now has a blue dot in her yard. "It's a way to talk to your neighbors," she added. "This is an important event—this election—and we need to get people to unite and do it in a nonaggressive way."

Brown, who owns rental properties and runs a workplace-consulting business with his wife, said he wanted to educate neighbors on their vote's potential power in a close presidential election. Nebraska and Maine are the only two states that award electoral votes by congressional district, rather than statewide winner-take-all.

While Nebraska hasn't backed a Democratic presidential candidate since 1964, the 2nd District has proven more competitive, largely due to Omaha's independent streak. Democrats optimistically call the area "the blue dot."

This single electoral vote



In Omaha, Jason Brown and his wife, Ruth Huebner-Brown, lead the blue-dot campaign.

could potentially clinch the presidency for Harris, if she triumphs in the battlegrounds of Michigan, Pennsylvania and Wisconsin, while holding all reliable Democratic states. Democrats won the district's vote in 2008 and 2020, while Republicans did in 2012 and 2016. More than 5,000 blue-dot signs have been distributed so far, Brown and his wife, Ruth Huebner-Brown,

said during an interview at their dining room table. They were surrounded by blue-dot stickers, blue balls and other related items. They ask for a contribution of \$10 to cover expenses and have vowed to donate any profits. Brown has hand painted the signs, along with two neighbors down the block and others who watched videos on how to make them. Overwhelmed by demand,

they recently commissioned a commercial printer to produce 5,000 more signs. Karen Conn, a retired real-estate agent and longtime neighborhood resident, was among the first sign-making volunteers. She wrote to Buffett: "I told him we would be honored if he would consider putting a sign in his yard."

Huebner-Brown concedes that is likely a "pie in the sky wish." Yet given Buffett's past criticism of former President Donald Trump, and the potential significance of his congressional district, the activists remain hopeful. Neighborhood Republicans and independents seem to be mostly taking the blue-dot invasion in stride.

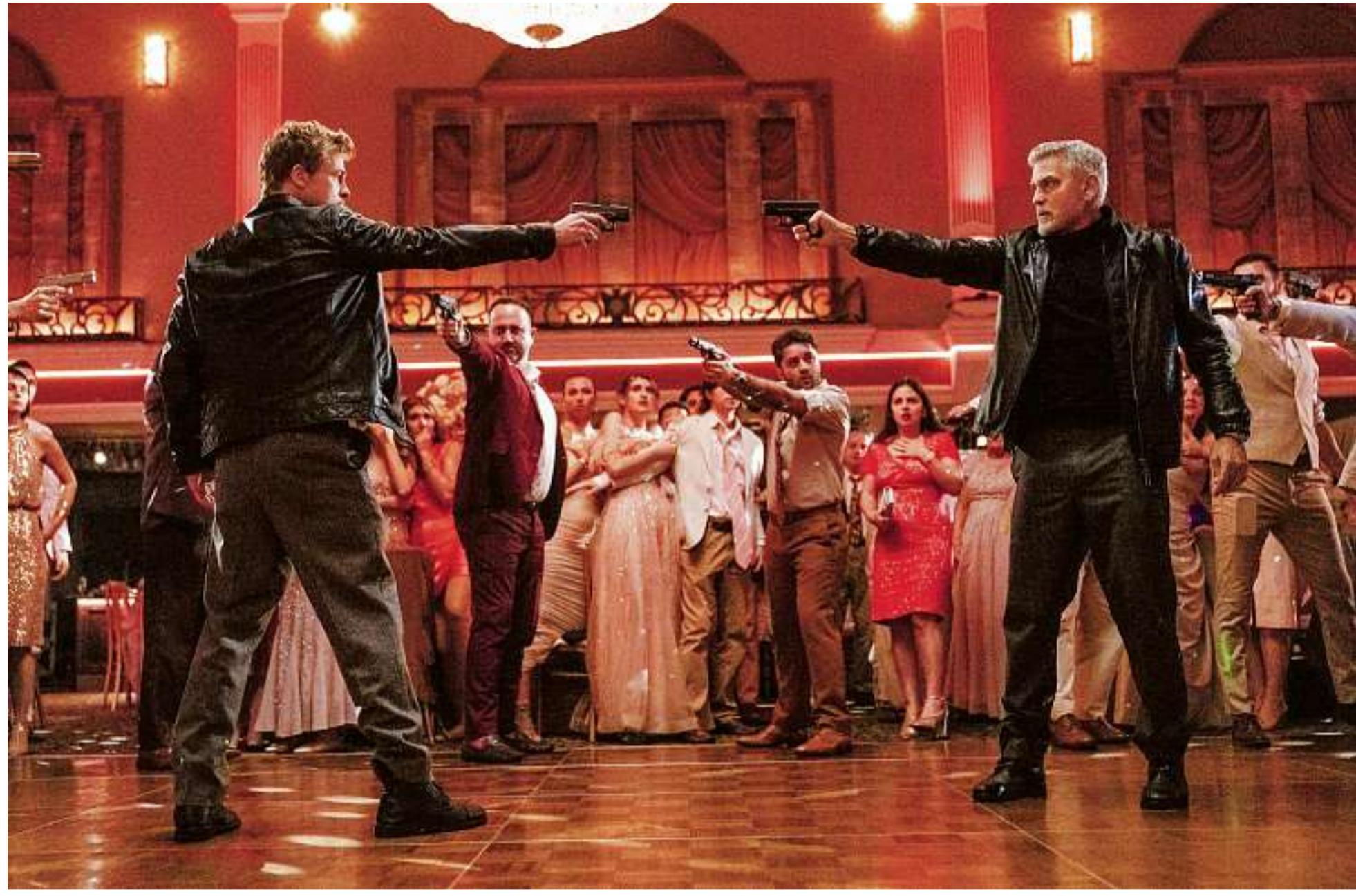
"I told my wife I might put a red dot out to see what kind of reception I'd get, but she told me not to be an A-hole," said Stan Corbin, a retired Air Force translator and military contractor who considers himself an independent. Whitney Taylor, a Republican who lives near Buffett, displays a Trump sign and a photo of the former president's head in her yard. While she considers her famous neighbor "very liberal,"

she suspects he won't place a blue-dot sign in his yard because he won't want to offend his financial followers. Through an assistant, Buffett declined to comment.

Buffett, 94, hasn't donated to any federal candidate or committee since 2019, records show. Neighbors occasionally see Buffett, whose Republican father represented the area in Congress, coming and going. His presence goes mostly unnoticed, except during the annual Berkshire Hathaway annual meeting when thousands descend on Omaha, and some fans stop by to snap photos of the Wall Street wizard's home. Republicans have sought to change Nebraska law and implement statewide winner-take-all rules, but those efforts have failed and seem less likely the closer the election gets. Trump benefited in 2016 and 2020 from having Maine, a blue state, distribute its electoral votes by congressional district.

Huebner-Brown said the sign's minimalist design is helping lower the political temperature. "You can't be too angry at a happy little dot," she said.

ARTS IN REVIEW



FILM REVIEW | KYLE SMITH

'Wolfs': A Defanged Double Act

Brad Pitt and George Clooney play a pair of fixers forced to work together in this contrived comedy

He's the one you call on when you can't call anyone. A fixer, a cleaner, an expert in solving the unsolvable problem. He can't be located by ordinary people, but if you know his number, and need help with, say, a dead body in your hotel room, he will be there pronto. He's so cool he doesn't even have a name, but he's played by George Clooney, so you know he's the real thing. He's the ultimate lone wolf.

So why is there another lone wolf on the scene, and why is he played by the one man who can make Mr. Clooney look uncool?

"Wolfs," which reunites Mr. Clooney with his "Ocean's" trilogy partner Brad Pitt, bets a lot on a flimsy premise in which two wary, ultra-unflappable

strangers (Mr. Pitt's character goes unnamed also) are forced into buddy-comedy mode after both arrive in the disarranged luxury hotel suite of the New York district attorney (Amy Ryan). During a night of partying, she has found herself with a much younger man dead in his underwear

next to her bed after he jumped off it and fell onto a glass table. His profession seems obvious. "He's not a prostitute," the D.A. keeps insisting, in a running gag devised by writer-director Jon Watts that's as lame as everything else in the toothless "Wolfs." The title's errant grammar turns out

to be the least of Mr. Watts's problems in this tiresome caper, which is briefly being flung into theaters before hitting Apple TV+ in one week.

The streaming services these days are much like the kinds of high-rolling suckers Danny Ocean's con men used to enjoy fleecing in Las Vegas, eager to throw away their money on projects the legacy Hollywood studios know enough to avoid. Mr. Watts, who did such a charming job with his "Home" movies—the three recent Spider-Man epics featuring that word in their titles—has come up with a comedy that is relentlessly silly without ever being funny, loaded with incident yet headed nowhere. A midstory chase scene sags; a shootout near the end is handled even worse, stocked with bad guys seemingly volunteering to get slain.

Mr. Clooney and Mr. Pitt evidently think they're the new Butch and Sundance, only with more vulgarisms. Sometimes they simply trade curse words. The rest of the time, their banter is stiff. ("Listen, if I were you—" "You're not.") Mr. Clooney, who with his gray beard now looks grandfatherly, grumbles and

▲ Messrs. Pitt and Clooney in the film, directed by the 'Spider-Man' veteran Jon Watts.

grunts so much he seems more like a peevish retiree than a super-operative, and Mr. Pitt is simply smug. The two men bicker. They nag. They troll. When the pair lose the deceased youth (Austin Abrams) after he comes back to life (he was merely mostly dead: drug overdose) and dashes through Manhattan's Chinatown in his undies, you'll wonder why they even bother to follow. Who cares if he disappears? True, they need to know what he intended to do with the 10 pounds of heroin he brought to the hotel, but ditching some drugs doesn't seem like much of a challenge for two supposedly hyper-competent alpha males. Nor is it enough to sustain interest in a nearly two-hour movie.

Mr. Watts and company strain to add some visual humor to the clanging banter by, for instance, putting the young man in ladies' clothing, or moving the action to a hot-sheets motel with a safari theme, or having the two principals get caught up in a Croatian wedding dance. The plot beats are so dull, contrived and poorly engineered (for a few minutes the wolves must pretend to be rivals who don't know each other) that the movie becomes an onerous chore comparable to the one that launches the action. Who can I call to make this dead movie disappear?

► The two 'Ocean's' trilogy stars have an uninspired reunion.



TELEVISION REVIEW | JOHN ANDERSON

An Odyssey in the Great Outdoors

Created and written by director Mel Eslyn and producer indie fixture Mark Duplass, "Penelope" invites one to scoff, harrumph and maybe even tune out. Give it time; the resolute will be rewarded. And realize they were watching a fairy tale all along.

It is hardly a bedtime story. But this eight-part series, presented in easily digestible installments of about half an hour, might have been inspired by a kid's day-dream, albeit with perils no kid ever dreamt of happily. It also has an ending that will bring one up short. But that will be a reward for the resolute.

Having experienced an epiphany about the natural world, the title character (Megan Stott, "Little Fires Everywhere") absconds on the last day of her Washington state summer camp with her phone, no money, no clue and a burning but vaguely defined desire to live in the outdoors. Her landlocked odyssey—

yes, Penelope, there is a gender flip afoot—is all about reconciling fantasy and reality. In other words, the classic coming-of-age story. With camping. And bears.

The point is elusive at the beginning, because the setup seems so pat: Wandering into what looks like an exurban Wal-Mart, Penelope gathers up about \$400 in gear, along with what turns out to be a life-saving purchase, a handbook about survival in the wild.

("Into the Wild" may come to mind, and ought to be immediately dismissed.) Her instincts about what to buy are remarkably sound—clothesline, for instance, is an essential thing to have outdoors. Likewise, her nimble instincts as a consumer. "Do you have Apple Pay?" the cashless naif asks the bewildered cashier. No, they don't, so she downloads a gift card to herself off her mother's account and is successfully scanned out the door, where she will hop a freight train. It



is the last useful moment for the phone, which is not an insignificant symbol in Penelope's journey to self-sufficiency and self-knowledge. One might even view the iPhone here as the filmmakers' Trojan horse in their campaign against desensitized youth.

The soundtrack credited to Danny Bensi, Saundra Jurriaans and Julia Piker is tonal perfection, the dreamy suggestion of church music casting the old-growth canopy of the Pacific Northwest as a cathe-

dral. Nathan M. Miller's cinematography, at the same time, portrays Penelope's new world as the forest primeval.

In a more incidental sense, "Penelope" is about Ms. Stott's performance; her marvelous face occupies much of the screen much of the time, providing the window into her naive survivalist-naturalist's fear,

uncertainty and, most important, sense of accomplishment. Would you dance after making your first fire? Perhaps, if you were alone in the vastness of the slightly fictionalized "Cascades National Park." (Penelope is squatting: The filmmakers seem to be taking a potshot at the Park Service's "America the Beautiful" annual pass, which costs \$80 that Penelope doesn't have.)

The Homeric model employed by Ms. Eslyn ("Biosphere") and Mr. Duplass ("The Morning Show," as an actor) does call for encounters along the 16-year-old's journey: A van-dwelling folk singer (Austin Abrams); a literal tree-hugging, logger-fighting environmentalist (Krisha Fairchild); a few specimens of unpredictable wildlife; and a trio of Catholic pilgrims looking for enlightenment (among them, Rhenzy Feliz, currently of "The Penguin"). But Ms. Stott is about as alone as Penelope tends to be, while blazing a trail of her own.

Penelope
Tuesday, Netflix

Mr. Anderson is the Journal's TV critic.

FROM TOP: UNIVERSAL STUDIOS; APPLE TV+

NETFLIX

ARTS IN REVIEW

THEATER REVIEW | CHARLES ISHERWOOD

Grand Theft on Stage

The beloved revue 'Forbidden Broadway' returns, offering clever spoofs of recent musicals

To devoted Broadway aficionados—the ones who see just about everything, even if it means piling up onerous credit-card debt or sacrificing other luxuries to score a ticket to a new musical in previews—the name Gerard Alessandrini is virtually as cherished and as familiar as that of Stephen Sondheim. Blasphemy, I know! Happily, the theater gods didn't smite me dead.

Mr. Alessandrini has, for more than four decades, been mercilessly and hilariously skewering Broadway shows and stars in his "Forbidden Broadway" revues. The first opened in 1982, and Mr. Alessandrini has written and directed almost uncountable different iterations virtually nonstop ever since. He is now presenting his newest lampoon-a-rama, "Forbidden Broadway: Merrily We Stole a Song," at Theater 555 on far West 42nd Street.

This had been announced as the first version that would actually appear on Broadway, but, citing a busy season, plans changed—and a jovial song noting the switch duly takes its place in the show. While Mr. Alessandrini concentrates, as usual, on musicals currently or recently running, this version begins with a swipe from a classic Frank Loesser 11 o'clock number, tying the music from "Sit Down, You're Rocking the Boat," from "Guys and Dolls," to funny imprecations about the unruly behavior of dunderheaded theater patrons from the harassed ushers who must get them to, well, sit down.

The revue's subtitle refers to the recent run of the Sondheim musical "Merrily We Roll Along," but it also neatly describes Mr. Alessandrini's modus operandi, which is (mostly) to write poisoned-pen new lyrics to melodies from the shows in his crosshairs. So the familiar vamp of John Kander's "Willkommen" from "Cabaret" is used for a delicious history of the ever-more-lurid revivals of the show, with Danny Hayward playing Joel Grey, Alan Cumming and the latest Emcee. Sings Mr. Hayward-as-Cumming: "My show was dark, black as a hearse / But scream in pain / Eddie Redmayne is even worse!"

"Forbidden Broadway," as ever,

makes maximal use of minimal means: The cast, all excellent, numbers just four, and the music is provided by a single piano onstage, played by the show's musical director, Fred Barton—who, remarkably, was aboard the first version all those years ago. There is no set to speak of, although I hope that the proscenium, which flashes neon colors, is a mocking nod to the flagrant overuse of neon in Broadway set designs these days.

There are more than two-dozen numbers in the revue. Highlights include a lively "Great Gatsby for Dummies," cheerily nailing the Broadway production's vacuousness; a fun song taking aim at this year's best musical Tony winner, "The Outsiders," encapsulated as "West Side Story" plus "Grease," with Mr. Hayward and the show's other male performer, Chris Collins-Pisano, playing the put-upon leads and singing, "We're a movie from the '80s with a look-alike cast"; and a "Hell's Kitchen" segment whose chorus runs "This show's a big liar!" (I assume you can guess which Alicia Keys song it draws on), which points out with acid humor the many factual distortions in the R&B star's bio-musical. ("Hell's Kitchen" is, to be fair, promoted as being only loosely based on Ms. Keys's life.)

The performers each have a turn in the spotlight, with Mr. Collins-Pisano doing a frenzied Daniel Radcliffe, star of that recent "Merrily We Roll Along," singing a snarky version of "Franklin Shepard, Inc.": "I'm the well-known



▲ Jenny Lee Stern and Danny Hayward in the latest edition of Gerard Alessandrini's comedy.

Daniel Radcliffe / I'm more famous than you think / I'm an actor who can always work / I am Harry Potter, Inc." He is also devastatingly funny as Ben Platt, wearing a marabou-fringed peignoir, pronounced vibrato at full throttle. Jenny Lee

Stern plays a savage-tongued Patti LuPone, martini glass in hand, singing a version of "The Ladies Who Lunch" that includes at least one joke at Ms. LuPone's expense, referring to her public announcement that she was giving up her Actors' Equity card—and yet is now appearing on Broadway.

Perhaps funniest of all is Nicole Vanessa Ortiz as Audra McDonald, soon to be playing Momma Rose

in yet another revival of "Gypsy." Her Audra disses most of her famous predecessors in the role ("Angie was all right, but she was polite," she sings, referring to Angela Lansbury—the most gentle barb), but the song also alludes to chatter about whether Ms. McDonald's classically trained soprano is a firm fit for a role originated by the mega-belter Ethel Merman.

Naturally, in a production that sprints through so many songs and shows in a mere 90 minutes, some numbers provide fewer laughs per bar of music. A finale spoofing "Suffs" doesn't quite stick the show's landing. A framing device using "Back to the Future" is a bit of a nice try. Mr. Alessandrini has to work with the material he is given. It's not a coincidence that among the few weak spots are sendups of some flimsy or forgettable shows of recent seasons, like "Six" or "Water for Elephants."

The paradox of the "Forbidden Broadway" franchise is that the bigger and better shows make for bigger and better targets. In any case, it is an unalloyed pleasure to have Mr. Alessandrini back in form, committing merry musical larceny with flagrant and funny abandon.

Forbidden Broadway: Merrily We Stole a Song

Theater 555, 555 W. 42nd St., New York, \$79, forbiddenbroadway.nyc, closes Jan. 5

Mr. Isherwood is the Journal's theater critic.

The WSJ Daily Crossword | Edited by Mike Shenk



TEAM-BUILDING EXERCISE | By Matt Gaffney

The answer to this week's contest crossword is what some NFL players are.

Across

- 1 Reach quickly, in a way
- 5 Annan who headed the U.N.
- 9 Occupied, as a restaurant table
- 14 At some time
- 15 Well-versed in
- 16 Steak splitter
- 17 Didn't make a fair catch
- 19 In total harmony
- 20 Start for cone or Cat
- 21 ___ Wanna Do? (Sheryl Crow hit)
- 22 Headed for a fence
- 23 Owner of Mallorca and Menorca
- 25 Like a lime
- 26 Center's job
- 32 Loses weight
- 34 Greek bread
- 35 Maiden name preceder
- 36 Feels bad
- 37 Hard work, in metaphor
- 38 Way more than usual
- 39 College, in German slang
- 40 Feared creature
- 41 Bias
- 42 Most feared member of the defense
- 45 Got high?
- 46 Rare mistake
- 49 Transfix
- 52 Appear to be
- 54 OMG or RFK, say
- 55 Luigi's brother

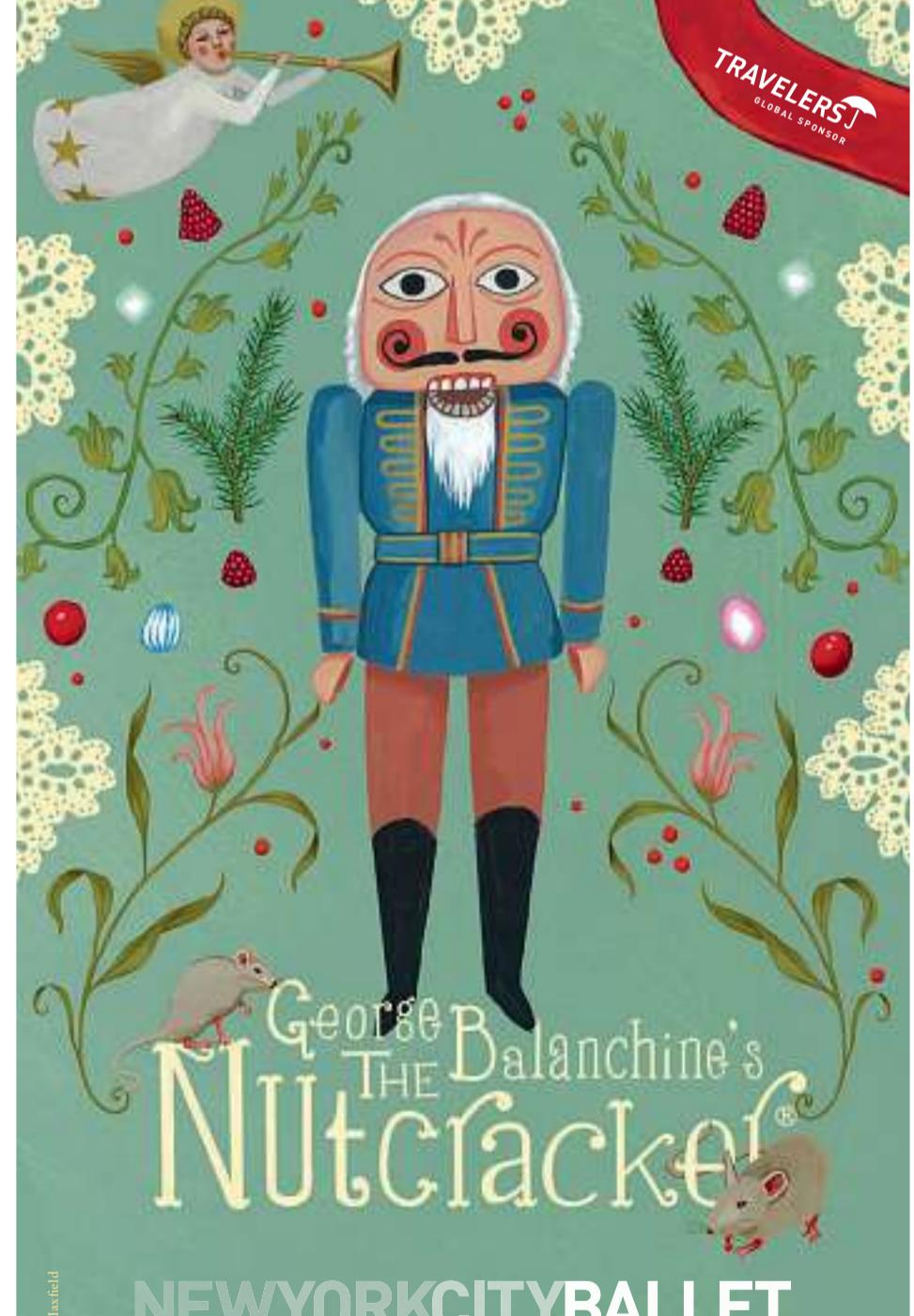
Email your answer—in the subject line—to crossovercontest@wsj.com by 11:59 p.m. Eastern Time Sunday, Sept. 22. A solver selected at random will win a WSJ mug. Last week's winner: Christopher Martin, La Jolla, CA. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

PUZZLE CONTEST

- 28 Shot in the dark
- 29 Underside of a globe
- 30 Boxer Spinks
- 31 Time to give up?
- 32 Title role for Bob Odenkirk
- 33 Amusement park hassle
- 37 Get the idea
- 38 Writer Waugh
- 40 Life lessons?
- 41 Get the cheap version
- 43 Saps the energy of
- 44 "Here's mud in your eye!"
- 47 Arm's artery
- 48 Selma's sister, on "The Simpsons"
- 49 Mosque VIP
- 50 Timbuktu's nation
- 51 Masters
- 52 Gilbert of "The Conners"
- 53 Light brown
- 56 E-I connectors
- 57 Theater chain

Previous Puzzle's Solution

B	U	F	D	U	D	A	P	S	E
U	N	D	R	E	U	H	I	H	A
G	A	R	D	E	N	O	F	G	E
A	T	E	N	O	F	G	E	T	H
M	A	T	T	E	N	O	S	C	I
D	E	P	A	L	M	A	E	P	A
E	P	A	L	M	A	E	P	A	
M	A	T	T	E	N	O	S	C	I
A	T	E	N	O	F	G	E	T	H
S	T	A	R	I	N	G	B	L	A
G	O	T	E	A	M	S	E	O	U
M	A	S	C	O	T	S	C	R	I
A	M	A	S	C	O	T	S	C	R
F	A	M	A	S	C	O	T	S	R
A	M	A	S	C	O	T	S	C	R
M	A	S	C	O	T	S	C	R	
A	M	A	S	C	O	T	S	C	
L	O	T	P	R	E	S	E	T	S
L	E	T	Y	O	R	H	A	I	D
B	E	E	R	S	E	D	N	O	R
A	S	S	E	T	S	J	O	K	E



Artwork by Victoria Maxfield

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SPORTS



David Rubenstein has spent money in unusual ways.

The billionaire investor and philanthropist just gave a new \$10 million gift to the National Zoo's Giant Panda program. He's made significant contributions to the restoration of landmarks like the Washington Monument and the Lincoln Memorial.

Then there is Rubenstein's trove of precious documents, acquired for public display—rare copies of the Declaration of Independence, the Magna Carta and the Emancipation Proclamation.

But no purchase has triggered the sort of crazed civic energy of Rubenstein's recent foray into sports: buying the Baltimore Orioles, his hometown baseball club.

"What is it that makes people so passionate about their local sports team?" Rubenstein asked on a recent night at Oriole Park at Camden Yards.

The 75-year-old Carlyle Group co-founder and co-chairman was sitting at a downstairs table in the owner's suite as the crowd arrived for a night game versus the feeble White Sox. The Orioles are a talented club stuck in their own slump, and depending on the most recent result, the fan base's mood veered from cautious optimism to Walk Straight into the Harbor.

Rubenstein, too, found himself increasingly attached.

"I enjoy it, but I enjoy it more when we win," he said. "When we lose, it's no fun."

One of Rubenstein's first moves was to open the owner's box to longtime O's loyalists. As the game approached, invited season ticket holders and other guests began to circulate around a feast of free snacks and drinks, courtesy of the postal clerk's son from northwest Baltimore, who agreed in late March to pay \$1.725 billion for the American League franchise.

Buying the Orioles turned Rubenstein into a local celebrity, which amused him. The hopeful die-hards cheering his arrival, the bleacher creatures begging the new owner to spray them with a hose during his cameo as the celebratory "Mr. Splash"—Rubenstein's other lives as an investor, author, talk show host and patron didn't generate the same enthusiasm.

"I've chaired a lot of boards in the nonprofit world, maybe more than sensible," Rubenstein said, ticking off a few: the Kennedy Center; the Smithsonian; some basketball school in Durham called Duke. "In all those things, I've never had people come up to me and want selfies."

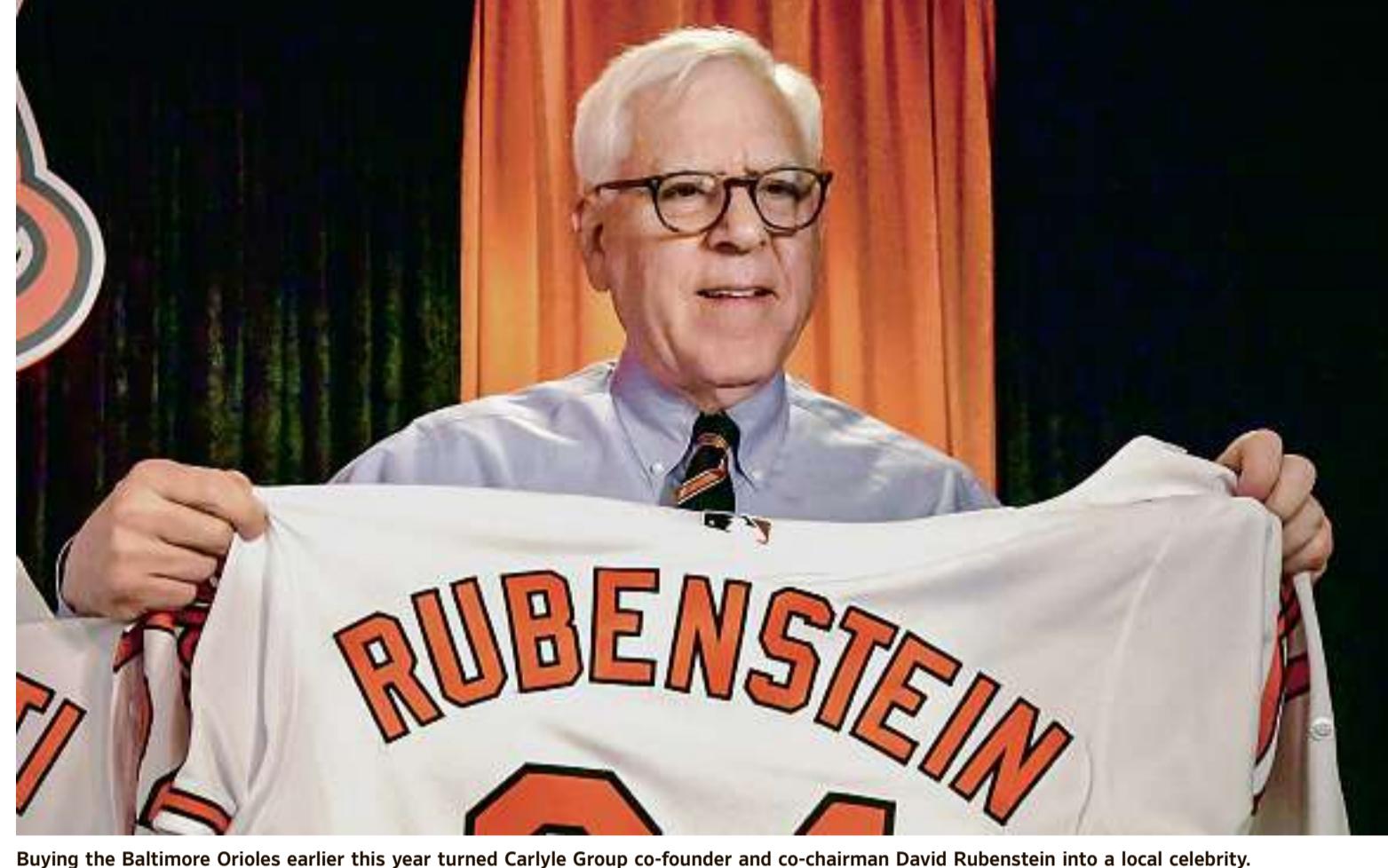
"I've got 8-year-old kids [asking for] my autograph," he continued. "What is an 8-year-old kid going to do with my autograph?"

Rubenstein had his own childhood memories of the Orioles: sneaking from the 75-cent bleacher seats to the \$2 boxes in old Memorial Stadium, hoping the usher didn't boot him out. After

JASON GAY

This Billionaire's Wildest Purchase Was a Major League Baseball Team

David Rubenstein built a storied career as an investor and philanthropist. He bought a copy of the Declaration of Independence. None of it compares to owning the Baltimore Orioles.



Buying the Baltimore Orioles earlier this year turned Carlyle Group co-founder and co-chairman David Rubenstein into a local celebrity.

he acquired the team, a narrative emerged of a Baltimorean-made-good who always wanted to own the O's.

While it sounded heartwarming, it wasn't really true, he said.

"Nobody ever heard me say, 'I want to buy a baseball team,'" Rubenstein said.

When the possibility of purchasing the Orioles from the Angelos family first arose, Rubenstein tried to talk himself out of it. At one point during negotiations, he walked away entirely, only to find himself back at the table.

"What you tend to regret the most in life are the things you didn't do," he explained.

He brought in a handful of partners, including Mike Aroughetti, a 51-year-old investor who's obsessive about baseball in a way Rubenstein is not.

Not that Rubenstein isn't trying. His broken-in Orioles cap looked like he wore it all the time. He'd recently met with Maryland Gov. Wes Moore to discuss a lengthy extension to the stadium's land lease. (Camden Yards is owned by the state). He'd hired a

president of business operations, Catie Griggs, from the Seattle Mariners, to improve the experience around the game.

Sports ownership was consuming, Rubenstein was learning.

"I find myself coming to baseball games at a pace that I never thought I would," he said.

One area Rubenstein said he didn't insert himself was the baseball itself. He knew enough to know what he didn't know. Steered by acclaimed general manager Mike Elias—"as good as you get," Rubenstein said—the long-miserable Orioles

drafted young superstars like Adley Rutschman and Gunnar Henderson and blossomed into one of the best clubs in the game.

Despite injuries, bullpen disasters and related struggles—the O's jettisoned their radioactive reliever Craig Kimbrel on Wednesday—they're still battling the Yankees for first place in the AL East.

If there is anything Baltimore wants from Rubenstein, it's assurances he will vigorously invest and build on the current success. Modern baseball is a stacked business in which big-market clubs have far more to spend than smaller and mid-market ones like Baltimore, and there is no salary

cap or revenue-sharing to level the disadvantage.

"I don't think I'm competent enough yet to be able to really give [Elias]

much input of value," Rubenstein

said of playing personnel.

"I can say, well, I'm willing to

spend the money for

cilities in Florida.

"I told them I wanted the best Spring Training facility," Rubenstein said. "I don't want to be scrimping on it."

He said he was thinking about writing a book about his first year as owner. Meanwhile, he was still trying to understand the emotional rhythms of sports ownership, why otherwise measured humans turn into banshees depending on a final score.

A win, a loss, a four-homer game—it didn't often make a fan's life better in a material way.

"It makes them psychologically better, perhaps," he said.

The rookie owner sounded like he was answering his own question.

"What's life about, but trying to make people happy?" Rubenstein asked. "As I've said many times in speeches, the most elusive thing in life is personal happiness. [Thomas] Jefferson wrote about it, but he never actually defined how you become happy."

"When you can please people by sports," he said, "it is a form of happiness for me."

AMY DAVIS/ZUMA PRESS

Sports ownership was consuming, Rubenstein was learning.

this."

He was already moving on some ideas. Neo-retro Camden Yards was a design marvel when it opened in 1992, but it could use a refresher. Rubenstein recently wrote a memo detailing off-field areas of improvement: sponsorships, travel, food, updating the dated scoreboard and subpar fa-

The Sailors Hoping to Win the America's Cup—by Pedaling Bikes

By JOSHUA ROBINSON
AND AARON KURILOFF

OVER HIS LONG CAREER MAKING boats go as fast as humanly possible, Matt Gotrel has done all kinds of grueling jobs. In the Olympics, he rowed them to the brink of collapse to win gold for Great Britain. And in America's Cup racing, he used all of that upper-body strength to grind enormous cranks that operated the sails.

What Gotrel had never been asked to do until recently was sail a boat by riding a bike.

But at age 35, Gotrel is part of a new breed of America's Cup sailors known as cyclors. These are the men on every boat who spend their time on stationary bicycles, churning out the colossal power required to move the sails of some of the world's fastest hydrofoil yachts. Though they have been around for less than a decade, these beasts of burden have become utterly essential to modern racing—and sparked a frantic recruitment drive among the sport's top teams.

That's because over the coming weeks, sailing's most famous regatta could be determined by which boat is carrying the strongest cyclists.

The British and Italian teams have eliminated the Swiss and U.S. and are preparing for a showdown for the right to face the defending champion from the Royal New Zealand Yacht Squadron in the Cup finals.

"These teams are becoming more and more professional, and high performance is a big part of that, with crossover from other sports," says Gotrel, a cyclor for the Ineos Britannia team. "So we'd be silly not to go and look for the most powerful guys."



The Ineos Britannia team in action during the Louis Vuitton Cup semifinals in Barcelona on Sept. 14.

The idea of putting men on bikes to help boats fly above water—a series of engineering masterstrokes—was first used in the America's Cup by Team New Zealand in 2017 to devastating effect. The Kiwis, who have held the trophy since, stomped the U.S. team in a rout.

Other boats had experimented with similar concepts, but couldn't quite figure out how to make it work.

For one, many skippers didn't love the idea of having a bunch of cyclors running across the boat midway through the race to switch sides the way the Kiwis did.

These days, that's no longer a

concern with every team opting to put their cyclors in fixed positions in tiny carbon pods on either side of the boat. Cyclors had been outlawed for the 2021 Cup, but returned in 2024 as crew sizes shrank to eight from 11, which meant that grinders operating hand-cranked cranks could no longer generate enough power.

"Obviously you're way more powerful with your legs than with your upper body, so it's a no-brainer," says Ineos Britannia skipper Ben Ainslie. "We literally can't operate the boat unless they're doing their thing and generating quite immense amounts of wattage."

All that wattage is stored in a hydraulic system and used to adjust the sails during the rapid maneuvering required in the regatta's head-to-head competition.

Over the course of a race, a boat might have to execute up to 50 maneuvers in the space of 20 to 25 minutes. Each one demands a lung-burning sprint from the cyclors.

When they weren't training, cyclors on the U.S.'s American Magic also joined in the technological race to develop those systems and their part of the boat, said Ben Day, a retired pro cyclist turned coach who is the team's performance lead.

"Some of the cyclors are mechanical engineers," he said. "They bring some of their own thoughts about how to support the development."

Not all of them need advanced degrees, however—which is just as well, since finding adequate candidates is tricky enough as it is. There's only a shallow pool of athletes in existence who can suddenly morph into cyclors.

Road cyclists were built too light, since each boat has minimum weight requirements, and even bulkier track cyclists are often too small. So Team Ineos settled on a different population of huge men who knew what it meant to suffer: they turned out to be ex-rowers.

"We had some guys who had never been sailing before," says Gotrel, who is 6-foot-5, 210 pounds, and has trained on six-hour rides with the Ineos professional cycling team. "Let alone being on a 75-foot foiling boat."

What doesn't change is how much it hurts. The cyclors sit in their boxes, slow-broiled by the Catalan sun, while being thrown around corners, buffeted by G-forces, and pedaling like there's no tomorrow. Their power output averages around 500 watts for 20 minutes, Ainslie said, which is the equivalent of what a Tour de France winner might pump out during the steepest climbs through the Alps. And they must do all of it as their core temperatures soar above 100 degrees—the rules don't allow for cooling systems in the cockpits.

So by the end of a race, a cyclor is little more than an achy, sweaty mess.

"You're very close to the edge the whole way around," Gotrel says. "You're pretty smoked."

TONI ALBRECHT/SHUTTERSTOCK

OPINION

The Teamsters' Lesson for Trump



POTOMAC WATCH
By Kimberley A. Strassel

The mighty Teamsters union this week declined to endorse Kamala Harris, and Donald Trump is doing the happy dance. He might pause his shuffle to consider what he did—and didn't—do to merit that honor.

The Teamsters' Wednesday announcement that it would forgo a presidential endorsement for the first time in 28 years was both seismic and disingenuous. President Sean O'Brien undoubtedly regrets his decision to solicit the opinions of the 1.3 million workers he represents. Aware that a strong Trump sentiment runs through his rank and file, Mr. O'Brien went through the motions of conducting "the most inclusive, democratic, and transparent" endorsement process in Teamsters' history. He ran member polling, interviewed both Mr. Trump and Ms. Harris, and requested speaking slots at both party conventions.

That was a big mistake. The idea was to give the union cover when it did what it always does—endorse the Democrat. But the leadership didn't count on a nonignorable result. An electronic member poll that began in late July showed 60% rank-and-file support for Mr. Trump. A frantic do-over poll barely reduced the figure—to 58%. Ms. Harris didn't help, not bothering to show up for

her Teamsters sit-down until this Monday. The final board vote tallied three votes for Ms. Harris, 14 for "no endorsement." Mr. O'Brien lamely blamed the pass on insufficient assurances by both candidates on the question of strikes. Whatever.

Board member Gregory Floyd was honest enough to tell Politico that while he voted "no endorsement" based on the membership poll, his own New York local would endorse Ms. Harris. He justified this by explaining that the Teamsters "are not a reflection of the rest of the country, of what's going on," in that they are "to the left of the building trades and to the right of everyone else."

He's right that Mr. Trump's thumping support among blue-collar and law-enforcement union members is making the trades' liberal leadership sweat. The Republican nominee has had a loyal following among trade unions since 2016, only these days it's bigger, and supporters are more frustrated at being ignored, less worried about retribution. See the breakaway Auto Workers for Trump, which is running up its numbers, holding rallies at Big Three facilities—in defiance of the United Auto Workers endorsement of Ms. Harris. Or listen to Bob Bartels, a member of the 10,000-strong Steamfitters Local 638 in New York and Long Island, who went on Fox this week to say that their internal polling showed 70% support for Mr. Trump.

The interesting part is why. The Harris team likes to

list what makes the Biden administration "the most pro-union" in history: carve-outs for union contractors in infrastructure projects, federal officials and agencies that take only labor's side in union elections or disputes, hostility to business and independent contractors, a huge union pension bailout in 2021. In short, a narrow agenda geared toward rigging the game for unions at the expense of everyone else.

The rank and file support him. There's no need to pander to union leaders.

Mr. Bartels explains that his members live beyond that insularity. Why the high Trump support? "Everything that's gone on the last four years—an open border, inflation, gas prices, oil, mortgage rates," he says, adding that crime has destroyed neighborhoods where "people worked hard all their life to buy their house." Auto Workers for Trump founder Brian Pannebecker derides the "Green New Scam" and electric-vehicle mandates that are killing his industry, and praises Mr. Trump's commitment to domestic manufacturing. The rank and file like Mr. Trump's promises of tax cuts, energy production and fewer regulations—his pro-growth agenda.

Mr. Trump might think hard on this, as his campaign increasingly resorts to pandering handouts to buy votes.

No taxes on overtime! No taxes on tips! The populist whisperers are pushing him to abandon longstanding free-market principles to suck up to union leaders further—including a minimum-wage increase, cracking down on job creators, throwing in for union elections or, God forbid, backing away from right to work. But the lesson of Biden-Harris is that all the pandering in the world won't make up for a failed broader agenda. Besides, the GOP never has stood a chance against Democrats in any pander war, and it never will.

Blue-collar workers liked Mr. Trump before his suck-ups. They've been with him since the first term, when he pursued a Reaganesque agenda that brought them prosperity. They've stayed with him despite blatant Biden union brown-nosing. And that's because—shocking though it might be to liberals—millions of union members remain red-blooded Americans, with a fierce belief in capitalism and competition. Many also appreciate the longstanding GOP approach to unions, which emphasizes liberty for workers—namely, that union membership and political dues must be voluntary, and that unions must be transparent and honest in their dealings.

Mr. Trump has far more to lose by abandoning core principles—including any success in a second term—than he does to gain with union kowtowing. That's the lesson of this week's Teamsters endorsement moment.

Write to kim@wsj.com.

BOOKSHELF | By Moira Hodgson

The Paintings And the Parties

Portrait of the Art Dealer as a Young Man

By Michael Findlay
Prestel, 288 pages, \$35

The art world of the 1960s was starkly different from today's resolutely commercial scene. In his memoir "Portrait of the Art Dealer as a Young Man," Michael Findlay remembers the time before it became an "art market." Consultants didn't exist. Collectors visited galleries in person. They were outliers with quirky tastes, who bought a work because they liked it and intended to keep it. There was no social cachet in collecting the work of contemporary artists: Buying a Warhol Brillo box didn't put you on a museum board; but it did put you in the middle of an exciting art community with a life all its own.

It was sheer luck that brought Mr. Findlay, who is currently a director of Manhattan's Acquavella Galleries, into the art world. He was born in Dunoon, Scotland, and arrived in New York in 1964 via Canada, a skinny 18-year-old college drop-out and aspiring poet. He had around \$200 in his pocket, so pretty soon he was broke, and a friend suggested he apply for a job in an art gallery. "You just sit at a desk by the door and smile at people when they come in." A few days later, he walked across Central Park to East 81st Street, where he wandered into the Richard Feigen Gallery. After a meeting with the owner and some fast talking, he was hired on the spot. It was the first gallery Mr. Findlay had ever set foot in.

Mr. Findlay entered the art world as Abstract Expressionism was giving way to Pop Art and Minimalism. Feigen, who died in 2021, at age 90, represented contemporary American and British artists such as Bridget Riley, Richard Smith and Joseph Cornell. (Mr. Findlay once had to carry a damaged Cornell box back to the artist for repair.) Feigen also traded in older works by Monet, Pissarro and Magritte. He did his dealing loudly and boisterously over the telephone. By listening to him—"promises made and unmade, payments made and payments deferred"—Mr. Findlay learned the trade.

At that time the most important contemporary art galleries were on the Upper East Side. After an opening, artists such as James Rosenquist, Jasper Johns, Robert Rauschenberg and their friends would head downtown to a cheap restaurant for dinner. Mr. Findlay first met Andy Warhol at an ad hoc party at the Italian restaurant Grotta Azzurra. He writes:

"History caricatures Warhol as a faux-naif given to oracular pronouncements. The man I knew for twenty-three years was a talkative, opinionated, curious, energetic workaholic, characteristics shared by many artists."

Feigen appointed Mr. Findlay director of a downtown gallery that opened in 1968 on what was then "gritty" Greene Street in Soho. In 1971-77, Mr. Findlay ran his own space, where he showed innovative works by the Irish abstract painter Sean Scully and the conceptual artist John Baldessari, among others. He introduced the German performance artist Joseph Beuys to the U.S. in 1974 with a performance piece in which the artist spent three days rolling about on the floor with a coyote. Mr. Findlay calls it a major work and credits his unschooled eye's ability to look past convention: "A benefit of my lack of formal art education was that I had no hard-and-fast principles about what art should or should not be."

But his on-the-job education has been a productive course of study. Mr. Findlay is the author of two previous books about the art world: "The Value of Art" (2012), a hard-nosed look at commercialism, and "Seeing Slowly: Looking at Modern Art" (2017), in which he decries wall labels and audio tours in museums, where visitors spend only a few seconds looking at any individual painting.

In 1960s New York City, an education in the world of contemporary art meant making deals by day and making the scene at night.

Mr. Findlay's memoir is as much a portrait of a bygone era in New York as it is one of an art dealer's youth. Social life in the downtown art world was carried on at a furious pace. Much of the memorable action here takes place at Max's Kansas City, the artists' and musicians' bar on Park Avenue South that was haunted by Warhol's Factory crowd and the Velvet Underground. The owner, Mickey Ruskin, accepted works of art in exchange for tabs. Mr. Findlay writes: "Some of this art was intrusively installed in the restaurant, like the dangerously large, crushed-metal sculpture by John Chamberlain between the front door and the bar, where you might well find the dangerous, large artist himself." The "best corner table in the backroom" was compromised by the bright-red Dan Flavin neon sculpture hanging above it, rendering "cruelly unflattering effects on one's complexion, especially for drag queens." (I remember the rock-hard chick peas served in bowls on the tables, free for the taking.)

As the 1970s went on Mr. Findlay joined the disco scene at Studio 54, married the African-American supermodel Naomi Sims, posed for magazines in a long black crushed-velvet coat and silk Art Deco scarf, and gave over-heated parties, including one for David Hockney's 35th birthday. His memoir is dotted with as many famous names as a gossip column. (It doesn't have an index, so no quick checking to see what's said about you and not buying the book.)

The city in which Mr. Findlay found his feet has profoundly changed. The cast-iron storefronts and lofts of Soho were a haven for artists living on the cheap. It had yet to be invaded by chain stores, banks, sneaker shops, boutiques and crowds of tourists. Strangely enough, the author recalls a surreal experience where a chance to be part of a 1970 photoshoot for Harper's Bazaar got him quoted in the magazine about Soho's future. "We hold within us," the young striver told the piece's writer in a self-serious tone, "the capacity to destroy what we were looking for." As with art, he proves to have had an eye for the coming trend.

Ms. Hodgson is the author of "It Seemed Like a Good Idea at the Time: My Adventures in Life and Food."

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THE WALL STREET JOURNAL.

OPINION



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her Teamsters sit-down until this Monday. The final board vote tallied three votes for Ms. Harris, 14 for "no endorsement." Mr. O'Brien lamely blamed the pass on insufficient assurances by both candidates on the question of strikes. Whatever.

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He's right that Mr. Trump's thumping support among blue-collar and law-enforcement union members is making the trades' liberal leadership sweat. The Republican nominee has had a loyal following among trade unions since 2016, only these days it's bigger, and supporters are more frustrated at being ignored, less worried about retribution. See the breakaway Auto Workers for Trump, which is running up its numbers, holding rallies at Big Three facilities—in defiance of the United Auto Workers endorsement of Ms. Harris. Or listen to Bob Bartels, a member of the 10,000-strong Steamfitters Local 638 in New York and Long Island, who went on Fox this week to say that their internal polling showed 70% support for Mr. Trump.

The interesting part is why. The Harris team likes to

The rank and file support him. There's no need to pander to union leaders.

Mr. Bartels explains that his members live beyond that insularity. Why the high Trump support? "Everything that's gone on the last four years—an open border, inflation, gas prices, oil, mortgage rates," he says, adding that crime has destroyed neighborhoods where "people worked hard all their life to buy their house." Auto Workers for Trump founder Brian Pannebecker derides the "Green New Scam" and electric-vehicle mandates that are killing his industry, and praises Mr. Trump's commitment to domestic manufacturing. The rank and file like Mr. Trump's promises of tax cuts, energy production and fewer regulations—his pro-growth agenda.

Mr. Trump might think hard on this, as his campaign increasingly resorts to pandering handouts to buy votes.

No taxes on overtime! No taxes on tips! The populist whisperers are pushing him to abandon longstanding free-market principles to suck up to union leaders further—including a minimum-wage increase, cracking down on job creators, throwing in for union elections or, God forbid, backing away from right to work. But the lesson of Biden-Harris is that all the pandering in the world won't make up for a failed broader agenda. Besides, the GOP never has stood a chance against Democrats in any pander war, and it never will.

Blue-collar workers liked Mr. Trump before his suck-ups. They've been with him since the first term, when he pursued a Reaganesque agenda that brought them prosperity. They've stayed with him despite blatant Biden union brown-nosing. And that's because—shocking though it might be to liberals—millions of union members remain red-blooded Americans, with a fierce belief in capitalism and competition. Many also appreciate the longstanding GOP approach to unions, which emphasizes liberty for workers—namely, that union membership and political dues must be voluntary, and that unions must be transparent and honest in their dealings.

Mr. Trump has far more to lose by abandoning core principles—including any success in a second term—than he does to gain with union kowtowing. That's the lesson of this week's Teamsters endorsement moment.

Write to kim@wsj.com.

HOUSES OF WORSHIP

By Joseph Epstein

One finds it everywhere, much of it passing under the flag of anti-Zionism, criticism of Israeli Prime Minister Benjamin Netanyahu, and presumably sympathy for the Palestinians. Saddest of all is that antisemitism has cropped up so exuberantly among students in our elite universities. Apart from decrying it, calling it out for what it is, what are Jews to do to protect themselves from this recurring nightmare? Perhaps a jaunt down memory lane will help.

I was 5 when I was first aware not only that I was Jewish but that being Jewish had consequences. My father asked me what I had learned in school one day, and I told him the poem "Eenie, Meenie, Miney, Moe," which I began to recite. When I came to the n-word—before "tiger" had been substituted as a more appropriate alternative—my father angrily stopped me and told me I was never to use the word again, especially since our people, like the Negroes (as they were called then), had been long persecuted and called all sorts of terrible names.

A few years later, returning with my father from a Bing Crosby movie, "Going My Way," I asked if we might have a Christmas tree. "No," he said. Why not? "Because you are Jewish." Case closed. Not long after that, my mother

pointed out various Chicago neighborhoods and suburbs—Sauganash, Kenilworth—that were "restricted," which meant no Jews allowed. Not only did being Jewish carry responsibilities; it also apparently meant being despised, at least in certain quarters.

When I was 10, we moved to West Rogers Park, a neighborhood in Chicago undergoing change. We, the Jews, were the agents of change. Ours was the only Jewish family on our long block in 1947. In school, all the kids played together, but segregation by religion had set in, so I found myself invited only to parties with other Jews. I also began to attend Hebrew school, where I learned liturgy in Hebrew and prepared for my bar mitzvah, which increased my own sense of my Jewishness.

Nicholas Senn, my Chicago public high school, was roughly 60% Jewish. A highly social institution, it had numerous clubs and fraternities, all of which were divided by religion. There was no cross-dating between Jews and Gentiles. The only real integration, outside the classroom, was in athletics. So far as I know, nobody complained about it. Jews on one side, Gentiles on the other. This, we assumed, was the way of the world.

At the University of Illinois, which I attended my freshman year, a similar self-segregation was in effect. Of the six Jewish fraternities and four sororities, none had any Gentiles. Nor did I ever

hear any complaints about it. The only vaguely antisemitic line I can recall was the notion that Zeta Beta Tau, whose members tended to come from wealthy families, stood for billions, billions and trillions. In any case, I'm not sure a Jew didn't create the joke. Two different worlds, as the old song had it, we came from two different worlds.

No one saw the current wave of antisemitism coming. Who thought Hamas would find supporters at Harvard, Columbia, the University of California, Los Angeles, and elsewhere? The country had known of this virus before, but it came not from crowds of thousands but from prominent people. Henry Ford was openly antisemitic. No Jew in those days drove his cars. Father Charles Coughlin, on his radio show in the 1930s, attacked what he termed "international bankers." But those were largely isolated, the present strain more widespread.

Is self-chosen segregation among Jews a good thing? In one sense, it feels like taking a step backward toward a less open society. Yet when the politics of a country swing too far in either direction, antisemitism is almost certain to come in its train. The swing today is unmistakably and strongly leftist, and self-segregation strikes me as the first step in combating the attacks on Jews that attend it.

Most of the Jews I grew up with were, of Judaism's three main strands, Conservative. They took their religion seriously, but their lives weren't dominated by it, unlike for those who consider themselves Orthodox. As for Reform Judaism: It has been called, with much truth, the Democratic Party platform

with low now and make a few bucks over the next week or so. The market rose even more after the Fed's announcement Wednesday because many buyers were expecting the Fed to cut rates by less than it did.

Granted, many market forces—including assassination attempts and product innovations—are constantly affecting stock prices. So my central message is this: Incorporating other changes in market forces, a Fed rate cut will lead to a jump in stock prices by more than otherwise.

Before the Fed announces a rate cut, as has been the case this month? Savvy traders anticipate the Fed cut and buy stocks before any announcement, following a well-worn market strategy: Buy

Mr. McKenzie is an economics professor emeritus in the Merage Business School at the University of California, Irvine, and author of "The Selfish Brain: A Layperson's Guide to a New Way of Economic Thinking."

THE WALL STREET JOURNAL.

OPINION



POTOMAC WATCH
By Kimberley A. Strassel

He might pause his shuffle to consider what he did—and didn't—do to merit that honor.

The Teamsters' Wednesday announcement that it would forgo a presidential endorsement for the first time in 28 years was both seismic and disingenuous. President Sean O'Brien undoubtedly regrets his decision to solicit the opinions of the 1.3 million workers he represents. Aware that a strong Trump sentiment runs through his rank and file, Mr. O'Brien went through the motions of conducting "the most inclusive, democratic, and transparent" endorsement process in Teamsters' history. He ran member polling, interviewed both Mr. Trump and Ms. Harris, and requested speaking slots at both party conventions.

The mighty Teamsters union this week declined to endorse Kamala Harris, and Donald Trump is doing the happy dance. He might pause his shuffle to consider what he did—and didn't—do to merit that honor.

Board member Gregory Floyd was honest enough to tell Politico that while he voted "no endorsement" based on the membership poll, his own New York local would endorse Ms. Harris. He justified this by explaining that the Teamsters "are not a reflection of the rest of the country, of what's going on," in that they are "to the left of the building trades and to the right of everyone else."

He's right

OPINION

REVIEW & OUTLOOK

Trump Repeals His Own Tax Reform

Donald Trump's tax reform was the main legislative achievement of his first term. It made the tax code more efficient by reducing marginal rates and eliminating sundry carve-outs. This spurred faster economic growth and rising wages, which are why most Americans give him higher marks than Kamala Harris on the economy. So why is he now proposing to diminish that success by mangling the code?

The former President is still on net better on taxes than Ms. Harris, who supports \$5 trillion in increases, including a 28% corporate rate, 44.6% top marginal rate and 25% tax on unrealized capital gains for "billionaires." But Mr. Trump is losing the tax plot by promising all sorts of costly tax giveaways that will make it hard and maybe impossible to extend the pro-growth components of his reform.

* * *

Take the state and local tax deduction, which his reform capped at \$10,000 per household. Mr. Trump vowed at a rally on Long Island this week to restore the deduction and save "thousands of dollars for residents of New York, Pennsylvania, New Jersey and other high cost states." Did New York Democrat Chuck Schumer whisper that in his ear?

The pre-reform deduction made it politically easier for Democrats in high-tax states like New York to raise taxes by moderating the pain for their high earners. Taxpayers could write off all of their 10.9% state income tax rate and burdensome property taxes against federal taxes. SALT's main beneficiaries were affluent taxpayers, as well as politicians and government unions in high-tax states.

Taxpayers in New York, New Jersey, Connecticut and California collectively claimed more than 40% of deductions in 2016—nearly four times more than those in Arizona, Georgia, Nevada, Wisconsin, Pennsylvania and Michigan. Very few in the latter states are harmed by the SALT cap because the 2017 reform also raised the standard deduction (\$29,200 for couples).

Republicans limited the SALT deduction in part to pay for a larger standard deduction and lower marginal tax rates. This benefited all Americans. But state and local taxes are set to become fully deductible again in 2026, which is also when most of the 2017 individual tax-code changes turn into a pumpkin.

Without the \$1.2 trillion in budget savings from extending the SALT cap, Mr. Trump will have to scrap other parts of his reform. This could include the 37% top marginal rate, 20% small business deduction and higher estate and gift tax exemptions. Extending those three

items would cost about \$1.2 trillion combined over a decade.

Last week Mr. Trump floated a general tax exemption for overtime pay. The Tax Foundation estimates this carve-out would cost between \$680 billion and \$3.1 trillion over a decade depending on its structure—i.e., if the exemption applies to the pay-

roll tax as well as the income tax.

Federal law requires that employers pay time-and-a-half to wage workers who clock more than 40 hours a week. The exemption would be an especially big windfall for government workers, such as police and corrections officers who can make more than software engineers because of overtime.

At the margin it might encourage some workers to log longer hours, but not all will be productive. Some employers might also reclassify salaried employees as wage earners to boost their after-tax pay. This could let lawyers and investment bankers who regularly clock 80-hour weeks make half of their income tax-free.

The exemption would create the kind of economic distortion that Mr. Trump's tax reform aimed to eliminate. The same is true of his proposal not to tax Social Security benefits, which would cost between \$1.6 trillion and \$1.8 trillion over 10 years. This is larger than the static revenue cost of Mr. Trump's 2017 reform.

At the margin this would give seniors an incentive to retire earlier, which would reduce the labor force and economic growth. The exemption would principally benefit higher-earning retirees since Social Security benefits of less than \$25,000 are already exempt from tax.

Leaving no voting group behind, Mr. Trump has also pitched a tax exemption for tips. Soon your plumber, accountant and child's tennis coach will want to be paid in tips. The tip exemption is estimated to cost \$150 billion over a decade, about as much as extending the reform's accelerated depreciation for capital investment for three years.

* * *

Mr. Trump's new tax giveaways violate a core principle of fair taxation, which is that similar income should be treated similarly. They also undermine a major goal of tax reform, which is to make the code more efficient so it raises revenue with the least economic distortion. A broader tax base means tax rates can be lower. Mr. Trump is now proposing to narrow the base, so rates will have to be higher.

This is one painful lesson from high-tax states. Mr. Trump won't beat Ms. Harris in a vote-buying contest, and he may lose Americans who are leaning toward him because of his first-term economic success.

An Arrest for Supreme Court Threats

As the public waits for more details from the investigation into the second assassination attempt against Donald Trump, police on Wednesday arrested a 76-year-old Alaska man for sending online threats to "assault, kidnap, and murder six Justices of the United States Supreme Court and some of their family members," as the feds put it in a court filing.

Panos Anastasiou is accused of sending more than 465 messages via an online portal on the Court's website. Here's one from May that gives the flavor: "I'm going to call and urge my fellow Vietnam veterans... to drive by the [Supreme Court Justice 2]'s house with their AR15's and when f— [Supreme Court Justice 2] and his f—PIECE OF S— C— WIFE are HOME spray the home of these disrespectful mother f— with hundreds of rounds."

The indictment doesn't name the Justices targeted, but it isn't all that difficult to read between the lines. Some of the messages call them "corrupt," and one refers to the Justice's spouse as his "n— loving insurrectionist wife." In a statement from the Justice Department, Attorney General Merrick Garland says the defendant made these threats against the Justices "to retaliate against

them for decisions he disagreed with."

He is facing 22 counts in total, including nine for threatening a federal judge, a crime that's punishable by up to 10 years in prison per instance. He has pleaded not guilty, and his defense attorney declined to comment to the Associated Press.

In a filing asking for detention until trial, the feds say that some of the messages included pleas that they "be sent directly to the victims," and the Supreme Court Police "deemed them concerning enough to warrant an investigation." He also indicated "that he held the victims in this case personally responsible for the FBI contacting him."

In 2020 Chuck Schumer stood outside the Supreme Court and threatened Justices Brett Kavanaugh and Neil Gorsuch by name. "You have released the whirlwind and you will pay the price. You won't know what hit you if you go forward with these awful decisions," he declared. Other Democrats are railing against the Court as illegitimate and corrupt.

We're glad to see Justice pre-empt Mr. Anastasiou's potential violence, but Democrats could also stand to stop their vicious attacks on the Court.

Hillary Clinton's New Speech Code

Woke young people aren't the only Americans who need a tutorial on the First Amendment. Consider Hillary Clinton, a Yale Law grad and former presidential nominee, who wants to make spreading disinformation a crime.

Mrs. Clinton on Monday went on MSNBC with Rachel Maddow, the hothouse for false information about the Russia collusion narrative, to indict all and sundry she disagrees with. "It's important to indict the Russians, just as [Robert] Mueller indicted a lot of Russians who were engaged in direct election interference and boosting Trump back in 2016," Mrs. Clinton said.

"But I also think there are Americans who are engaged in this kind of propaganda, and whether they should be civilly, or even in some cases criminally, charged is something that would be a better deterrence, because the Russians are unlikely, except in a very few cases, to ever stand trial in the United States," the former first lady added.

There's a novel legal concept. Because Russians can't be punished in the U.S., she wants Americans to be arrested for their political speech if they happen to utter arguments also uttered by Russians.

She says spreading disinformation should be a crime.

But would her speech standard also apply to the 51 former U.S. intelligence officials who claimed in 2020 that the Hunter Biden laptop story had "all the classic earmarks of a Russian information operation"? They were spreading disinformation because the laptop and its contents were real and had belonged to Hunter.

Adversaries are trying to meddle in U.S. elections, but their effort is almost always overwhelmed by our raucous homegrown debate. The main goal of these meddlers is to sow doubt among Americans about our political system, and Mrs. Clinton is helping to amplify that doubt. Throwing the First Amendment out in the bargain compounds the damage.

Perhaps Mrs. Clinton still hasn't accepted that she lost fairly to Mr. Trump, and we understand her grief. But that's no excuse for spreading doubts about American elections and trying to criminalize political speech.

LETTERS TO THE EDITOR

Are Blue States Really Bailing Out Red States?

Daniel Patrick Moynihan was curious about the geography of where the federal government collected its revenue and where that revenue was spent. But blue-state elected officials and their supporters laboring to sustain his theory of a balance of payments, as Aaron Brown and Michael Mendelson report in "Progressives Against Progressive Taxation" (op-ed, Sept. 16), misrepresent the source of revenue paid to the federal government when they claim status as net-payer states.

There is no such thing because state governments don't pay taxes. People pay taxes.

This bears repeating: The taxes collected by the federal government don't come from the states. They come from the people who live, work, serve, own businesses and generate wealth within those states' jurisdictions. State elected officials trying to lay claim to federal largess as if they contributed revenues is pernicious and fiscally illiterate. Chutzpah, in the vernacular.

What began as a thought experiment a half-century ago by one of America's most honorable and public-minded intellectuals is now degenerating into an unworthy legacy. Call it stolen industry.

MICHAEL GARRETT
Montclair, N.J.

In addition to the intrastate transfer from rich to poor that the Moynihan "balance of payments" approach to state-to-state federal tax flows misses, it is also worth noting that many major federal grant-in-aid programs fail to adjust for state population declines. The funding levels for cash welfare (TANF) and clean water (CWSRF) programs, for instance, are based on state aid levels set by statute and don't adjust for population declines—such as those in large blue states, including California, New York and Illinois.

Education assistance is governed by "hold harmless" provisions that maintain federal aid even if public-school systems see declining enrollment. In an October, 2023 American Enterprise Institute report, I calculated that, for the 12 largest federal grant-in-aid programs, California enjoyed \$130 million in "avoided reductions" if it would have incurred were population loss considered. New York and Illinois also avoided reductions.

Put another way—and to update Moynihan—by failing to take population loss into account, federal aid is actually favoring blue states over red.

HOWARD HUSOCK
American Enterprise Institute
Rye, N.Y.

Why the Machinists at Boeing Are on Strike

Regarding your editorial on the Boeing strike ("Machinists Strike While Boeing Is Weak," Sept. 17): Our members are striking to achieve respect, job security and fair pay. They are trying to keep the world moving and the general public safe in the face of some historically bad corporate decisions.

For over a decade, Boeing employees have sacrificed for Boeing, and International Association of Machinists and Aerospace Workers (IAM) members are essential to Boeing's recovery as a company and a culture. Boeing's financial struggles stem from management failures, including production errors, mishandled safety issues and outsourcing—not from the hardworking men and women on the shop floor.

Blaming the workforce or pushing for nonunion alternatives is misguided. Union labor has been the backbone of Boeing's success for decades, and this strike is about ensuring a fair share

for those who build the planes that make Boeing profitable. The South Carolina Flight Readiness Technicians at Boeing we organized and won wanted the same thing our members in Washington state desire—dignity, respect, consistency and the ability to address any production issue with management without fear of retaliation. Our members remain committed to reaching a fair agreement through good-faith negotiations.

BRIAN BRYANT
International president, IAM
Upper Marlboro, Md.

Union bosses and members again think it's advantageous to strike when a company is at its weakest. That brings to mind a 100-year-old quote from Samuel Gompers, the "father" of unions: "The worst crime against working people is a company which fails to operate at a profit."

JOHN JARRARD
Flushing Township, Mich.

The Fate of New York's Trump Prosecution

I disagree with David Rivkin Jr. and Elizabeth Price Foley's analysis in "Why Trump's Conviction Can't Stand" (op-ed, Sept. 9). New York has decided that falsification of business records is always a crime, but only a felony if the accused intended "to commit another crime" via the false record, which in this case is a violation of the Federal Election Campaign Act (FECA). Mr. Rivkin and Ms. Foley claim that just as New York can't prosecute cases under FECA (since only the Justice Department can bring violations), so too New York may not use FECA violations to change the penalty from a misdemeanor to a felony.

This is neither supported by precedent nor logic. Logic first: There are many situations in which the government may introduce uncharged crimes—even in another jurisdiction, even after the statute of limitations

An Overhaul of Medicare Is What the Doctor Ordered

The lack of tight oversight is definitely an issue contributing to Medicare fraud ("You Aren't as Sick as Government Claims" by Charles Silver and David Hyman, op-ed, Sept. 5). The bigger problem is Medicare itself. It is simply outdated and hasn't kept up with the times.

Medicare fee schedules for providers decrease every year and don't reflect increases in the cost of living. This, in effect, breeds fraud and upcoding.

Let's face it: The cost of caring for Medicare patients drags down medical practices. It is no surprise that Medicare patients often wait weeks to months for an appointment with a new provider.

Redistributing the allocation of funding takes the government out of the equation, but it fails to address the root causes. Patients would be left holding the bag. Medicare is approaching its 60th anniversary in 2025 and a drastic overhaul is long overdue.

Any consideration of Medicare for All is ludicrous for a system that is precariously unsustainable.

RONALD G. FRANK, M.D.
West Orange, N.J.

has passed—as evidence in sentencing, which is what the change from a misdemeanor to a felony really is. The crime is "falsification of business records," not a violation of FECA. The lack of precedent is obvious, since even the authors don't cite any.

This doesn't mean that the former president's conviction won't be reversed—just not on this ground.

PROF. MICHAEL J. BRODIE
Emory University School of Law
Atlanta

Why Would You Believe Her?

Alan Dershowitz has a good, if short, list of items he would like Vice President Kamala Harris to explicitly state for him to be comfortable voting for her ("Will I Have to Vote for Donald Trump?" op-ed, Sept. 12). He does not, however, explain why he would believe her if she did state those things.

So far, the only data I have on this subject, from watching over the past four years and especially the past couple of months, is that Ms. Harris says next to nothing specific, seemingly does very little and will say any word salad that she concludes will help her to be perceived well and get elected to a higher office.

Put aside what she says now. All we really have to go on is the four years of Mr. Trump's presidency and the four years of Ms. Harris's vice presidency. I know what that tells me.

JEFF HOOLE
Schenectady, N.Y.

Pepper ... And Salt

THE WALL STREET JOURNAL



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OPINION

Ukraine's Lessons for the Pentagon

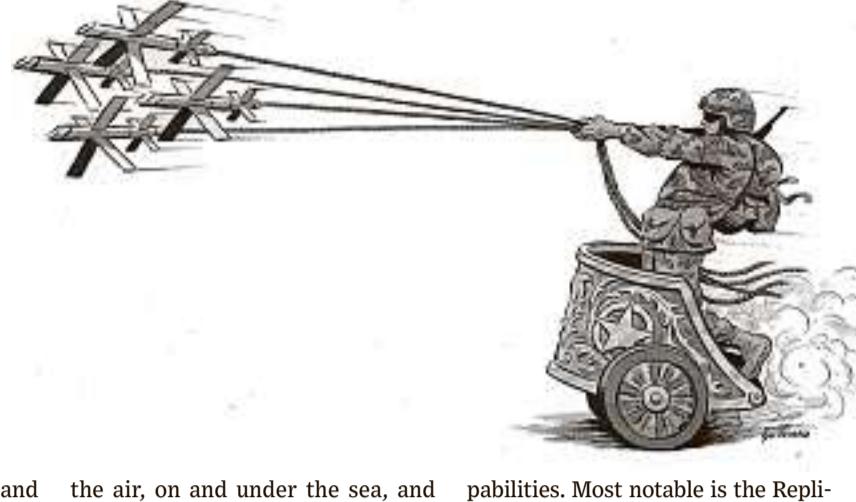
By David Petraeus
And Andy Yakulis

The wars in Ukraine, Gaza, and the Red Sea have revealed a pressing reality: Innovative and low-cost technologies are changing how nations wage war. The advent of such tech, moreover, highlights the urgency with which the U.S. must overhaul its defense system, from operational concepts, structures, and training to weapons systems, procurement and manufacturing.

This transformation will require the armed services to undertake several new initiatives and launch substantial partnerships with weapons system manufacturers. This is critical to enabling the U.S. to replicate the achievements of Ukraine—a country that has sunk about a third of Russia's Black Sea fleet without a meaningful Navy and held off major ground assaults despite being outnumbered and outgunned. In each case, cutting-edge technologies, produced rapidly and at enormous scale, have enabled Ukraine's successes.

Kyiv's efforts underscore that warfare is at an inflection point. Combat now features cheap, mass-produced, one-way air and maritime drones, as well as innovative ground robotic systems. These advances have democratized highly capable but inexpensive unmanned weapons. Though it is still in its early stages, this tech is producing seismic changes on the battlefield.

Some senior U.S. military officials are paying attention to this new way of war. Adm. Samuel Paparo, head of the U.S. Indo-Pacific Command, intends to turn the Taiwan Strait into a "hellscape" if China attempts to invade the island. The plan reportedly features the mass application of unmanned systems on land, in



among the U.S. military's special-operations community and in innovative conventional forces. There are also important albeit modest industry initiatives compared with Ukraine's. Kyiv is constantly updating its military software to contend with Russia's evolving electronic and air-defense capabilities. U.S. service members, meantime, are using only modest funds to buy drone components and teach themselves to assemble them. Discussions with one of the Navy's elite special-operations units indicate it spends 80% of the time building drones and 20% learning to fly them.

Our military isn't providing its soldiers with the concepts, training and weapons to fight effectively. Technology is moving faster than our ability to harness it. The path forward therefore must feature collaboration with private organizations that can equip America and its allies with real-time lessons from the battlefield. Doing so will help us escape the cycle that too often delivers the technology of yesterday to tomorrow's battlefield.

To succeed, the Pentagon can't tinker around the edges. It must seriously transform its processes, from military doctrine to weapons acquisition. If it does, we will be well-positioned to win the 21st century. If it doesn't, the hellscape may well be brought to us.

Mr. Petraeus, a retired U.S. Army general, commanded the surge in Iraq, U.S. Central Command and the coalition forces in Afghanistan. He served as director of the Central Intelligence Agency (2011-12) and is a co-author of "Conflict: The Evolution of Warfare from 1945 to Ukraine." He is a partner in KKR, which is invested in defense and technology companies. Mr. Yakulis is CEO and a co-founder of Vector and a former Army special-operations commander.

the air, on and under the sea, and presumably in cyberspace. Some new initiatives can help with these goals, but the vision is still mostly conceptual. The Pentagon will need to rethink its fighting doctrine, force structure, training, and processes for producing, procuring and using weapons fit for such combat.

To excel with new tech, the U.S. must rethink its doctrine, training, procurement and more.

The status quo won't suit. Our men and women don't have the training to operate large numbers of autonomous systems simultaneously. Worse still, there is no procurement process set up to buy enough of the systems needed to make the "hellscape" a reality. Nor is the industrial base currently capable of producing these systems at the scale they're being produced in Ukraine.

Fortunately, Pentagon and industry leaders have begun to undertake some impressive efforts to capitalize on the private sector's innovative ca-

pabilities. Most notable is the Replicator Initiative, championed by Deputy Defense Secretary Kathleen Hicks, to provide the military with a mechanism to procure large amounts of cheap drones. But while Replicator is an important step forward, it will likely take years for the initiative to field one of its prized systems: a reportedly more than \$100,000 one-time-use loitering munition. This is a long way from the cheaper but equally capable suicide drones that Ukrainian companies are producing and employing in the thousands every day.

The goal of Ukraine's "People's Drone initiative," as we've learned in discussions in Ukraine, is to produce one million drones per year that cost between \$300 and \$1,000 a unit. The mobilization of Ukraine's domestic war economy is akin to the effort the U.S. pursued during World War II. Ukraine recognizes the imperative of building large quantities of weapons—even at the expense of quality—to hurl at the enemy. If Replicator is any indication, the U.S. still doesn't understand how speed and volume must take precedence over exquisite capability when it comes to unmanned systems.

Grassroots efforts have taken off

The Case For Trump's Tariffs

By John Paulson

Donald Trump has an aggressive plan to spur economic growth, reduce the federal budget deficit, ease inflation, and lift up everyday Americans who have struggled during the Biden-Harris administration. Mr. Trump's plan, which he outlined Sept. 5 at the Economic Club of New York, includes keeping the 2017 tax cuts in place permanently, reducing costly regulations, cutting government spending, and making smart use of tariffs to restore American manufacturing.

The proposal for tariffs has raised the typical concerns from economists who argue for free-trade policies. Their views reflect traditional economic orthodoxy, not reality. In the real world, we have a one-sided free-trade policy in which America isn't nearly as protectionist as other countries. The U.S. imposes only an average 2% tariff on imported industrial

Combined with tax cuts and deregulation, they'll ensure that America's economy booms again.

goods, while many other countries have both high tariffs and nontariff trade barriers. According to the Bureau of Economic Analysis, the merchandise trade deficit has exploded under President Biden, reaching a yearly record \$1.2 trillion in 2022 and hitting a July record of \$103 billion in 2024.

This imbalance has been devastating for U.S. industry. Since 2000, thousands of factories have closed, wages have stagnated, communities have deteriorated, and economic inequity has intensified. By contrast, foreign companies exporting products into the U.S. have prospered. Mr. Trump recognizes this, which is why as president he was tough on China and negotiated better trade deals.

We need targeted tariffs to lift such critical industries as defense. The U.S. relies heavily on imports to make the weapons and other materiel our military needs. This doesn't make sense, as Mr. Trump made clear in his speech to the Economic Club of New York: We "will be able to build our military again from within—all from within."

In addition, Mr. Trump would use reasonable tariffs to boost U.S. manufacturers that are currently subject to unfair trade practices, including automakers critical to communities across America.

Mr. Trump's proposed tariffs could generate some \$450 billion in revenue a year for the U.S. Isn't it better to tax foreign entities for entering the American market than impose new taxes on American families? The tariffs would also spur a rebirth of our manufacturing sector, creating jobs, higher wages and economic growth, all of which would lead to greater tax revenue without raising tax rates. That in turn would reduce the fiscal deficit, which would lower interest rates—again, lifting our economy, and helping everyday Americans buy homes, save for retirement and raise their standard of living.

The tariffs would be most effective if implemented as part of the overall Trump economic agenda. That would include cutting 10 regulations for every new one. It would also mean making permanent the 2017 tax cuts. If those cuts expire, the results would be devastating. Combined with the Biden-Harris proposal to tax unrealized gains, it could send our economy toward a recession.

The Biden-Harris administration has a dismal economic record. Mr. Trump, by contrast, handled the economy skillfully. Real wages grew 7.7% under Mr. Trump; so far they have declined 2.1% under Mr. Biden. Inflation averaged only 1.9% under Mr. Trump; it has averaged 5.7% during the Biden-Harris years and soared to 9.1% in June 2022, a 40-year high. The federal budget deficit is now \$2 trillion, according to the Congressional Budget Office, and the trade deficit continues to balloon. We know what to expect from a Harris presidency: more regulations, more taxes and more spending—which will mean more deficits, more inflation and slower growth.

Mr. Trump's economic plan is exactly what we need. It will put America first by leveling the playing field with countries that have long benefited from our support. It will stimulate job growth and increase revenues without new taxes. It will cut the deficit and reduce inflation. Mr. Trump remains laser-focused on reviving our economy and has the plan to do it.

Mr. Paulson is founder of Paulson & Co. and a Trump campaign adviser.

A Fear of Dissent Haunts the Federal Reserve



POLITICAL ECONOMICS
By Joseph C. Sternberg

This week's Federal Open Market Committee meeting is notable for two things. America's central bank is shifting into monetary-easing mode amid considerable uncertainty about the true state of the economy, prospects for inflation and even the mechanisms by which Federal Reserve policy affects Main Street. And despite all these complex unknowns, almost everyone on the committee agrees.

Commentary on the meeting is focusing on that "almost." A member of the Fed's Board of Governors dissented from the FOMC's decision to cut its target short-term interest rate by half a percentage point. Gov. Michelle Bowman would have preferred a quarter-point cut. It's the first time since September 2005 that a member of the Fed's Washington-based board has disagreed formally with a policy decision.

In some quarters this is being presented as a sign of growing internal disagreement, but this rare and limited dissent is a reminder that American monetary maestros agree with each other far too often. This is especially the case among members of the Fed's governing board: The last dissenting vote from a governor before September 2005 came in September 2002, and the one before that was in November 1995.

Instead, the FOMC has come to rely for intellectual diversity on the presidents of the 12 regional Federal Reserve Banks. The president of the New York Fed always gets a vote, and the others take year-long turns filling four slots alongside the seven Fed governors in voting on the FOMC. Regional bank presidents cast dissenting votes more often than members of the Board of Governors, but often they cast a lone contrary vote. The last time two regional bank presidents voted against an FOMC decision was in September 2020, when Robert Kaplan and Neel Kashkari disagreed with the wording of the statement but not the policy.

This of-one-mind attitude is deeply embedded. An FOMC decision hasn't clocked three dissents since September 2019, and the last time four FOMC members voted against anything was October 1992.

We've become so accustomed to this consensus that we forget how unusual it is. The Bank of England's Monetary Policy Committee in its July meeting this year started its own monetary easing cycle with a quarter-point interest-rate cut. The vote: five in favor of the easing against four opposed. The Bank of Japan this year has seen two dissents among the nine voting policymakers at each meeting in which the central bank announced new steps toward policy normalization.

The U.S. central bank's recent near-unanimity isn't normal by the Fed's standards, either. The American (and global) economies face unprecedented challenges both near- and long-term. Conventional economic models plainly are inadequate, having missed the worst-in-40-years inflation as it loomed and incorrectly predicted how the disinflation after would unfold.

Similar eras of economic turmoil triggered golden ages of Fed dissent, as a 2014 paper by St. Louis Reserve Bank economists noted.

The Arthur Burns-G. William Miller-Paul Volcker era in the 1970s and '80s witnessed a higher average level of dissenting votes per FOMC meeting than at any time in Fed history up to then, and it wasn't unheard of to see four or even five opposing votes at a meeting. The extraordinary experimentation of the Ben Bernanke era triggered a

The FOMC too often speaks with one voice, an oddity in its history and for central banks globally.

new bout of dissent, although not at the same level. Yet the Fed expects us to believe our leading policymakers mainly agree about how to manage monetary policy in today's unprecedented environment?

Obviously they don't, at least outside the meetings. Speeches from Fed officials often hint at a diversity of views about the economy and monetary policy, and rumors surrounding FOMC meetings suggest these views get an airing in the conference room. Yet the Fed, and its chairmen, have grown resistant to

airing those disagreements when it counts—in policy votes where there is some accountability to the public for a member's position. There the emphasis shifts to achieving an appearance of consensus.

Several factors may explain this. The Fed seems skittish about the idea that the children on Wall Street might see the parents arguing in Washington. The process of selecting new Fed governors has become downright vicious toward anyone who holds contrary views on the proper means and ends of monetary policy, as the nomination wars of the Trump era showed, making it easier to achieve a consensus in the end.

Whatever the reason, this is unhealthy—and dangerous to the Fed's credibility and independence. Voters might well start to wonder why their central bank isn't hosting a more open debate about its recent errors and how to remedy them. Meanwhile, if the Fed can't demonstrate a capacity for vigorous internal dissent, politicians may conclude they must force such a debate on the bank via greater political meddling.

The economic stakes are too high for the Fed to retreat into its now customary near-consensus. They owe it to the rest of us to argue with each other more.

Keep an Eye on the Canadian Border

By Jamie Tronnes
And Michael Barutciski

about to burst. The U.S. should brace for impact.

Canada currently has roughly 2.8 million nonpermanent residents who hold work permits. Their pathway to permanent residency is being reduced to roughly 250,000 open spots. Additionally, over the next three years, 396,235 international students will see their work permits expire. The Canadian government has signaled that these permits will no longer be extended.

Once their visas expire, immigrants can either return home or go the undocumented route. For many, this will mean trying their chances at the U.S. border.

The surge has already severely taxed the resources available to the CBP officers processing asylum and other claims. This is particularly true for the 295 miles of border spanned by New York, Vermont and New Hampshire. More than half of CBP apprehensions at the U.S.-Canada border now happen in this region.

Increased immigration has come to play an important role in the Ca-

nadian economy because of the country's dearth of skilled workers, low birthrate, and local labor shortages. It is the main driver of Canada's population growth, which has been far outpacing all other Group of Seven countries. But the Canadian government failed to take into account needed growth in the support systems required for such a large population increase. Canada is suffering severe housing shortages, rising unemployment rates, and ever-growing wait times for the national healthcare system.

The political backlash was inevitable. One in 5 Canadians now lists rising immigration levels as a top concern. Prime Minister Justin Trudeau and his immigration minister have said the system needs to be brought "under control." But this acknowledgment comes too late to prevent an inevitable breakdown in the strategic relationship between Canada and its neighbor to the south.

The U.S. should send a clear message that it isn't planning to compensate for Canada's past policy errors. It's time for Ottawa to devote the necessary resources to border control. Canada needs to deal with the problem it has created.

Ms. Tronnes is executive director of the Macdonald-Laurier Institute's Center for North American Prosperity and Security. Mr. Barutciski is a lawyer and a professor of international affairs at Toronto's York University.

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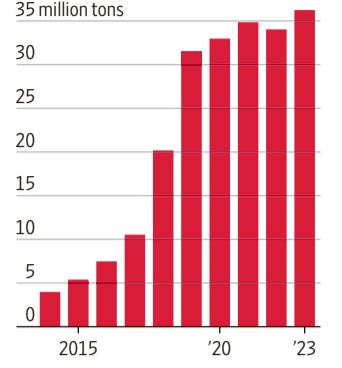
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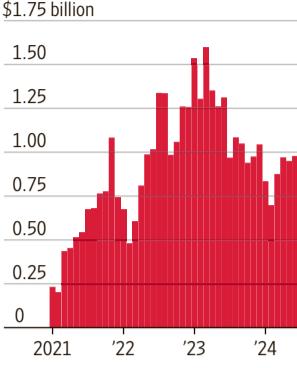
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WORLD NEWS

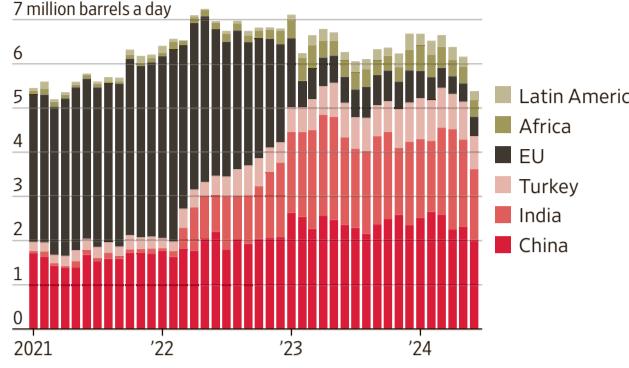
Cargo through the Northern Sea Route has plateaued.

Northern Sea Route cargo volume


Coal is slow to transport and has lost out to other rail cargo.

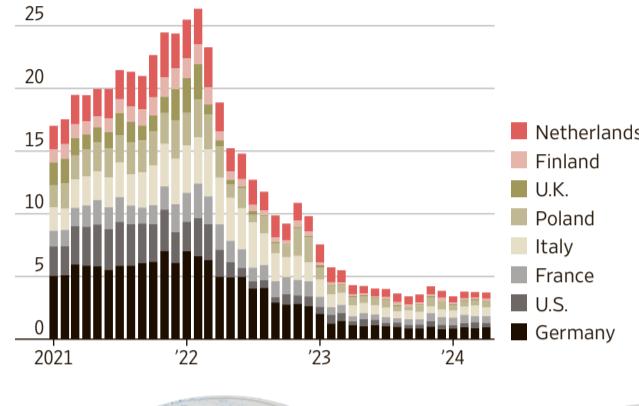
Russian coal exports to China


Oil drove most of the growth in wartime trade with Russia.

Russia oil and oil-product exports

Trade With Russia

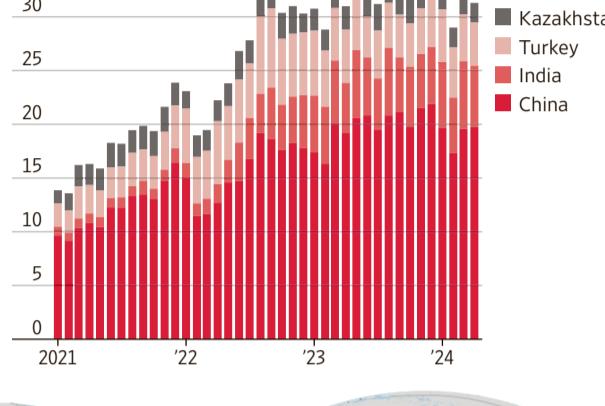
Sanctions sank trade between Russia and the West.

\$30 billion



Russian trade with neutral countries boomed.

\$35 billion



Note: Pipeline routes are approximate

Sources: Center for High North Logistics (cargo volume); Chinese customs (coal exports); International Energy Agency (oil and oil-product exports); CEIC (Russian trade); TASS (first route); Russian MFA magazine (second route); Wood Mackenzie (pipelines)

Putin's Trade Efforts Falter

Moscow was able to redirect oil sales, but other commodities prove more difficult

By GEORGI KANTCHEV AND ROQUE RUIZ

In the economic blowback from its invasion of Ukraine, Russia sought to pivot away from trade with the West and build new sanctions-defying links with the Asian powerhouses China and India.

Some 2½ years later, the flow of Russian oil has mostly rerouted along those lines. The profits have powered the Kremlin's war machine. But, as sanctions grow more severe and its aging infrastructure proves inadequate, Russia is groping to shore up its wartime economy by opening new avenues for trade in its other commodities.

The reorientation of decades-old trade relationships, especially those involving hard-to-move commodities and goods, is proving tough to pull off.

Here is a look at Russia's efforts to rewire its trade routes and the challenges Moscow faces in doing so.

Secondary sanctions: Russia's trade with the West, which had boomed after the end of the Cold War, collapsed under a raft of Western sanctions imposed to punish Mos-

cov for its invasion of Ukraine. In tandem, Russia's trade with China, India and other countries in the East climbed fast, propelled higher by sales of its discounted oil.

This year, the U.S. imposed new rules that raise the risk of penalties for foreign banks that deal with Russia. Those secondary sanctions have crimped trade growth between Russia and countries that had become a large part of Moscow's wartime trading portfolio.

Tanker trade:

In Russian President Vladimir Putin's quest to reorient trade links, oil scored an early win because it can be transported around the globe by large tankers rather than through fixed pipelines. That mobility was crucial for Russia's resource-dependent economy, helping the Kremlin collect revenue to fund the war and support its sanctions-stricken economy.

As much as half of Russian oil and petroleum exports in 2023 went to China, with India also emerging as a big buyer. Russia was able to sidestep a Western-imposed price cap by moving oil on a so-called shadow fleet—aging

tankers on which the restrictions have limited traction.

Gas pain: Rerouting natural gas, however, has proven more difficult. Most of Russia's exports used to flow via a decades-old spider web of pipelines to Europe, including Nord Stream, which was sabotaged in 2022. Russia has only limited pipeline capacity going to China, and Beijing has balked at greenlighting a massive new natural gas link between the two nations known as Power of Siberia 2.

Natural gas can also be liquefied and carried on specialized tankers, but Russia's capacity there is limited. U.S. sanctions on a large new Russian LNG project have further

hampered Moscow's prospects—making it harder to take delivery of tankers and to build alternative vessels domestically.

Rail delays: Russia is racing to extend its aging rail infrastructure to Asia because the existing lines can't handle the increased volume of trade. This has produced bureaucratic fights over how to divvy up what capacity there is.

Coal, which depends on rail distribution, has suffered as a result. The sector traditionally

enjoyed priority rail access, but now has to make way for other cargo, including timber and steel—not to mention container traffic bringing in Chinese goods in lieu of European products.

Russian coal exports to the key China market—and the budget revenue they bring—have stagnated in recent months.

Shortcut complications: Moscow has long hoped that melting ice in the Arctic Ocean would put the shipping passage through Russia's northern waters at the center of global trade. Using the Northern Sea Route, a journey from Russia's Western ports to Japan takes around 18 days, compared with 37 days via the Suez Canal, Russian state newsire TASS reported.

The war in Ukraine has added new urgency—and challenges—to using the route: U.S. sanctions, for instance, hinder Moscow's ability to get hold of icebreakers.

Russia also aims to cut export times to the India market using what is known as the North-South Transport Corridor via Iran. Doing so could cut in half the journey time for cargo going from Russia to India. But a lack of rail infrastructure in Iran, port-capacity limitations and uncertainty about funding have delayed plans to make the route viable, experts say.

—Kate Vtorygina contributed to this article.

As much as half of Russian oil and petroleum exports in 2023 went to China.

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—Kate Vtorygina contributed to this article.

Stabbing Death In China Reflects Anti-Japan Mood

BY WENXIN FAN

releases were approved by the International Atomic Energy Agency, which noted that the radioactive content was similar to or less than what other countries with nuclear-power plants discharge.

When rocks and eggs were thrown at Japanese schools in two Chinese cities, Beijing said China would protect the interests of foreigners in the country—but said Japan's actions at the nuclear plant had led to the incidents.

Days before Wednesday's attack in Shenzhen, a video surfaced on Tencent's WeChat platform showing the city's Japanese school and calling on the local police to "expel" it from China.

A similar script can be found in many clips on Chinese video-streaming sites, suggesting that Japanese schools in China breed spies and often calling the schools "the new colonies," a description intended to evoke Japan's occupation of China in the years following the 1931 invasion.

Japanese Prime Minister Fumio Kishida called Wednesday's attack a despicable crime. "We will strongly call on the Chinese side to protect the safety of Japanese people and prevent a recurrence," he said.

China's Foreign Ministry described the stabbing in Shenzhen as an isolated incident that it believed was unlikely to disrupt the bilateral relationship. Authorities said the attacker was a 44-year-old man, but didn't offer a motive.

Across China, anti-Japan sentiment has ebbed and flowed in recent decades. Rancor has led at times to mass protests, including in 2012 when crowds across China ransacked Japanese shops and smashed Japanese cars, but physical attacks have been rare. In June, a Chinese man with a knife attacked a Japanese woman and her young child at a school bus stop in Suzhou, a city in eastern China with a large Japanese population, injuring both. The bus attendant, a Chinese woman, stepped out and fought the man, and was killed.

About 102,000 Japanese people were living in mainland China as of 2023, and there are 11 full-time Japanese schools in the country, Japan says.

Japanese schools in China emerged as a target of anti-Japan sentiment last year, after Beijing accused Tokyo of treating the Pacific as a sewer by releasing water from the Fukushima Daiichi nuclear-power plant into the sea. The

"China wants more foreign investments, and it continues to promote hatred," Li said. "That contradiction won't work anymore."

—Chieko Tsunekawa and Yoko Kubota contributed to this article.



Mourners placed flowers outside the 10-year-old boy's school.

WORLD WATCH



MOTHERLY LOVE: Two-month-old baby hippopotamus Moo Deng was cared for by her mom, Jona, at the Khaoy Kheow Open Zoo in Chonburi province, Thailand, on Thursday.

JAPAN

Consumer Inflation Picked Up the Pace

Japan's consumer inflation grew at a faster pace in August and stayed well above the Bank of Japan's 2% target amid expectations for an additional rate increase in the near term.

Overall consumer prices rose 3.0% in August from a year earlier, compared with July's 2.8% growth, government data showed Friday.

The pace of price increases in food and household durable goods picked up during the month.

The solid readings came a few hours before the central bank's rate decision. The BOJ is widely expected to keep interest rates on hold at the end of the two-day meeting later Friday.

The BOJ had in July raised the interest rate to 0.25% from a range of 0%-0.1%.

—Megumi Fujikawa

SWEDEN

Woman Charged Over Syria Torture

Swedish authorities on Thursday charged a 52-year-old woman associated with Islamic State with genocide, crimes against humanity and serious war crimes against Yazidi women and children in Syria—the first such case in the Scandinavian country.

Lina Laina Ishaq, a Swedish citizen, allegedly committed the crimes from August 2014 to December 2016, in the city of Raqqa, the former de facto capital of the militant group's self-proclaimed caliphate and home to about 300,000 people.

According to the charge sheet, Ishaq is suspected of holding nine people, including children, in her Raqqa home for up to seven months and treating them as slaves.

The Yazidis are one of Iraq's oldest religious minorities.

—Associated Press

CENTRAL EUROPE

EU Chief Pledges Massive Flood Aid

European Union chief Ursula von der Leyen on Thursday pledged billions of euros for flood recovery for Central European countries that suffered enormous damage to infrastructure and housing during flooding that has claimed 24 lives in the region.

Von der Leyen paid a quick visit to a flood-damaged region in southeastern Poland and met with the government heads of the affected countries—Poland, Austria, the Czech Republic and Slovakia.

She said funds will be quickly available for repair from the EU's solidarity fund, as well as €10 billion, or \$11.1 billion, from what is called the cohesion fund for the most urgent repairs.

A massive flood wave has been moving across Central Europe and threatening new areas.

—Associated Press

BUSINESS & FINANCE

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S&P 5713.64 ▲ 1.70% S&P FIN ▲ 1.17% S&P IT ▲ 3.08% DJ TRANS ▲ 1.62% WSJ\$IDX ▼ 0.23% 2-YR. TREAS. yield 3.603% NIKKEI (Midday) 37935.58 ▲ 2.10% See more at [WSJ.com/Markets](#)

Disney to Ditch Slack After Hack

Most company units will stop using the messaging tool by year-end, memo says

By ROBBIE WHELAN

Walt Disney plans to transition away from its use of Slack as a companywide workplace collaboration system, a move that comes after a hacking entity stole and leaked online more than a terabyte of company data.

The company's Chief Financial Officer Hugh Johnston announced the planned change in an internal memo this week, saying most of Disney's businesses would stop using the service this year.

Many teams at the company had already started to transition to "streamlined enter-

prise-wide collaboration tools," said the memo, which was reviewed by The Wall Street Journal.

"Where we have opportunities to leverage more integrated tools and platforms we should," the memo said. Oliver Darcy's Status newsletter previously reported the move.

A Disney spokesman didn't immediately provide comment. A spokesperson for **Salesforce**, which owns Slack, declined to comment.

The data leaked online this summer included a range of financial and strategy information as well as personally identifiable information of some staff and customers, the Journal reported earlier.

The trove of information that a hacking entity calling itself Nullbulge released spanned more than 44 million messages from Disney's Slack



Hackers released over 44 million of Disney's Slack messages.

workplace communications tool, upward of 18,800 spreadsheets and at least 13,000

development, whose computer it compromised. The material taken appeared to be limited to public and private channels within Disney's Slack to which one employee had access.

Disney told investors in an August regulatory filing that it

was investigating the unauthorized release of over a terabyte of data from one of the communications systems it uses. The incident wasn't expected to have a material impact on its operations or financial performance, the filing said.

Slack is a popular workplace communication tool where employees can chat one-on-one or in groups, exchange files and collaborate in real time.

Disney said in this week's memo about the transition away from Slack that it was excited about the "alignment and productivity that will be unlocked as we streamline our collaboration platforms" and that teams working on the change had a focus on reinforcing policies for work-related collaboration.

—Tom Dotan contributed to this article.

Two Sigma Faces SEC Penalty Over Trade Scandal

By GREGORY ZUCKERMAN AND DAVE MICHAELS

Hedge-fund powerhouse **Two Sigma** is likely to pay as much as \$100 million to settle a Securities and Exchange Commission investigation into a trading scandal at the firm.

The New York firm would likely face blame for how it oversaw an ex-employee at the center of the misconduct, according to people close to the matter. The episode led to hundreds of millions of dollars in losses and gains after the researcher allegedly adjusted trading models without authorization.

Two Sigma is still negotiating with the regulator and could pay a lower amount as a result of the talks, which are at an advanced stage, the people said. The five-member commission would have to approve any final settlement. A spokeswoman for the firm and an SEC spokesman declined to comment.

The quant-trading firm's co-founders, John Overdeck and David Siegel, said in August that they were stepping down as co-chief executives following a yearslong clash that has distracted executives and captured attention in the hedge-fund business. Last year, Two Sigma said Overdeck's and Siegel's squabbles made it difficult for the firm to make key decisions.

Last month, Scott Hoffman and Carter Lyons took over as Two Sigma's new co-chief executives. Overdeck and Siegel will remain as co-chairmen, the firm said.

The SEC's investigation relates to a senior researcher's alleged unauthorized adjustment of the hedge fund's investing models. The move led to losses in some funds and big gains in others. The Wall Street Journal first reported

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Clean Jet-Fuel Technology Excites Wall Street Financiers and Airlines

By AMRITH RAMKUMAR

Cutting emissions from aircraft is one of the toughest challenges in the energy transition. A small group of startups say they have an answer, and investors are racing to give them cash.

The latest is a company called **Twelve**, which raised \$645 million from backers including the private-equity firm TPG and **Alaska Airlines** in one of the largest investments ever for clean jet fuel.

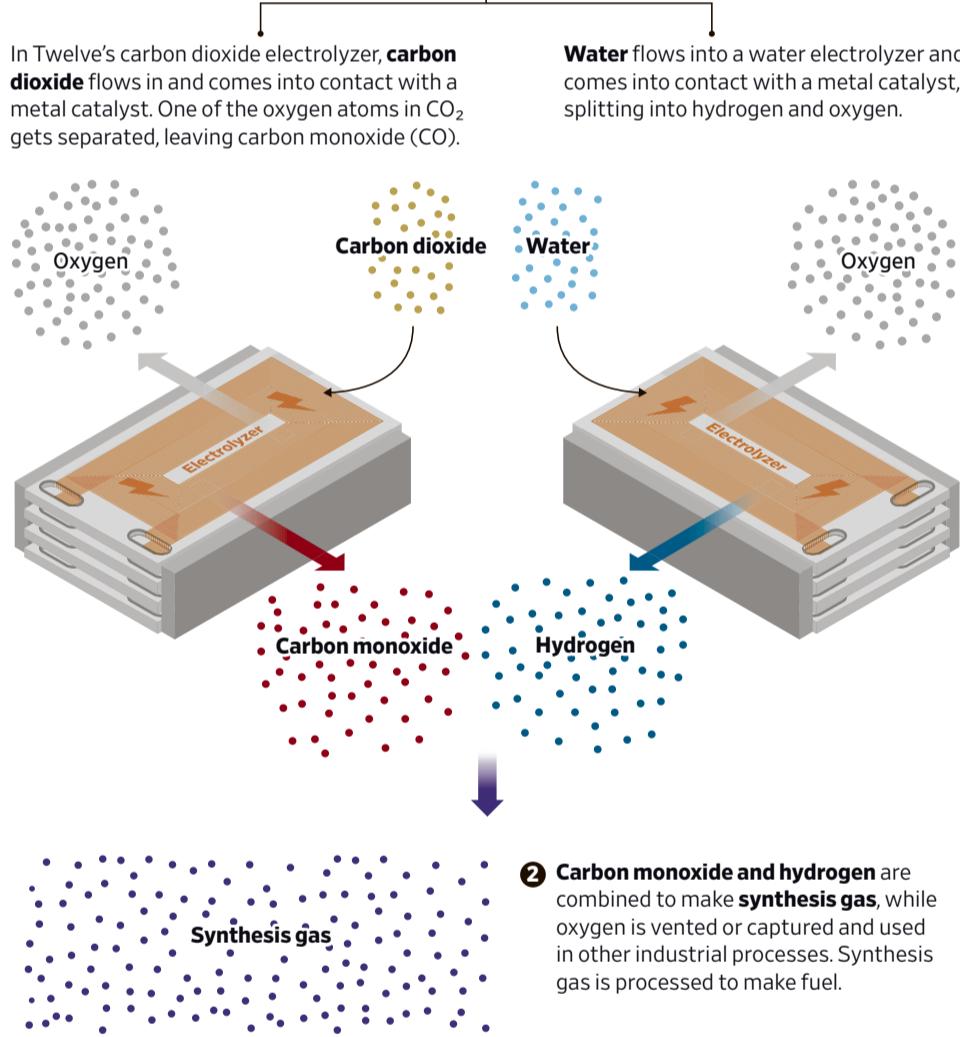
The investment values Twelve at more than \$1 billion. It is one of several startups using a chemical process that mimics photosynthesis to produce jet fuel with far lower emissions than fossil fuels. They are raising significant amounts of cash in the midst of a rush of funding deals.

Last week, **Brookfield Asset Management** said it would invest more than \$200 million into a company called Infinium that has a generally similar approach. Brookfield might put in up to \$850 million more. A few years ago, Prometheus Fuels, a startup with a deal to sell fuel to **American Airlines** that has a comparable process, hit a \$1 billion valuation. A competitor called HIF Global is also a unicorn after raking in investment.

Investors are shifting their bets in clean fuels to companies that use chemistry to turn carbon dioxide, water and renewable electricity into energy. Known as eFuels, synthetic fuels or power to liquids technologies, they offer the tantalizing possibility of producing limitless amounts if given enough cheap renewable power.

"This actually has a shot at eventually replacing fossil fuels," said Zachary Bogue, co-managing partner at the venture-capital firm DCVC. It

How Twelve makes sustainable aviation fuel



Note: Depicts general Twelve process but not specific project design or configuration
Source: Twelve

Alana Pipe and Jemal R. Brinson/WSJ

was one of Twelve's first investors and is putting money in again in the new fundraising.

Such approaches are seen as the most practical long-term fuel source. Airlines are currently using some biofuels, which are made from fats, oils and greases; trash; or plants. The supply of these

eventually by the availability of feedstock material and land.

Many clean fuels projects are facing high costs and failures, contributing to Air New Zealand's recent shelving of a 2030 emissions target.

The wave of investment into eFuels backs a trend in the energy transition under which companies with cash

and the backing of big companies emerge as potential winners.

"We're trying to move as quickly as we can to bring supply to the market," Nicholas Flanders, Twelve's chief executive officer, said in an interview. Alaska Airlines and a group of European carriers including **British Airways**

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Darden, Uber Set Breadstick, Pasta Deal

By HEATHER HADDON

Olive Garden owner **Darden Restaurants** struck a delivery deal with **Uber Technologies**, betting that shuttling pasta and breadsticks to diners at home can help reverse flagging sales as consumers spend less at restaurants.

Darden said Thursday it had signed a two-year, exclusive deal with Uber Technologies that is set to begin with a pilot at select Olive Garden locations later this year. Guests will order through the Olive Garden app, and Uber will ferry the food through its network of drivers.

The casual-dining giant has long refused to allow third-party delivery companies to handle its food at a large scale, saying such deals erode profit and sully the guest experience. While many restaurant competitors embraced delivery, Darden had resisted broadly offering it, including at the height of the pandemic.

Darden's shares gained 8.25% Thursday.

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Brazil Fines Musk For Skirting X Ban

By SAMANTHA PEARSON AND ALEXA CORSE

SÃO PAULO—Brazil's Supreme Court ordered Elon Musk's X to pay a fine of almost \$1 million a day until he stops users from accessing the banned platform in the country.

The court also accused the billionaire of using a technical maneuver to try to outwit authorities after X switched network providers, allowing some users to temporarily circumvent the ban on X imposed by the Supreme Court three weeks ago.

X said it had no intention of skirting the ban. It said the social-media platform was forced to swap network providers af-

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Axel Springer, in pact with KKR, will hive off its news unit from classifieds. B3

TECHNOLOGY
Meta, other companies say European Union rules stifle artificial-intelligence push. B4

Sellers Compete on Amazon's New Show

By JESSICA TOONKEI

Coming soon: **Amazon.com** sellers duking it out on TV to get their wares prime placement at the world's largest online retailer. Think "Shark Tank" meets Home Shopping Network.

The e-commerce giant plans to introduce a new competition show next month in which entrepreneurs pitch their products to a studio audience as well as to judges including Amazon executives and celebrities like Gwyneth Paltrow and designer Christian Siriano. Finalists will have their inventions sold in a new Amazon "Buy It Now" online store, and the winner of each episode will earn \$20,000.

The show is the retailer's latest attempt to marry content and commerce. Persuading consumers to shop through internet-enabled televisions has long been a goal of traditional entertainment companies, but getting viewers to scan the QR code can be difficult.

By creating shows that highlight its sellers and their products, Amazon has a better shot at getting viewers to shop—especially younger audiences who are already doing this on apps like TikTok, said Bernstein analyst Mark Shmulik.

"This feels more elegant than QR codes," Shmulik said of Amazon's new game show.

Over the past few years, Amazon has introduced ads

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Nike Shifts CEOs; Hill To Succeed Donahoe

By INTI PACHECO AND SABELA OJEA

Nike leader John Donahoe will retire as chief executive next month after nearly five years at the helm, capping a tenure marked by a series of missteps that caused the sneaker giant to lose ground to competitors.

Elliott Hill, who in 2020 retired as the company's president of consumer and marketplace, will succeed Donahoe as president and CEO, starting on Oct. 14. Nike said Thursday. Donahoe will also step down from the board.

Donahoe took over Nike in early 2020, and as Covid shifted shopping habits he set out to change the way the company sold shoes. Nike cut ties with longtime retail partners like Foot Locker, DSW and Macy's and tried selling more merchandise directly to consumers.

The CEO also leaned heavily on increasing revenue by selling limited-edition sneakers, which eventually became ubiquitous. The company is now struggling to maintain its foothold as consumers buy fewer Nike shoes and more from competitors like Adidas and New Balance.

The strategy backfired as the e-commerce boom faded and many shoppers returned to physical stores. The company has since re-embraced retail partners like Foot Locker after struggling to sell

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Nike CEO Is Stepping Down

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merchandise on its own, Nike's digital sales, through its website and apps, declined 10% in its most recent quarter compared with the same period a year earlier.

Nike's focus on boosting online sales led to multiple restructurings that drew the ire of many employees, who felt the company's moves were eroding the culture of innovation that long separated it from the competition.

Donahoe conceded that the company misstepped, in part by moving too quickly to phase out retailers.

"I would say we got some things right and some things

wrong," Donahoe said in an interview in the spring.

Nike's once-torrid growth stalled as upstarts like On and Hoka gained market share in the running category, long considered the Beaverton, Ore. company's core product. Shares fell and pressure intensified on Donahoe to turn things around.

The executive seemed to have the crucial backing of Phil Knight as recently as April, when the Nike co-founder told the Oregonian that Donahoe had his "unwavering support."

Donahoe in April told The Wall Street Journal that Nike would be able to get through the adversity that it was facing. "Nike is actually at its best, like a great sports team, when our backs are against the wall," he said.

Shares rose 10% to \$89.10 on the news in after hours trading. The stock was down 25% year to date as of Thursday's market close.

made investors whole.

Two Sigma let Wu go. He sued the firm for defamation in New York state court. Filings in the case are sealed.

The SEC's enforcement investigation has focused on Wu's conduct. It couldn't be learned whether the agency plans to sue him or seek a settlement to resolve the allegations, the people said.

The SEC has sought higher fines under the Biden administration to resolve enforcement investigations. The agency's leaders have said that past settlements weren't tough enough to deter wrongdoing in the industry.

Wu received a Ph.D. in operations research from Cornell University in 2017, according to his LinkedIn profile. In 2011, he received a bachelor of engineering degree from Beijing's Tsinghua University.

The Journal has previously reported that the SEC also has been looking into the discord between Overdeck and Siegel and how it might affect the firm.

—Juliet Chung contributed to this article.

Two Sigma Faces SEC Penalty

Continued from page B1

the alleged trading scandal last year and that the SEC was looking into the matter.

The researcher, Jian Wu, a senior vice president who joined Two Sigma in 2018, was trying to boost his compensation, the firm told clients last year, without identifying Wu.

He made changes that led to gains of \$450 million in total for some Two Sigma funds—including those in which the firm's own executives and employees invest, as well as those available to clients, the people said. But they also led to a total of \$170 million in losses for other funds compared with how they otherwise would have fared—losses largely borne by clients. Two Sigma, which has \$60 billion under management, has

been looking into the matter.

The SEC has sought higher fines under the Biden administration to resolve enforcement investigations. The agency's leaders have said that past settlements weren't tough enough to deter wrongdoing in the industry.

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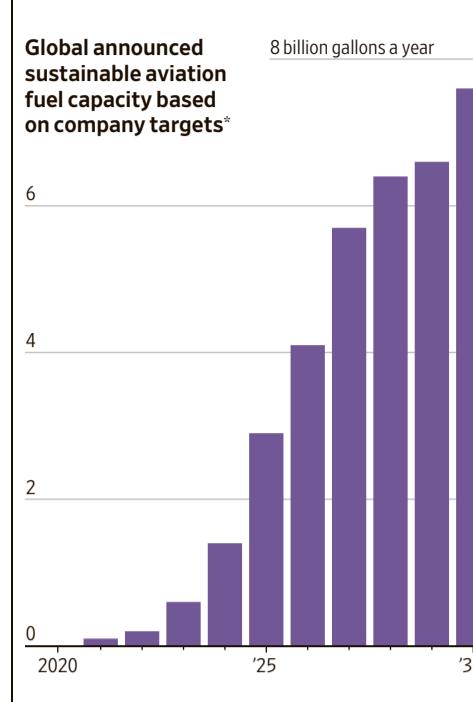
—Juliet Chung contributed to this article.

Watch a Video: The World's Largest Shipyard Is Helping the U.S. Catch Up to China's Navy

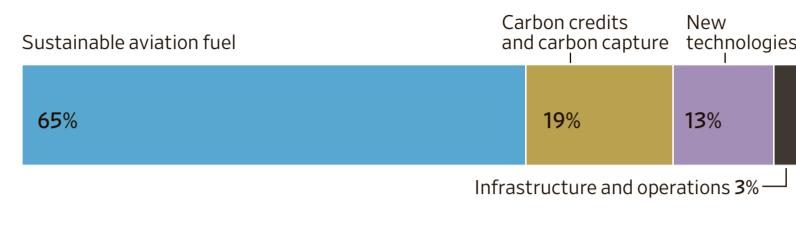


Scan this code for a video on how the U.S. is turning to a shipyard in South Korea, one of its biggest allies in Asia, to help increase its battleship supply as China's fleet of warships surpasses that of the U.S.

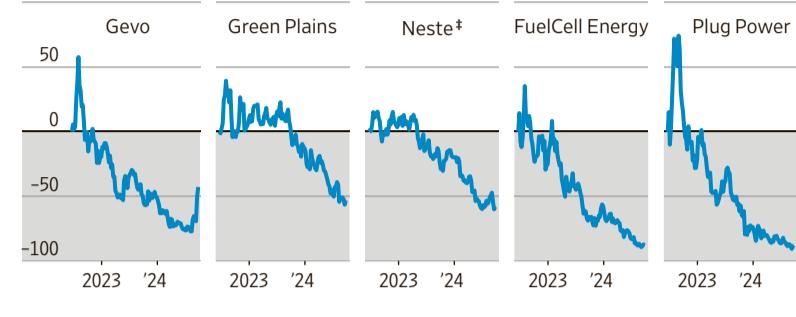
BUSINESS & FINANCE



Portion of global aviation industry emissions reductions by 2050 by approach to meet sector's climate goals†



Performance of hydrogen and biofuel companies since summer 2022, weekly



*Figures could change if projects are delayed or canceled. †Figures are estimates based on industry targets and projected uptake of new technologies and fuels. *N.Y.-listed ADRs

Sources: BloombergNEF (sustainable aviation fuel capacity); International Air Transport Association (aviation industry emissions reductions); FactSet (performance)

Jet-Fuel Technology Gets Backers

Continued from page B1

have agreed to buy Twelve's fuel, which can have emissions up to 90% lower than conventional jet fuel.

Twelve's first plant, located in Moses Lake, Wash., will make about 50,000 gallons annually when it starts operating next year. Production of the new fuel won't make a dent in the 100 billion-gallons-a-year jet-fuel market for at least another decade, but capacity is growing across the industry.

The list of industry unicorns is short. Twelve joins Prometheus, HIF and a rival

startup called LanzaJet, which is backed by Southwest Airlines and makes fuel from ethanol.

TPG committed \$400 mil-

lion to future Twelve plants

and invested in

a roughly \$200 million fund-

raising for the

company as a

whole. The rest of the funding

is small loans from banks in-

cluding Japan's

Sumitomo

Mitsui.

Flanders co-

founded Twelve in 2015 at

Stanford University's busi-

ness school with a pair of

students getting doctorates in

mechanical engineering and

chemistry. The company's

name refers to the most

abundant form of carbon on

earth, the isotope carbon-12.

Twelve's process uses de-

vices that run on renewable power called electrolyzers. They bring carbon dioxide and water into contact with metal catalysts. Removing an oxygen atom from CO2 yields

carbon monoxide,

which is combined with

hydrogen from the

water to make synthesis

gas. That syn-

gas can be pro-

cessed into

fuel.

While many

companies use

electrolyzers to

make hydrogen, Twelve is one

of the few adding carbon in

an integrated process, which

it says can work at much

lower temperatures. Its tech-

nology also makes a hydro-

carbon product that can be

used to make everything from

plastics to laundry deter-

gents. Procter & Gamble and

Mercedes-Benz are among the companies talking to it about its applications.

Flanders is the son-in-law of Carlos Ghosn and says he talks to the former CEO of Nissan about managing Twelve's suppliers. Supply-chain and construction kinks have contributed to delays at Twelve's initial plant and pushed up costs across the industry.

Subsidies from the 2022 climate law and state incentives help producers close the cost gap with conventional jet fuel, as can government grants and loans.

One constraint on the burgeoning industry is the supply of green power. Twelve's Washington project runs on hydropower, giving it an edge over its rivals. Power availability will be a key factor dictating where Twelve locates subsequent plants, Flanders said.



Twelve's first plant, located in Moses Lake, Wash., will make about 50,000 gallons annually when it starts operating next year.

Darden Sets Deal With Uber

Continued from page B1

Darden Chief Executive Officer Rick Cardenas said Thursday that customers still want and are willing to pay for delivery, and Uber agreed to make a custom integration to smooth operations. If successful, Darden plans to expand the service to hundreds of Olive Garden restaurants next year.

Darden also reported a 1.1% drop in same-store sales across its brands for its August quarter, along with a profit that didn't meet expectations when adjusted for one-time items.

The company reiterated its full-year outlook for its fiscal 2025 earnings and sales. Darden said its July business was soft but that sales trends have since improved, giving it confidence in its outlook.

"While we fell short of our expectations for the first quarter, I firmly believe in the strength of our business," Cardenas said.

BUSINESS NEWS

Politico Owner to Split Up

Axel Springer, in pact with KKR, will hive off its news unit from classifieds

By ALEXANDRA BRUELL
AND MIRIAM GOTTFRIED

Axel Springer CEO Mathias Döpfner is trying to build an international publishing empire, with U.S. expansion a top priority.

Now he will be pursuing those ambitions in a slimmed-down company focused squarely on media.

The Berlin-based company on Thursday announced a decision with **KKR**, its largest shareholder, to split its classifieds business from its media operations.

Döpfner and supervisory board Vice Chairwoman Friede Springer will assume control of its media assets, including Politico, Business Insider and German news publishers Bild and Die Welt, which will likely be valued around €3.4 billion, equivalent to \$3.78 billion, according to people familiar with the matter. KKR will take the classified assets that include Aviv and StepStone, with Axel Springer retaining a minority stake. That business will likely be valued around €9.9 billion.

Axel Springer said a final agreement is expected in the coming months, and that the transaction is expected to close in the second quarter of 2025 subject to regulatory approvals.

A breakup will allow Döpfner, who built his career in the German news industry, to focus solely on the media assets as he sets his sights on expanding his portfolio in the U.S. Axel Springer also emerges with a clear balance sheet, with the company saying the new media-focused company would be debt free.

The trade-off is that Axel Springer is giving off the company's more-profitable assets to KKR, which has been less enthusiastic about the news



Axel Springer CEO Mathias Döpfner as seen in 2018.

business, according to people familiar with the matter.

KKR became involved in Axel Springer in 2019, when it bought out the company's minority owners in a deal valuing the company at €6.8 billion. The private-equity firm took Axel Springer private the following year, with Döpfner and Friede Springer, widow of the media company's founder, retaining their shares.

Under the current structure, Döpfner and Springer each own about 22% of the company. Springer in recent years transferred additional shares and voting rights to Döpfner as part of her succession plan, in part an acknowledgment of Döpfner's role in turning around the business, according to a person familiar with the matter.

After the split, Döpfner and Springer will together hold close to 98% of the new media-focused entity, the company said Thursday. Axel Sven Springer, a grandson of the company's founder, will retain the remaining shares—a smaller portion of his previous minority shareholding.

The Canada Pension Plan Investment Board, which owns

around 13% of Axel Springer, will roll its stake into the classifieds business.

Over the past five years, Axel Springer's overall annual revenue has risen 30% to nearly €4 billion, the company said Thursday. The media business will generate about half the revenue and one-third of the profit of the current overall company, Döpfner said in an internal note.

Axel Springer set its sights on the U.S. years before the KKR deal with its 2015 acquisition of a majority stake in Business Insider for \$343 million, valuing the U.S. news outlet at \$390 million.

Shortly after its deal with KKR, Axel Springer agreed to buy a controlling stake in newsletter publisher Morning Brew and the following year acquired Washington, D.C., publisher Politico in a deal valued at more than \$1 billion.

Döpfner, who started in journalism as a music critic and worked his way up to become CEO of Axel Springer, has grand ambitions to expand his media operation in the U.S. despite the business challenges news publishers have faced in recent years. Axel Springer re-

cently opened a new U.S. headquarters in downtown Manhattan.

The company said Thursday that the breakup would allow it to focus on its core mission of "shaping the future of independent AI-empowered journalism."

Business Insider has experienced multiple rounds of layoffs and leadership changes, and recently came under scrutiny when billionaire Bill Ackman publicly complained about reporting that alleged plagiarism by his wife. Axel Springer said at the time it would review the reporting process behind the stories and ultimately said it stood by the publication.

Management also has been in flux. Late last year, Barbara Peng became CEO of Business Insider, succeeding co-founder and CEO Henry Blodget. Last week, Business Insider named Jamie Heller, business editor of The Wall Street Journal, as its next editor in chief, succeeding Nicholas Carlson.

Carlson announced his plan to step down as top editor in May. The publication also recently reverted to its original brand from Insider, a name it had adopted a few years ago to reflect a more generalist approach amid rising traffic from social platforms. Much of that traffic has waned across the industry, creating new challenges for publishers seeking eyeballs and ad revenue.

Since taking ownership of Politico, Axel Springer has grown its presence in Europe, where it already had a partnership before the deal, as well as California. Politico has been one of the rare success stories in a challenging industry. Its professional business typically charges at least \$10,000 a year for a U.S. subscription.

Döpfner last year said the company was exploring selling or taking its classified assets public. Aviv and StepStone, the main classified assets, provide users with information about real estate and jobs, respectively.

TD Bank's Chief To Retire Next Year

By ROBB M. STEWART
AND VIPAL MONGA

Toronto-Dominion Bank has picked a new leader from within its ranks to take over after the retirement next year of Chief Executive Bharat Masrani, a succession that has been hastened by the bank's struggles to resolve failings in its anti-money-laundering controls and settle investigations by U.S. authorities.

Masrani will step down at the bank's annual shareholders' meeting in April, and TD's board intends to appoint Raymond Chun, a veteran of the lender and head of Canadian personal banking, to take over as president and CEO. Chun first will become chief operating officer from November, with responsibility for all of TD's lines of business, before stepping into the top job.

Masrani is retiring after 38 years with the bank and more than 10 years as CEO, though TD said he would continue to serve as an adviser until the end of October next year.

A decade is typically how long leaders of Canada's big banks spend in the role, but speculation a succession was likely to be soon has grown as TD has been beset by probes into weakness in its anti-money-laundering program and has set aside billions of dollars to cover anticipated fines in the U.S.

The board considered TD's U.S. banking head, Leo Salom, and the head of TD Securities investment-banking unit, Riaz Ahmed, as CEO, before settling on Chun at a meeting Wednesday night, people close to the bank said.

Ahmed will retire at the end of January after close to

three decades at the bank.

Masrani said the board considered external candidates for the role in what he described as a "lengthy and competitive process."

He said he would focus for the rest of the year on settling things with U.S. regulators, who are investigating the bank's failure to police money-laundering at its branches.

"The anti-money-laundering challenges we face took place on my watch as CEO and I take full responsibility," he said. "In the coming months, I will continue to advance and direct the critical remediation program required to meet our obligations and responsibilities and strengthen our risk and control foundation."

TD said it expects a global resolution of the anti-money-laundering investigations to be completed by the end of December.

The anti-money-laundering probe is being led by the U.S. Justice Department. Toronto-based TD took provisions of more than \$3 billion to cover fines that it expects to pay to settle civil and criminal investigations into its anti-money-laundering program by the Justice Department, prudential regulators and the Financial Crimes Enforcement Network. TD spent hundreds of millions of dollars strengthening its anti-money-laundering efforts.

The provisions weighed heavily in TD earnings, and it swung to a loss in the latest quarter. To strengthen its balance sheet, the bank in August raised \$2.5 billion with the sale of a portion of its investment in brokerage and money-management firm **Charles Schwab**, cutting its stake to roughly 10% from about 12%.

Carlson Takes on Zyn, Plans Nicotine-Pouch Rival

By JENNIFER MALONEY

Tucker Carlson last year made an off-color remark about his favorite nicotine-pouch brand, Zyn. The response of Zyn's manufacturer irked the conservative media star so much, he said, he decided to go into the tobacco business.

Carlson in November plans to introduce a competing nicotine-pouch brand called Alp. In an interview, Carlson said he had concluded that Zyn was a brand for women and liberals. He pointed to donations made to Democratic presidential candidate Kamala Harris by employees of Zyn's owner, **Philip Morris International**, as evidence that the company is out of touch with Zyn's conservative users.

Until recently, Zyn had been a cause célèbre of the right, and a flashpoint in a culture-war fight over whether nicotine pouches are a boon for public health or a threat to children. The about-face by Zyn's biggest booster once again thrusts the market-leading nicotine pouch into the culture wars—but this time, on the other side.

"It's frustrating that Mr. Carlson wants to turn Zyn into a political football to promote his own business venture," a Philip Morris spokesman said. He added the brand's users include Democrats and Republicans and it has bipartisan support in Washington.

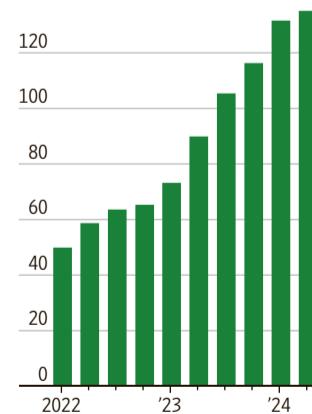
Carlson's entry into the nicotine-pouch market would likely raise regulatory questions. His partner in the venture, Tucker Carlson Network co-founder Neil Patel, said Alp would comply with federal regulations but declined to say whether the brand had sought clearance from the Food and Drug Administration. Before introducing a new tobacco product to the U.S. market, a company must submit a marketing application to the FDA and receive authorization. The agency said it couldn't discuss potential or pending applications.

A subsidiary of tobacco



Tucker Carlson held a pack of nicotine pouches at July's RNC.

Zyn quarterly U.S. shipments



Source: Philip Morris International

Morris on forming a partnership with the brand. In a response declining the overture, Philip Morris broached the subject of Carlson's commentary. "While we understand that these may be Mr. Carlson's views, or made in jest, these statements lack a scientific foundation," the tobacco company wrote. "Given Mr. Carlson's popularity and reach, these statements could promote a misunderstanding and misuse of our products."

Carlson said the message enraged him.

"Of course I wasn't making a medical claim about their product. I was just joking," he said Wednesday. "So I thought: I'm going to launch my own product that's not controlled by, you know, humorless, left-wing drones."

"They have nothing in common with their consumers," he said. "I just thought, OK, there should be a product that reflects the style, the aesthetic, the culture, the beliefs of the people who use it."

Philip Morris says it doesn't donate to presidential candidates. The political-action committee of the company's Swedish Match North America unit has donated far more money to Republicans than Democrats, according to Open Secrets.

Carlson said the brand's target audience will be current nicotine-pouch users who are 21 years old and above.

LIVE ON THE NBC FAMILY OF NETWORKS
MOTUL PETIT LE MANS: MICHELIN RACEWAY
ROAD ATLANTA, OCTOBER 9-12



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TECHNOLOGY

WSJ.com/Tech

Meta, Others Say EU Rules Stifle AI Push

Companies warn in open letter that innovation, economic growth are at risk

By KIM MACKRAEL

BRUSSELS—A group of companies including **Meta**, **Platfirms**, **Spotify** and Italian luxury-fashion giant **Prada** warned Thursday that the European Union risks missing out on the full benefits of artificial intelligence because of the bloc's tech regulations.

In an open letter that was coordinated by Meta, executives from more than two dozen companies said AI can boost productivity and expand the economy, but Europe might reap fewer rewards than other jurisdictions.

"Europe has become less competitive and less innovative compared to other regions and it now risks falling further behind in the AI era due to inconsistent regulatory decision making," the letter said.

The letter calls on the EU to harmonize its rules and provide what the signatories refer to as a modern interpretation of the bloc's data-protection law. Other signatories include representatives from Swedish telecommunications-equipment company **Ericsson**, German software company **SAP** and German industrial group **Thyssenkrupp**, along with researchers and civil-society and trade groups.

The European Commission, the bloc's executive body, said it is stepping up efforts to support AI innovation. It added



The open letter said the EU's regulations mean the bloc might reap fewer rewards from AI. A Paris event earlier this year.

groups, which say they are cumbersome to implement and put Europe at a disadvantage.

It isn't unusual for companies to stagger the rollout of new products and features in regions outside the U.S.

The Google AI chatbot Bard, since renamed Gemini, expanded into the bloc months after its initial launch in the U.S. and U.K. Bard's release in Europe was delayed, in part, by a request from Ireland's data-protection authority for additional privacy features.

Meta last year released its Threads social-media platform in the EU, months after it first rolled out in the U.S.

The EU, with some 450 million consumers, is among the world's largest and wealthiest markets, making it an important source of revenue for large tech companies.

The letter published Thursday said that EU regulations could mean European organizations have worse access to open AI models, which can be downloaded and adjusted. The bloc might also miss out on newer models that can combine text, images and speech, the letter said.

The letter singled out what it said was an inconsistent application of the bloc's data-protection regulations, which it said creates uncertainty over the kinds of data that can be used to train AI models.

"If companies and institutions are going to invest tens of billions of euros to build Generative AI for European citizens, they require clear rules, consistently applied, enabling the use of European data," the letter said.

that the EU's incoming justice commissioner will be expected to make sure that the bloc's data protection law responds to both law enforcement and commercial needs.

The letter comes after Meta and **Apple** said new AI features they are rolling out elsewhere won't initially be available in Europe because of the bloc's regulations.

Apple said in June that it likely wouldn't introduce its new AI system, called Apple Intelligence, for European iPhone users this year because of what it said were uncertainties caused by a new digital-compe-

tition law.

Requirements that large tech companies make it easier for rival services to work on their operating systems "could force us to compromise the integrity of our products in ways that risk user privacy and data security," Apple said at the time.

Meta said separately in July that it wouldn't release a future multimodal AI model in the EU in the near term because of what it referred to as "the unpredictable nature of the European regulatory environment." The company had previously said it would delay a

plan to train its AI models using data from adults' public posts on Facebook and Instagram in Europe after Ireland's data-protection authority raised concerns.

The European Commission has said that all companies are welcome to offer their services in Europe if they comply with the bloc's laws.

The EU has developed a reputation as a leading global regulator whose rules often have a sweeping global impact. The bloc's General Data Protection Regulation, which aims to safeguard personal data, rippled globally and became a template

for some countries.

More-recent EU legislation dealing with digital competition, online content and AI has since been introduced, prompting some of the world's biggest tech companies to change how they operate in the bloc.

Lawmakers and officials say the EU's regulations are crucial to challenging monopolistic behavior by large tech companies, curbing the spread of disinformation and abusive online material and protecting children online.

But the rules also have prompted complaints from some companies and industry

EU to Offer Apple Guidance On Digital Rules Compliance

By DOMINIC CHOPPING

The European Union's executive arm started a process to provide **Apple** with guidance on how the iPhone maker can comply with rules to ensure its operating systems are functional with other technologies.

The move is a procedural step and it doesn't mark the beginning of a new investigation, the European Commission said.

The process will see the Commission begin two proceedings that aim to formally outline Apple's obligations to comply with European laws governing interoperability within the Digital Markets Act.

The EU's Digital Markets Act, which took effect this year, sets out a long list of rules aimed at boosting competition in digital advertising,

online search and app ecosystems.

One proceeding announced Thursday will focus on providing Apple with instructions on how it should provide effective interoperability between its iOS operating system and devices such as smartwatches and headphones that connect to the system.

The Commission intends to specify how Apple will provide effective interoperability with functionalities such as notifications, device pairing and connectivity," it said.

A second proceeding will focus on how Apple addresses interoperability requests submitted by developers and third parties for iOS and iPads.

"It is crucial that the review process is transparent, timely, and fair so that all developers have an effective and predictable path to interoper-

ability and are enabled to innovate," the Commission added.

The proceedings will be concluded within six months but in the course of its work the Commission will pass its preliminary findings to Apple, where it will explain the measures the U.S. company should take to effectively comply with the rules.

Apple said it would continue to work constructively with the Commission to clarify the rules and find solutions that protect its EU users, but it cautioned on potential risks.

"Undermining the protections we've built over time would put European consumers at risk, giving bad actors more ways to access their devices and data," it said in a statement.

Apple would be expected to comply with the guidance or risk an investigation.

Amazon's Game Show Stars Sellers

Continued from page B1

with QR codes in about 100 shows and movies, including "The Summer I Turned Pretty," "The Boys" and, more recently, NFL football games.

Its previous attempts at creating shows that tie in commerce have been hit or miss. In 2017, after less than a year, Amazon canceled its QVC-like show, "Style Code Live," featuring experts sharing fashion tips and promoting products that the audience could buy.

Other shows that use a competition format, like "Making the Cut," featuring rival fashion designers and hosted by Heidi Klum and Tim Gunn, lasted three seasons.

The "Buy It Now" panel of rotating judges includes Ring creator Jamie Siminoff, whose smart-doorbell company Amazon acquired in 2018, and four

other Amazon executives, including Tanner Elton, vice president for U.S. ad sales. The company decided to use Amazon executives as judges to give the audience a better sense of how it works with smaller retailers, said Lauren Anderson, head of brand and content innovation for Amazon MGM Studios.

In each episode of the show, which is scheduled to debut Oct. 30 and is hosted by comedian J.B. Smoove, entrepreneurs have 90 seconds to pitch their invention to a studio audience. The audience votes on whether the product should go to the judges panel

that includes former skateboarder Tony Hawk, "Blackish" star Anthony Anderson and actress Tabitha Brown.

Part of Amazon's goal with the show is to help smaller retailers gain broader exposure on the e-commerce site.

Winners get support in determining how to describe their products on the "Buy It Now" store. Such help is very valuable to entrepreneurs like Felicia Jackson, chief executive of CPR Wrap, a device that makes it easier for people to perform CPR. "We don't just want to sell locally or nationally, we want to go international," she said.

the Supreme Court, saying they had got access to the platform as a result of the change made by the platform.

"Giving up is not an option," wrote Bolsonaro, calling the platform's ban a "grave setback to the freedom of expression."

Brazil's telecom regulator Anatel said it was doing what it could to block users from accessing the platform, also accusing Musk of intentionally circumventing the ban. "The conduct of the X platform demonstrates a deliberate intention to disobey the Supreme Court order," it said in a statement Thursday.

Trying to counter the latest move by X won't be easy, said Abrint, the trade group, in a statement. When X switched network providers it started using services provided by Cloudflare, a San Francisco-based company.

Cloudflare wasn't intentionally trying to help X get around the ban, a company spokesman said. Rather than using one specific IP address that can be easily blocked, X's new system with Cloudflare uses dynamic IPs that change constantly, Abrint said. These IPs are shared by other companies, including major banks and parts of Brazil's own government.

out that many of the accounts the Supreme Court is trying to block belong to conservative politicians and businessmen. They say the Supreme Court is guilty of censorship, accusing da Silva of co-opting the country's judges to silence conservatives ahead of key local elections next month.

In his latest ruling, de Moraes ordered X to stop users from accessing the platform in Brazil immediately as a result of the switch or pay a daily fine of the equivalent of \$921,000.

De Moraes pointed to an enigmatic post by Musk on X this week, saying it amounted to a "confession" by the billionaire that he had circumvented the court's ban on purpose.

Bolsonaro and his supporters seized the opportunity Wednesday to return to X to publish a tirade of criticism of



Amazon's 'Buy It Now' show is set to debut next month.

MARIA MG STUDIOS

Brazil Fines Musk Over Ban on X

Continued from page B1
misinformation and hate speech, as well as refusing to pay more than \$3 million in fines and appoint a legal director in the country—a requirement under Brazilian law.

De Moraes said the crackdown on X is part of wider efforts by the Supreme Court to "clean up the internet" and safeguard the country's democracy following violent attacks on the capital shortly after President Luiz Inácio Lula da Silva took office last year.

Thousands of supporters of former President Jair Bolsonaro stormed Congress and the Supreme Court in January 2023, many believing false claims spread on social media that the conservative had been robbed of the 2022 presidential election and was the country's rightful leader.

Da Silva, who has described those attacks as a coup attempt on his young government, has championed the ban on X, saying Brazil should serve as an example to the rest of the world on how to stand up to Musk.

But Musk, Bolsonaro and much of Brazil's right have lambasted the move, pointing



Demonstrators during a protest against the country's X ban.

MARIA ERIC/BLOOMBERG NEWS

magic is indistinguishable from technology," Musk wrote on X, without mentioning Brazil, an inversion of an adage from science fiction writer Arthur C. Clarke who in 1962 wrote: "Any sufficiently advanced technology is indistinguishable from magic."

Abrint, a trade group for Brazilian internet providers, said it wasn't possible to calculate how many users had accessed the platform as a result of the change. It is also possible to access X in Brazil using VPN technology but de Moraes has made doing so illegal, punishable with a fine of about \$8,900 a day.

Bolsonaro and his supporters seized the opportunity Wednesday to return to X to publish a tirade of criticism of

the Supreme Court, saying they had got access to the platform as a result of the change made by the platform.

"Giving up is not an option," wrote Bolsonaro, calling the platform's ban a "grave setback to the freedom of expression."

Brazil's telecom regulator Anatel said it was doing what it could to block users from accessing the platform, also accusing Musk of intentionally circumventing the ban. "The conduct of the X platform demonstrates a deliberate intention to disobey the Supreme Court order," it said in a statement Thursday.

Trying to counter the latest move by X won't be easy, said Abrint, the trade group, in a statement. When X switched network providers it started using services provided by Cloudflare, a San Francisco-based company.

Cloudflare wasn't intentionally trying to help X get around the ban, a company spokesman said. Rather than using one specific IP address that can be easily blocked, X's new system with Cloudflare uses dynamic IPs that change constantly, Abrint said. These IPs are shared by other companies, including major banks and parts of Brazil's own government.

that includes former skateboarder Tony Hawk, "Blackish" star Anthony Anderson and actress Tabitha Brown.

Part of Amazon's goal with the show is to help smaller retailers gain broader exposure on the e-commerce site.

Winners get support in determining how to describe their products on the "Buy It Now" store. Such help is very valuable to entrepreneurs like Felicia Jackson, chief executive of CPR Wrap, a device that makes it easier for people to perform CPR. "We don't just want to sell locally or nationally, we want to go international," she said.

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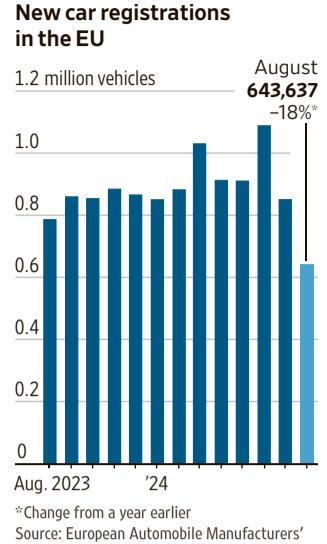
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In each episode of the show,

BUSINESS & FINANCE



FedEx Cuts Outlook for the Full Year

Weaker-than-expected demand, particularly in U.S., hurts results

By CONNOR HART

FedEx cut its outlook after posting lower profit and revenue for its fiscal first quarter after weaker-than-expected demand, particularly in the U.S. domestic package market, dragged down its results.

Shares fell nearly 10% to \$270.73 a share in after-hours trading on Thursday. The stock was up 19% this year at market close.

The company merged its FedEx Ground and FedEx Services on June 1, forming Federal Express. The new network posted lower operating results during the quarter, hurt by a lower volume of U.S. domestic priority packages as well as higher labor costs and transportation rates. These losses were partially offset by higher

International Economy package volumes, the company said.

Express used FedEx jets, trucks and employees to deliver its boxes. Ground outsourced its deliveries to contractors that operate local routes.

FedEx Freight's operating results also decreased during the quarter, caused by a decline in weight per shipment and reduced priority shipments. FedEx Freight is a less-than-truckload business that combines shipments from multiple

customers on a single truck.

The Memphis, Tenn., package-shipping company on Thursday posted a profit of \$790 million, or \$3.21 a share, for its three months ended Aug. 31, compared with \$1.08 billion, or \$4.23 a share, in last year's quarter.

Adjusted per-share earnings were \$3.60, missing the \$4.75 that analysts polled by FactSet forecast.

Revenue fell 0.5% to \$21.6 billion, slightly below the average analyst estimate.

For its fiscal 2025, FedEx now expects per-share earnings between \$17.90 and \$18.90 before certain accounting adjustments, compared with a prior outlook of between \$18.25 and \$20.25. The company guided for revenue growth by a percentage in the low single digits, compared with a prior forecast of an increase in the low-to-mid single digits.

Analysts polled by FactSet forecast per-share earnings of \$19.96 and revenue of \$89.69 billion.

New Car Registrations Decline In Europe

By DAVID SACHS

Stellantis and **Volkswagen** posted significant drops in August new-car registrations in the European Union, contributing to a sharp overall decline as demand weakened in key markets and electric-vehicle sales fell.

Consumers in core markets of Germany, France, Italy and Spain drove an 18% year-over-year drop in the bloc's monthly registrations, which reflect sales, the European Automobile Manufacturers' Association said Thursday. EU registrations came to around 643,600 for the month.

Stellantis, the multinational company behind European brands like Peugeot, Citroen and Fiat, posted a nearly 30% drop-off in registrations compared with last year.

Registrations for Volkswagen, Europe's largest car maker, fell 15%, ACEA said.

German luxury brands **BMW** and **Mercedes-Benz** experienced drops of 16% and 13%, respectively. France's **Renault** saw new-car registrations fall 14%.

Target Names PepsiCo Executive Finance Chief

By KRISTIN BROUGHTON AND COLIN KELLAHER

Target has hired Jim Lee, a longtime **PepsiCo** executive, as chief financial officer, succeeding Michael Fiddelke, who took on the role of chief operating officer earlier this year.

Lee's appointment takes effect on Sept. 22, Target said Thursday. Lee most recently served as PepsiCo's deputy CFO for about a year. Before that, he held several senior positions at the beverage giant, including senior vice president of corporate finance, as well as chief strategy and transformation officer. He joined PepsiCo over 25 years ago.

Target said in January that it promoted Fiddelke, a company veteran, to chief operating officer. Fiddelke has remained CFO, a role he has held for about five years, while the Minneapolis retailer searched for a successor.

Lee joins Target as it emerges from a challenging couple of years, weighed down by excess inventory after the pandemic and, more recently, sales declines as inflation-weary consumers pulled back on spending.

Target said last month that it snapped a streak of sales declines, helped by lower



Target said last month that it snapped a streak of sales declines, helped by lower prices that drove more shoppers to stores.

prices that drove more shoppers to its stores. During the quarter ended Aug. 3, comparable sales—those from stores and digital channels operating for at least 12 months—rose 2% compared with a year earlier. Net income jumped 43% to \$1.2 billion.

Target struggled in an inflationary environment because its consumers had less to spend on the discretionary items the retailer is known for selling, said Michael Baker, a managing director at the investment firm D.A. Davidson. If inflation remains under control, which would provide consumers with relief from higher prices, it would be a boon for the company, Baker said. "That's a huge opportunity for Target," he said.

Lee, 50 years old, will receive an annual base salary of \$850,000 and an annual bonus with a target of 100% of his base pay. Target said in a securities filing. Lee also will receive a \$2.2 million cash sign-on bonus and a sign-on award of restricted stock units with a target payout value of \$6.95 million for compensation left behind at PepsiCo.

Your Money, Your Vote

What would a Harris or Trump administration look like for the average voter's wallet? Your Money Briefing discusses the economic policies on the ballot and how to prepare no matter who takes office in 2025.

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MARKETS DIGEST

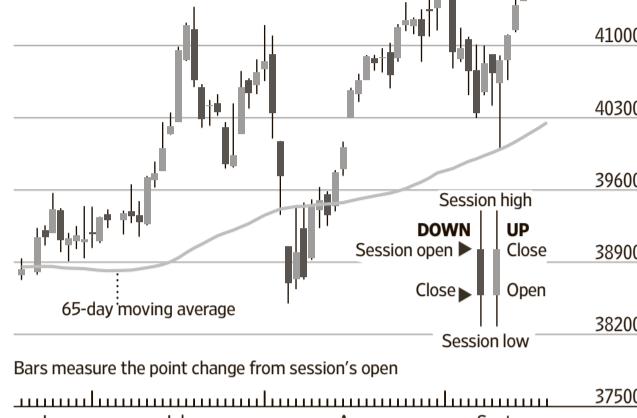
EQUITIES

Dow Jones Industrial Average

42025.19 **▲** 522.09, or 1.26%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 26.11 24.67
P/E estimate * 20.24 18.98
Dividend yield 2.04 2.12
All-time high 42025.19, 09/19/24

Current divisor 0.15221633137872



Bars measure the point change from session's open

June July Aug. Sept.

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; Based on Nasdaq-100 Index

S&P 500 Index

5713.64 **▲** 95.38, or 1.70%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 25.76 21.67
P/E estimate * 22.68 20.27
Dividend yield * 1.32 1.58
All-time high 5713.64, 09/19/24



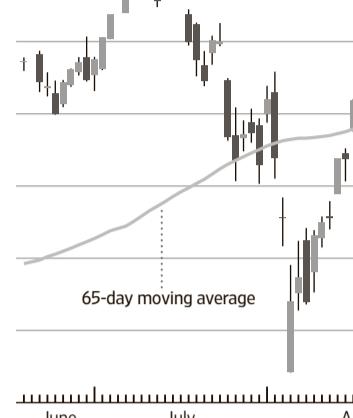
June July Aug. Sept.

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; Based on Nasdaq-100 Index

Nasdaq Composite Index

18013.98 **▲** 440.68, or 2.51%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 30.80 30.56
P/E estimate * 29.15 27.32
Dividend yield * 0.82 0.82
All-time high 18647.45, 07/10/24



June July Aug. Sept.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	Low	% chg	YTD % chg	3-yr. ann.
Dow Jones										
Industrial Average	42160.91	41832.09	42025.19	522.09	1.26%	42025.19	32417.59	23.3	11.5 6.7	
Transportation Avg	16413.23	16275.62	16331.72	260.27	1.62%	16331.72	13556.07	8.5	2.7 4.6	
Utility Average	1047.43	1034.95	1042.39	-7.67	-0.73%	1061.01	783.08	19.2	18.2 4.9	
Total Stock Market	56833.52	56358.29	56648.22	968.16	1.74%	56648.22	40847.04	31.4	18.5 7.2	
Barron's 400	1228.69	1218.58	1227.01	23.35	1.94%	1227.01	907.97	28.6	14.4 6.3	
Nasdaq Stock Market										
Nasdaq Composite	18099.93	17909.75	18013.98	440.68	2.51%	18647.45	12595.61	36.2	20.0 6.2	
Nasdaq-100	19951.79	19723.94	19839.83	495.34	2.56%	20675.38	14109.57	35.0	17.9 9.0	
S&P										
500 Index	5733.57	5686.42	5713.64	95.38	1.70%	5713.64	4117.37	32.0	19.8 8.8	
MidCap 400	3130.73	3100.05	3124.92	52.98	1.72%	3124.92	2326.82	25.1	12.3 5.3	
SmallCap 600	1431.98	1416.84	1430.02	28.50	2.03%	1435.83	1068.80	24.4	8.5 2.4	
Other Indexes										
Russell 2000	2258.78	2233.28	2252.71	46.37	2.10%	2263.67	1636.94	26.4	11.1 0.2	
NYSE Composite	19471.24	19195.56	19432.42	236.86	1.23%	19432.42	14675.78	24.6	15.3 5.7	
Value Line	621.50	610.10	619.65	9.55	1.57%	620.59	498.09	14.4	4.3 -1.8	
NYSE Arca Biotech	5989.65	5896.06	5949.95	53.89	0.91%	5949.95	4544.40	18.3	9.8 -0.03	
NYSE Arca Pharma	1112.59	1104.03	1108.73	3.67	0.33%	1140.17	845.32	23.3	21.8 14.2	
KBW Bank	115.73	113.40	115.51	3.20	2.85%	115.93	71.71	45.3	20.3 -2.9	
PHLX® Gold/Silver	160.10	157.46	158.75	2.14	1.37%	160.39	102.94	37.9	26.3 8.7	
PHLX® Oil Service	79.55	78.02	78.92	1.92	2.50%	97.46	72.67	-15.0	-5.9 14.2	
PHLX® Semiconductor	5135.88	5005.02	5066.65	207.36	4.27%	5904.54	3185.18	51.7	21.3 14.0	
Cboe Volatility	17.27	16.21	16.33	-1.90	-10.42%	38.57	11.86	-6.9	31.2 -7.8	

\$Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	After Hours				
			Last	Net chg	% chg	High	Low
NVIDIA	NVDA	12,863.9	117.81	-0.06	-0.05%	118.05	110.50
SPDR S&P 500 ETF Trust	SPY	8,867.7	570.60	-0.38	-0.07%	571.00	570.43
Vale ADR	VALE	8,858.1	10.74	-0.02	-0.19%	10.77	10.72
Host Hotels & Resorts	HST	6,499.0	18.49	-0.04	-0.22%	18.53	18.48
Nike CI B	NKE	4,402.3	87.50	6.52	8.05%	89.50	80.85
ProSh UltraPro Shrt QQQ	SOQQ	4,097.0	7.78	0.02	0.26%	7.80	7.75
Keurig Dr Pepper	KDP	4,059.1	37.50	...	unch.	37.88	37.06
Palantir Technologies	PLTR	3,737.3	36.14	-0.69	-1.87%	37.00	36.01

Percentage gainers...

Company	Symbol	Volume (000)	Latest Session				
			Close	Net chg	% chg	High	Low
Battalion Oil	BATL	446.7	6.55	3.61	122.79%	7.00	2.85
Nike CI B	NKE	4,402.3	87.50	6.52	8.05%	89.50	80.85
MetLife	MET	334.8	86.16	5.07	6.25%	86.16	80.57
O-I Glass	OI	834.5	14.00	0.58	4.32%	14.00	13.42
Nkarta	NKTX	87.7	5.60	0.22	4.09%	5.60	5.37

...And losers

Company	Symbol	Volume (000)	Latest Session			
			Close	Net chg	% chg	High
ERShares Private-Public	XOVR					

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract		Open		Contract			
	Open	High	Low	Settle	Chg	Interest	Open	High
Copper-High (CME)-25,000 lbs:\$ per lb.								
Sept 4,3000 4,3105 4,2695 4,2860 0,0480 1,790								
Dec 4,2735 4,3820 4,2415 4,3470 0,0480 121,227								
Gold (CMX)-100 troy oz:\$ per troy oz.								
Sept 2566.00 2588.00 ▲ 2566.00 2588.00 17.30 86								
Oct 2561.60 2597.00 2552.10 2590.90 16.00 41,726								
Nov 2570.00 2605.80 2564.40 2602.90 15.90 42,420								
Dec 2585.10 2620.50 2575.30 2614.60 16.00 436,837								
Feb'25 2606.40 2641.30 2596.70 2634.40 15.80 25,502								
April 2623.00 2654.00 2614.40 2654.00 15.80 19,261								
Palladium (NYM)-50 troy oz:\$ per troy oz.								
Sept 1087.50 1087.50 1087.50 1100.40 32.10 4								
Dec 1056.50 1107.00 1042.50 1098.60 32.10 18,390								
Platinum (NYM)-50 troy oz:\$ per troy oz.								
Sept 994.80 994.80 990.00 994.10 19.30 10								
Jan'25 982.90 1005.90 976.20 1003.80 19.70 38,568								
Silver (CMX)-5,000 troy oz:\$ per troy oz.								
Sept 30,050 30,895 30,050 31,094 0,753 102								
Dec 30,415 31,625 30,220 31,423 0,736 123,435								
Crude Oil, Light Sweet (NYM)-1,000 bbls:\$ per bbl.								
Oct 70.13 72.49 70.12 71.95 1.04 57,428								
Nov 69.15 71.53 69.13 71.16 1.28 353,667								
Dec 68.39 70.62 68.37 70.26 1.18 249,890								
Jan'25 67.93 70.04 67.92 69.67 1.07 164,089								
June 67.08 68.85 67.08 68.47 0.82 149,335								
Dec 66.42 67.81 66.30 67.41 0.63 135,811								
NY Harbor ULSD (NYM)-42,000 gal:\$ per gal.								
Oct 2,1337 2,1847 2,1314 2,1720 0,0245 67,695								
Nov 2,1428 2,1946 2,1403 2,1824 0,0236 113,114								
Gasoline-NY RBOB (NYM)-42,000 gal:\$ per gal.								
Oct 1,9994 2,0674 1,9948 2,0600 0,0493 63,114								
Nov 1,9656 2,0367 1,9656 2,0284 0,0488 117,022								
Natural Gas (NYM)-1,000 MMbtu:\$ per MMbtu.								
Oct 2,288 2,361 2,223 2,348 0,064 103,903								
Nov 2,568 2,604 2,505 2,595 0,030 302,363								
Dec 3,028 3,051 2,976 3,044 0,020 136,367								
Jan'25 3,313 3,335 3,263 3,328 0,019 181,344								
March 2,923 2,937 2,866 2,932 0,023 143,382								
April 2,800 2,819 2,748 2,818 0,024 85,404								

Agriculture Futures

Corn (CBT)-5,000 bu:\$ cents per bu.								
Dec 412.25 413.00 405.25 405.75 -7.00 794,764								
March'25 430.50 431.00 424.00 424.25 -6.50 275,113								
Oats (CBT)-5,000 bu:\$ cents per bu.								
Dec 356.75 366.25 355.25 364.50 9.25 2,936								
March'25 355.50 365.25 355.00 363.00 9.25 334								
Soybeans (CBT)-5,000 bu:\$ cents per bu.								
Nov 101,000 1018.25 1006.75 1013.25 -7.5 406,386								
Jan'25 1032.50 1036.50 1025.00 1031.25 -7.5 145,881								
Soybean Meal (CBT)-100 tons:\$ per ton.								
Oct 318.00 321.80 316.90 319.90 2.00 63,647								

Interest Rate Futures

Ultra Treasury Bonds (CBT)-\$100,000;pts 32nds of 100%								
Sept 134-240 135-180 133-180 133-270 -1-24.0 13,289								
Dec 135-210 136-260 134-030 134-150 -1-16.0 1,714,172								
Treasury Bonds (CBT)-\$100,000;pts 32nds of 100%								
Sept 125-160 125-310 125-010 125-000 -31.0 224								
Dec 125-270 125-290 124-220 125-040 -30.0 1,754,069								
Treasury Notes (CBT)-\$100,000;pts 32nds of 100%								
Sept 114-190 114-275 114-065 114-105 -10.0 203								
Dec 114-310 115-025 114-160 114-235 -11.0 4,914,180								

Thursday, September 19, 2024

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Thursday, September 19, 2024

MARKETS & FINANCE

New Catalyst's Debut Fund Is Targeting New Managers

Los Angeles-based entity plans to invest in up-and-coming private-capital firms

By ROD JAMES

New Catalyst Strategic Partners is on the road with its debut fund dedicated to investing in up-and-coming private fund managers, after launching in January with the backing of **Apollo Global Management**.

The Los Angeles firm is seeking \$750 million of investor commitments for the fund, people familiar with the matter said, which, if successful, would make it among the larger first-time funds raised in recent years.

Newer managers have borne the brunt of the pain

experienced across the private-equity market in recent years as cash-constrained institutional investors cut back on making new commitments to the asset class.

U.S. emerging private-capital managers, defined as those with three or fewer successful fund launches, raised \$97.9 billion in 2023, with the average size of funds closed that year hovering around \$145 million, according to research provider PitchBook Data.

Fundraising by such emerging managers hit \$53.2 billion through Sept. 18, off pace from 2023 and far behind the \$15.2 billion raised in full-year 2022, PitchBook data show. The data includes funds raised for private equity, venture capital, real estate and other alternative asset classes.

New Catalyst is led by Man-

aging Partner Jason Howard, the former co-head of the private-equity diverse manager investment program at GCM Grosvenor. GCM's diverse manager program comprises some \$16 billion in assets, according to the asset manager's website.

Howard said in January that New Catalyst would mainly back managers with at least \$250 million in assets pitching their first, second or third funds, with a particular focus on managers founded by individuals from diverse backgrounds. At that time, he told The Wall Street Journal that New Catalyst would support new firms started by experienced professionals and fund existing firms as they set up new strategies, as well as potentially co-invest with the firms.

New Catalyst's team also

includes Managing Director Demetrius Sidiby, a 12-year veteran with alternative-asset manager Hamilton Lane, and senior adviser and Operating Partner Scott Darby, who held operating roles at buyout shops TPG and Vista Equity Partners.

New Catalyst in August announced several new hires, including former BlackRock executive Ali Gray, who joined as head of investor relations. It also added portfolio managers Alice Wang and Curtis Yasutake, who joined from Dutch public pension manager APG and investment firm Pacific Current Group, respectively. Finally, the firm also added former Vista Equity investor relations executive Monica Davis as an operating partner.

A representative for New Catalyst declined to comment on the fundraising.

STOCK SPOTLIGHT

Darden Restaurants

The restaurant-chain company struck a delivery partnership with Uber Technologies, starting with its Olive Garden restaurants. Darden stock jumped 8.3% on Thursday while Uber shares were up 2.4%.

battle with an environmental group. The company's shares declined 1.7%.

Coinbase

The crypto exchange's stock rose 3.4%, as bitcoin prices rallied. Crypto-linked stocks also jumped, with MicroStrategy shares climbing 9%.

Nvidia, ASML, Advanced Micro Devices and Micron Technology

Shares of the chip manufacturers and designers rallied. Nvidia's stock climbed 4%, AMD's shares increased 5.7% and Micron's stock rose 2.2%.

FRIDAY'S EVENTS:

The Bank of Japan's policy decision is due during Tokyo business hours. The central bank is seen holding rates at 0.25%, following the increase in July that contributed to a global market selloff.

Trump Media & Technology Group

Shares of Truth Social's parent company decreased 6%, continuing a volatile stretch of trading. A lockup agreement barring

Republican presidential candidate Donald Trump from selling shares in the social-media platform's parent expires on Friday. Trump has said he doesn't intend to do so.

JD.com and Alibaba

The Chinese e-commerce companies' American depository receipts jumped, with JD's stock rising 6.8% and Alibaba's stock increasing 4.8%. American depository receipts of PDD, the owner of Temu, rose 1.8%.

AUCTION RESULTS

Here are the results of Thursday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Applications	\$22,556,171,700
Accepted bids	\$80,270,210,700
"noncompetitively	\$6,062,290,100
"foreign noncompetitively	\$26,000,000
Auction price (rate)	99.634444 (4.700%)
Coupon equivalent	4.783%
Bids at clearing yield accepted	86.75%
Cusip number	91282CLE9
The bills, dated Sept. 24, 2024, mature on Oct. 22, 2024.	

EIGHT-WEEK BILLS

Applications	\$22,476,236,100
Accepted bids	\$80,270,149,100
"noncompetitively	\$1,823,531,400
"foreign noncompetitively	\$0
Auction price (rate)	99.270444 (4.690%)
Coupon equivalent	4.790%
Bids at clearing yield accepted	53.14%
Cusip number	912797MC8
The bills, dated Sept. 24, 2024, mature on Nov. 19, 2024.	

NINE-YEAR, 10-MONTH TIPS

Applications	\$41,762,422,600
Accepted bids	\$17,550,940,100
"noncompetitively	\$32,758,300
Auction price (rate)	102.797615 (1.592%)
Interest rate	1.587%
Bids at clearing yield accepted	31.87%
Cusip number	912797MC9
The Treasury inflation-protected securities, dated Sept. 30, 2024, mature on July 15, 2034.	

Campari Controlling Investor To Add to Holdings

By ADRIÀ CALATAYUD

Davide Campari-Milano's controlling shareholder Lagfin said it plans to buy shares of the Aperol maker valued at up to €100 million, equivalent to about \$111.2 million, saying the company's market price doesn't reflect its true value.

The move followed news that Matteo Fantacchiotti, chief ex-

ecutive of the Italian liquor maker, resigned from his role for personal reasons, just months after taking the helm.

Lagfin said late Wednesday that the purchases will be carried out in coming days subject to market conditions. Lagfin owned 51.4% of Campari's ordinary shares and held 82.5% of its voting rights at the end of August, according to Campari's

website.

The investor said its intention to buy more shares shows its long-term commitment to Campari and its full support for the company's growth strategies.

Campari's shares have fallen in recent days to levels last seen in 2020, during the Covid-19 pandemic. The stock closed 7.5% lower on Wednesday on news of

Fantacchiotti's departure. It rebounded 9.5% Thursday.

Campari benefited from positive trends during the pandemic, when consumers purchased beverages to drink at home, but the industry faced more-normal consumption patterns lately and the company has cautioned on soft markets, distribution challenges and increased price competition.

New Highs and Lows

Continued From Page B8

Lows

Stock	Sym	52-Wk %	Stock	Sym	52-Wk %	Stock	Sym	52-Wk %	Stock	Sym	52-Wk %	Stock	Sym	52-Wk %	Stock	Sym	52-Wk %	Stock	Sym	52-Wk %		
VillageBank&Tr VRBF	VLB	-24.77	ZetaGlobal ZETA	ZETA	-29.28	3.0	ChileMotor CRMT	CJET	-2.34	-12.0	SEAdvMats FEAM	FEAM	-0.48	-0.5	CoreConnect ICCT	ICCT	-0.23	-18.3	Metagenomi MGK	MGK	-2.56	-1.1
VirtusCvLPDgA NCZBA	NCZBA	-22.22	WellsFargoPfAA WFP	WFP	-22.11	0.8	CrownLNG CGBS	CGBS	0.26	6.9	Fly-E FLYE	FLYE	0.57	-1.7	InterGroup INTG	INTG	16.10	-0.8	MicroAlgo MLGO	MLGO	0.19	0.5
VornadoPfdL VNOp	VNOp	-19.30	WellsFargoPfADD WFPd	WFPd	-20.74	0.7	AquaronAcq AQUU	AQUU	10.74	... Cybin CYBN	CYBN	6.50	10.4	flyExclusiveWt FLWMS	FLWMS	0.05	-90.8	Intrusion INTZ	INTZ	0.82	-6.9	
VornadoPfdN VNOp	VNOp	-18.37	WellsFargoPfDWD WFPd	WFPd	-20.74	0.7	ArgoQuantum ARQK	ARQK	-0.24	-13.8	DefnTarget15xSh SMST	SMST	14.90	-14.1	FreightCRG CRGO	CRGO	1.38	-2.8	IvedaSolutions IVDA	IVDA	1.51	14.0
VornadoPfdO VNOp	VNOp	-16.50	Zillow C ZILLW	ZILLW	-28.35	0.5	AtmosPharma ATHA	ATHA	0.46	0.4	DirectDigital DRCT	DRCT	2.08	-5.5	FutureVisioni FWNUU	FWNUU	9.99	...	JBDI JBDI	JBDI	1.27	-2.8
VornadoPfdM VNOp	VNOp	-18.40	Zillow C ZILLW	ZILLW	-28.35	0.5	BP Prudhoe BPT	BPT	1.33	-6.8	EastsideDistilling EAST	EAST	0.53	-5.8	GalaxyPayroll GLXG	GLXG	3.83	-20.8	KY FirstFedBrcp KFFB	KFFB	2.55	0.8
VoyaFinancial VOYA	VOYA	-78.12	Willdan WLDN	WLDN	-88.92	4.2	EdibleGardenVt EDBLW	EDBLW	2.42	-17.7	GameSquare GAME	GAME	0.88	-1.7	Knightscope KSCP	KSCP	4.89	-7.8	Netcapital NCPL	NCPL	1.54	-5.2
BerkleyDebt9 WRBgf	WRBgf	-24.15	WillisLease WLFC	WLFC	-134.31	8.1	BlueStarFoods BSFC	BSFC	0.65	-5.9	Energyous WATT	WATT	0.56	-9.8	RelianceGlobal RELI	RELI	2.12	-5.8	NewHorizonAircraft HOVR	HOVR	0.41	-24.4
Wattec WAB	WAB	-17.96	WinntrustFinRDE WTCP	WTCP	-25.42	0.4	BoltProjects BSLK	BSLK	1.00	...	GogoroV GGROW	GGROW	0.03	-19.7	ReShapeLife RSL	RSL	0.12	-20.2	TMCHtheMttsW TMKW	TMKW	0.04	-19.3
WashTrBcp WASH	WASH	-34.27	WorldKinect WKC	WKC	-30.97	2.1	Boxlight BOXL	BOXL	0.42	-6.6	GoldenHeaven GDHG	GDHG	2.52	-26.1	NexGenBiotech NKG	NKG	0.43	-10.5	36Kr 36Kr	36Kr	0.20	-16.5
WaterstoneFin WSBF	WSBF	16.36	XCHG XCHG	XCHG	-25.28	-27.5	ErneegidoZega ZGN	ZGN	8.62	-1.1	LinkageGlobal LGCB	LGCB	0.99	-14.8	NoCoNoCo NOCO	NOCO	0.12	0.4	SendasDistr ASAI	ASAI	7.65	-4.4
							CardioDiagWt CDIOW	CDIOW	0.02	-10.2	GoldenHeaven GDHG	GDHG	0.22	...	SenesTech SNET	SNET	1.90	-20.8	trivago TRVG	TRVG	1.73	-2.5
							Evogene EVGN	EVGN	2.61	-1.8	LiveVentures LIVV	LIVV	14.90	-31.1	UniversPharm UPC	UPC						

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Fed Aims to Repeat Greenspan's Triumph

Rate cuts in 1995 helped lay the groundwork for a soft landing and the late '90s boom years

The Federal Reserve famously guided the economy to a soft landing in 1995, paving the way for the economic boom that followed. Can it do so again? With Wednesday's sizable rate cut, it is off to a good start.

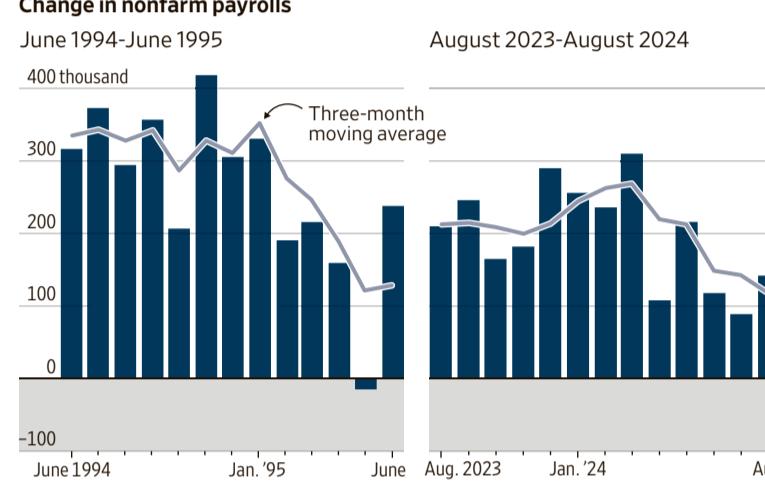
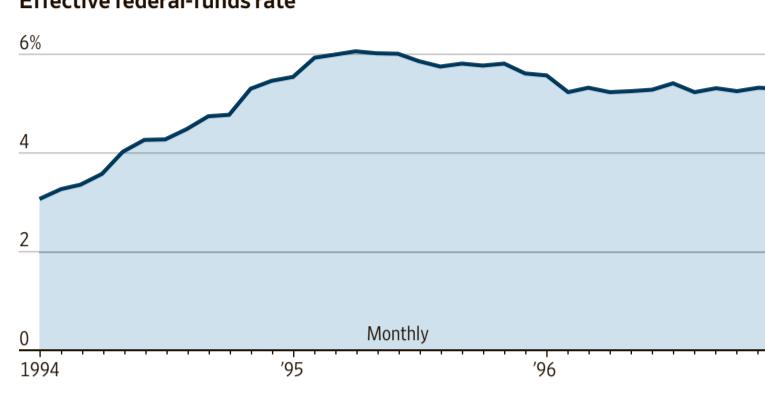
In 1994, the Fed raised rates aggressively to tackle inflationary pressures. By 1995, the labor market was clearly cooling. Then, as now, there weren't signs of an imminent recession. But in May 1995 there was a negative reading for monthly jobs, helping push the Fed to the first of three cuts the following month.

That scary number turned out to be an anomaly—jobs bounced back the following month. But looking at a three-month moving average to smooth out volatility, the cooling trend was clear. In the three months through June 1995, the economy of that time had added an average of 126,000 jobs, down from an average of 332,000 in the three-month period a year before.

Fast forward to 2024: Jobs figures have again been bouncing around month to month, but in the three months through August, job creation averaged 116,000 a month, compared with 211,000 a year earlier.

The Fed's three quarter-point rate cuts in 1995 and early 1996 succeeded: By mid-1996 job creation had rebounded to average around 250,000 a month, and inflation didn't become a major concern for a long while after.

Why then has the Fed opted to



start its easing program this time around with a more-aggressive cut of half a percentage point? It isn't, as some have fretted, that the Fed sees much bigger economic risks than the rest of us in the economy

today. In fact, Fed Chair Jerome Powell sounded fairly positive in Wednesday afternoon's news conference. "The U.S. economy is basically fine," he said. "Our intention is really to maintain the

strength that we currently see in the U.S. economy."

Instead, it has to do with fundamental differences between the economy and the rate environment of the 1990s and those of today.

In 1995, the era of ultralow rates that began in the early 21st century hadn't yet been dreamed of. When Alan Greenspan's Fed started lifting rates in 1994, it brought them from 3% at the start of that year to 6% in February 1995. By contrast, in the Fed's tightening cycle this time around, rates started at a range of between 0% to 0.25% in early 2022 and came all the way up to 5.25% to 5.5% by July 2023. The degree of tightening, in other words, was far greater this time.

The relative stance of policy is tighter as well. As TS Lombard economist Dario Perkins observed in a note this week, Greenspan had argued around 1995 that the so-called "neutral rate" was just three-quarters of a point below where the Fed was in June of that year. This is essentially the theoretical rate of interest that the Fed believes allows employment to be as high as possible while inflation is within target range. Three quarter-point cuts turned out to be just what the doctor ordered for the economy at the time.

While there is widespread debate over the current neutral rate, most economists believe it to be far lower, meaning the economy is less able to absorb high rates today than it was three decades ago. This could be due to a number of

factors, including demographics, differences in productivity growth and changes to the financial system.

Powell on Wednesday said he doesn't know what the current neutral rate is, except that he believes it is "significantly higher" than when it was around zero or even negative, such as at times before the pandemic.

Still, the "longer term" fed-funds rate forecast by Fed policymakers in their summary of economic projections gives some indication where the central bank believes it may be. This inched up to 2.9% in the latest projections from 2.8% in June. But that is still a long way from the current policy range after Wednesday's cut to 4.75% to 5.0%.

What this means is that following the postpandemic inflationary surge, the Fed has kept rates at what, by its own estimates, amount to extraordinarily restrictive levels. They have a long way to go to get them back to a level that isn't holding the economy back. This helps explain not only why they opted to begin this easing cycle with a bang, but also why their projections imply two more quarter-point cuts this year and another full percentage point of reductions next year.

The Fed of the mid-1990s kept itself ahead of the curve and prevented a downturn. Powell's Fed today is seeking to do the same. Considering where it is starting from, it has to move faster this time.

—Aaron Back

Smaller Banks Outshine Big Ones Post-Fed

Big banks have been a source of relative stability for investors over a tumultuous couple of years for financials. But their smaller cousins might outshine them for a bit as interest rates start to drop.

Since the Federal Reserve's rate announcement Wednesday, the KBW Nasdaq Regional Bank index has beaten its counterpart, the KBW Nasdaq Bank index. The former tracks 50 banks with market capitalizations all below \$10 billion, while the latter tracks the country's largest lenders, including the likes of **JPMorgan Chase** and **Goldman Sachs** as well as some of the largest regionals that are nearly national in scope, like **U.S. Bancorp** and **PNC Financial Services**.

As of Thursday's close, the regional index is up over 4% from its low point before the Fed move, and the big-bank index is up closer to 3%. This isn't a huge

gap, but it extends regional banks' recent strong run. Since the midpoint of the year, when expectations for Fed rate cuts began ramping up, regionals are up 19%, and the big banks are up about 11%. Both are soundly beating the S&P 500's roughly 5% gain.

So what do smaller banks have that big banks don't right now? More of what weighed them down in the first place during the Silicon Valley Bank-sparked crisis of spring of 2023, including more rate-sensitive liabilities and less rate-sensitive assets.

On the liability side, many smaller banks haven't been able to rely on the vast, slow-moving bases of core deposits from mil-

lions of household and business checking accounts—which are a key feature of the biggest national banks.

Instead some turned to funding priced closer to higher market interest rates, including certificates of deposit, brokered deposits or even short-term loans.

Now, as market rates fall, those sources of funding will likely become meaningfully cheaper. Big banks' core deposit costs, because they didn't rise as much, won't fall as much.

Some smaller banks also are more exposed to mortgage banking, both residential and commercial. Those businesses should benefit from lower rates. Commercial real-estate

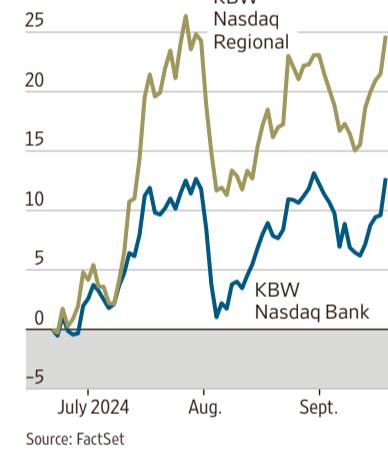
loans to offices and other properties facing leasing challenges will be easier to refinance at lower rates, taking some credit risk off the table.

Lower home-mortgage rates should spur refinancing and purchasing. And smaller banks are typically much less leveraged to credit-card lending, which is done at floating rates that will now be coming down.

S&P 500 banks—representing larger lenders—are anticipated to post 6% earnings-per-share growth from full-year 2024 to 2025, according to FactSet-complied analyst estimates. Smaller regionals in the S&P Mid Cap 400 index are expected to log nearly 17% earnings growth, FactSet figures show.

Once rates settle into a new normal, big banks may again show superior earnings power or growth potential. But for now,

Bank index performance over the past three months



small banks are enjoying a bit of a revenge tour.

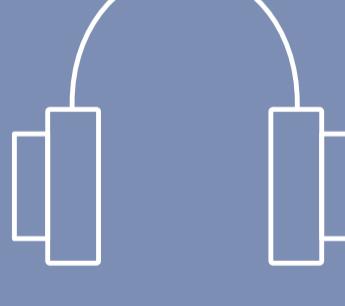
—Telis Demos

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THE WALL STREET JOURNAL.



\$112 Million
Estate in
Bel-Air sells for
a huge price.
M3

MANSION

THE WALL STREET JOURNAL.

HOMES | MARKETS | PEOPLE | REDOS | SALES

Cristin Milioti
The 'Penguin'
actress found her
people at summer
camp. **M4**

Friday, September 20, 2024 | **M1**

California Landslides Destroy More Than Just Homes

With no way to recoup the value of their largest asset, the owners of homes destroyed or damaged by recent earth movement on the Palos Verdes Peninsula are left with few options except walking away



ADAM AMENGUAL FOR WSJ (2); WEI YEN (BEFORE)

By NANCY KEATES

When Nic and Alison Grillo bought their home seven years ago in the Seaview neighborhood of Rancho Palos Verdes, Calif., south of Los Angeles, Nic knew that the wider Palos Verdes Peninsula had multiple landslide zones. He grew up there.

But he had never heard of any issues happening in Seaview itself. There had been slides in an adjacent neighborhood, Portuguese Bend, since the 1950s. Nic studied the geologist's report he received and hired an inspector before closing on their four-bedroom, 1,800-square-foot, 1956 ranch house for \$1.195 million. "I felt comfortable buying," he says.

Then, in the summer of 2023, his neighborhood started coming apart.

Today, there are foot-long cracks on the outside and inside of his house. Since June, two houses nearby have partially collapsed due to landslides and have been deemed unsafe; others were abandoned by owners spooked by the constant creaking of their houses as they were pulled apart by the ground crumbling beneath them. Power and gas were cut off in September, and some worry the sewage system will be next, which would mandate evacuation.

Nic, 45, estimates that he and Alison, a 42-year-old health clerk at an elementary school, have spent more than \$25,000 over the past few months in an attempt to stay in their home. He bought a Tesla



A view of the homes that slid into a canyon in Rolling Hills Estates in July 2023, including that of Leesa and Wei Yen, above.



The Yens' home before the slide

power wall and solar panels a few years ago, in case there were occasional power outages, but he never anticipated having to use them indefinitely. Now he's added a generator, a propane tank, and a tankless water heater. They are using an REI solar camp stove to cook until they get hooked up to propane. They go days without showers.

Alison says they don't want to leave, since two of their children are still in local schools. However, she says it has been hard not to get overwhelmed by it all. "This isn't sustainable," she says.

Nic, who works in medical-device sales, says he can't afford to buy another house somewhere else because he doesn't see any chance of selling the one he

Please turn to page M10

PRIVATE PROPERTIES

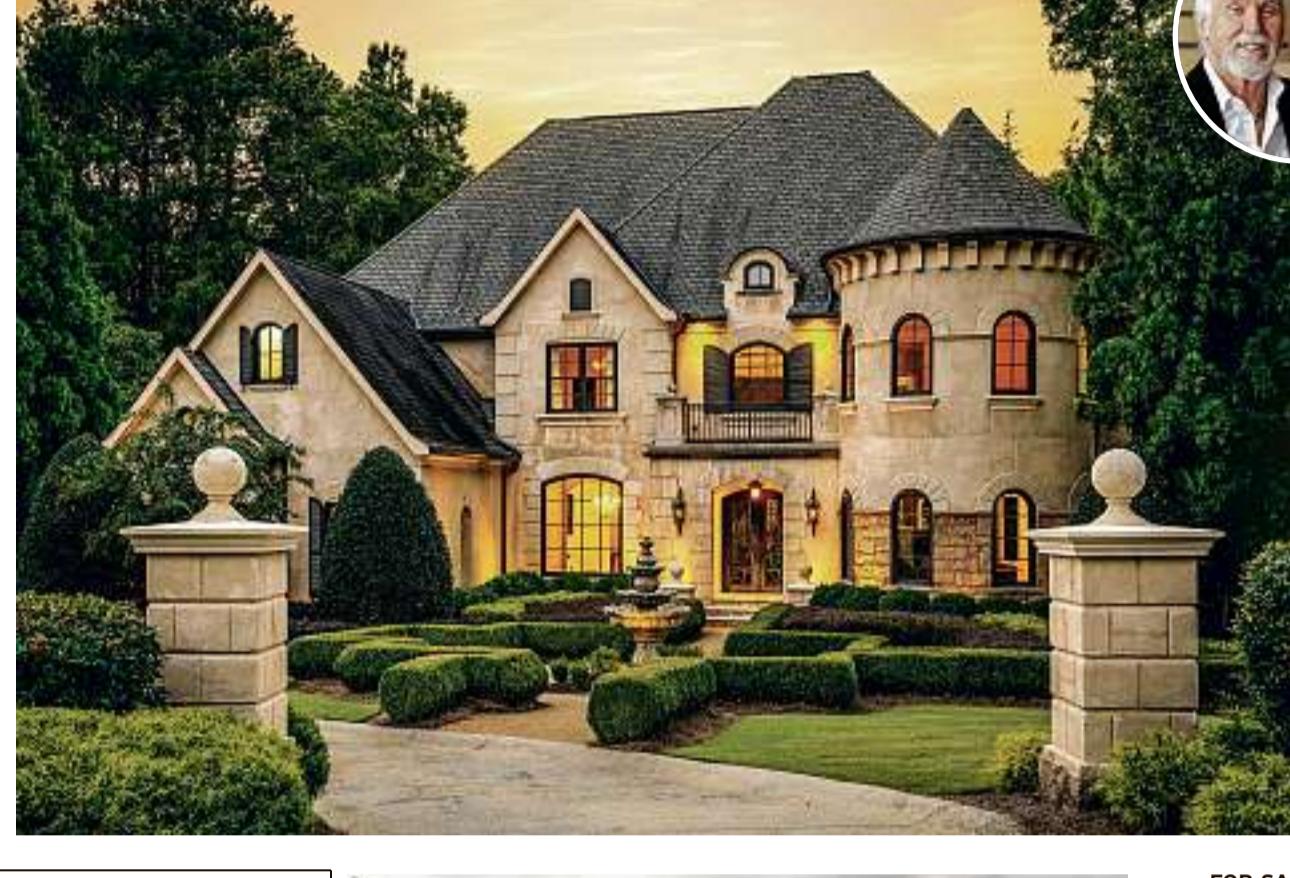
'The Gambler' Slept Here: Home of Kenny Rogers Lists

The last Christmas before his death in 2020, "The Gambler" singer Kenny Rogers was surrounded by roughly 40 family and friends at his French Country-style house in the Atlanta suburbs.

Guests admired Rogers's 14-foot Christmas tree, enjoyed a potluck supper and played corn hole and Wiffle Ball before visiting a nearby Waffle House, a family favorite, said the Grammy winner's widow, Wanda Rogers-Webb.

Rogers, who battled several health conditions, died in March 2020 at age 81. After years in Johns Creek, Ga., he had bought the six-bedroom home in Sandy Springs for \$1.705 million in 2019 to be closer to his medical team, said Rogers-Webb, who shared twin sons with her late husband.

Four years later, Rogers-Webb has remarried and is



she said. Rogers's office in the home was filled with awards and memorabilia, Rogers-Webb said, while his photography and platinum records were displayed in the lower-level entertainment area, which has a kitchenette, wine storage, a home theater, a ping-pong table and poker tables. Best-known for his 1978 recording of "The Gambler," Rogers sometimes played poker for fun, she said.

The 0.6-acre estate has a pool. The singer kept a golf cart parked in the driveway and frequently rode it around the neighborhood to enjoy the scenery, said Rogers-Webb.

Rogers-Webb said she doesn't know how much they spent renovating the house, but said Rogers flipped about 10 houses during their marriage. Over the years, he owned homes in locations such as Las Vegas, Los Angeles and Malibu, Calif.

"His greatest passion other than music and family and friends might have been interior and landscape design," she said. "Kenny loved taking a piece of land or a beautiful home and putting his own fingerprints on it."

Rogers, who was married five times, was inducted into the Country Music Hall of Fame in 2013. He was the co-founder of the restaurant franchise "Kenny Rogers Roasters."

Luxury home sales in the Sandy Springs area were up 15.1% in the second quarter from the same period of 2023, according to a report by Harry Norman Realtors.

—Sarah Paynter

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Sept 27 Texas Hill Country

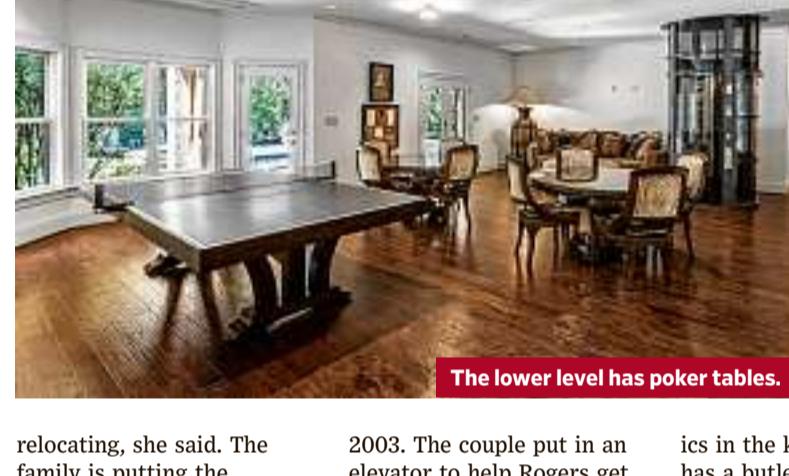
28-Acre Creekside Estate



FOR SALE

\$2.475 MILLION

7,600 sq. ft.,
6 bedrooms



The lower level has poker tables.

Sept 27 Texas Hill Country

21-Acre Lakefront Estate



relocating, she said. The family is putting the roughly 7,600-square-foot Sandy Springs home on the market for \$2.475 million, according to listing agent Thom McCorkle of Ansley Real Estate Christie's International.

"This home, sadly, was our last home with Kenny," said Rogers-Webb, who was married to the singer for more than 20 years. "To make the decision to move was a little bittersweet for me and the boys."

Born in Texas, Rogers moved to Georgia in the 1980s, seeking a slower lifestyle after spending his early career in Los Angeles, said Rogers-Webb. During their brief residence in Sandy Springs, the couple renovated the castle-like house, which was built in

2003. The couple put in an elevator to help Rogers get around the house, and

ics in the kitchen, which has a butler's pantry, breakfast nook and coffee bar,

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THE WALL STREET JOURNAL.

PRIVATE PROPERTIES



Bel-Air Sees Major Mansion Sale

George Ruan, a co-founder of online coupon and discounts company Honey, has sold his Los Angeles mansion for around \$112 million in one of the biggest deals ever to close in the city, according to people familiar with the deal.

The identity of the buyer is unknown. Ruan didn't respond to a request for comment.

SOLD AROUND \$112 MILLION
21,000 sq. ft., 9 bedrooms, pool

rates and outward migration to lower-tax states. The tax, enacted last year, requires sellers to pay 4% on sales of homes priced between \$5 million and \$10 million, and 5.5% on sales of properties at \$10 million or above.

Ruan purchased the 1.15-acre property in Bel-Air for \$60 million in 2012. The roughly 21,000-square-foot, nine-bedroom house was unfinished at the time and he



completed a major renovation. He listed it for \$150 million in 2022. The property was off the market at the time of the sale.

Ruan co-founded Honey, which helps consumers find discount codes for online purchases, in 2012. It was acquired for about \$4 billion by PayPal Holdings in 2020.

Aaron Kirman, Kirby Gillon and Bryce Lowe of Christie's International Real Estate Southern California had the initial listing for the property.

They didn't respond to requests for comment.

—Katherine Clarke and E.B. Solomon



A Personal Ski Gondola in Utah



At the upscale Utah ski resort Deer Valley, a newly built spec house with its own gondola could set a record for the state.

Slated to list for \$65 million, the property's gondola ferries passengers from the Park City house directly to the ski slopes, according to listing agent Paul Benson of Engel & Völkers.

The current Utah record is the \$39.6 million paid by energy-drink billionaire Russ Weiner for a Park City home in 2022, Benson said.

The Deer Valley property, a seven-story contemporary estate with a distinctive angled roof, is the brainchild of Doug Bergeron, a financial-technology executive who built it as an investment property. Constructing the project at times required 60 full-time workers on site, said Bergeron. "I think I personally increased the GDP of Utah," he added with a laugh.

Bergeron is perhaps best known as the former longtime chief executive of payments company VeriFone Systems; he stepped down from that role in 2013. He bought the Deer Valley land for about \$3 million in 2016 and spent close to seven years building the house, which was completed in recent weeks, he said.

—Katherine Clarke

**FOR SALE
\$65 MILLION**
21,000 sq. ft.,
bowling alley

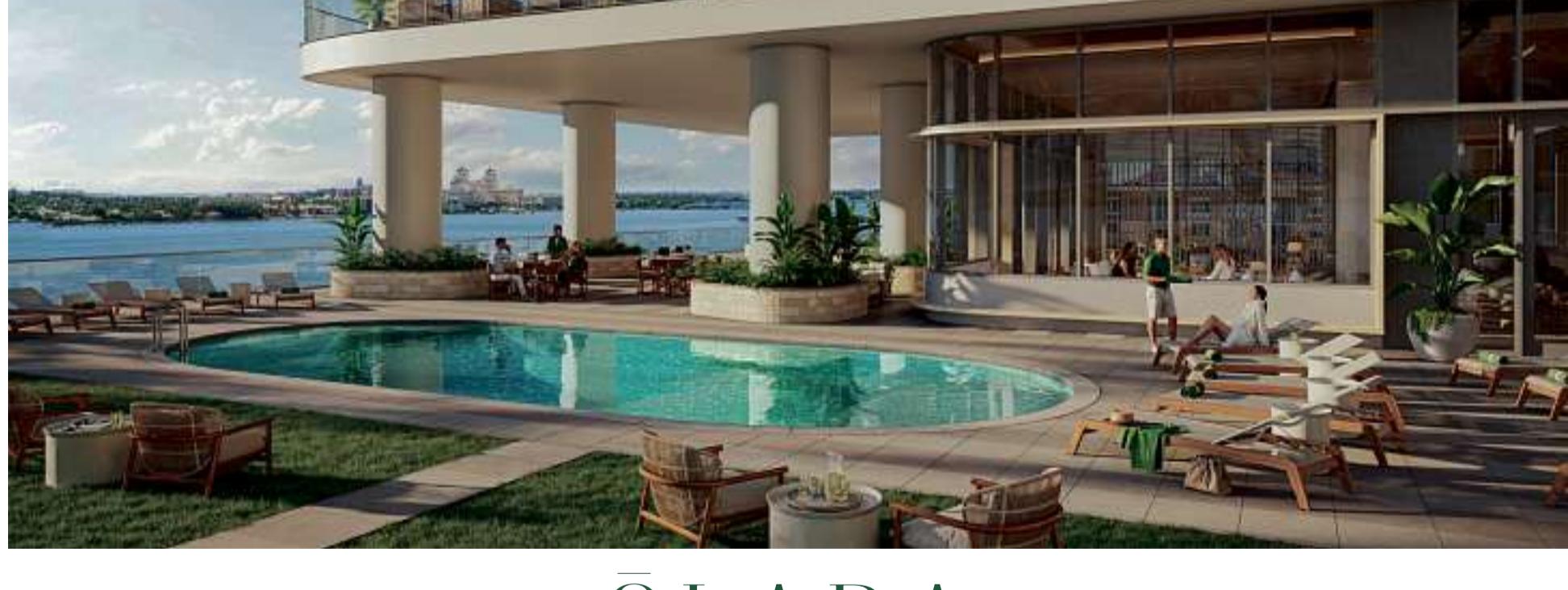
Spanning more than 21,000 square feet on roughly 2.6 acres, the house has seven bedrooms. Bergeron described an epic construction process that required excavating thousands of truckloads of dirt to allow the construction of several subterranean floors.

A motion-activated door opens from the home's ski room to the gondola, which seats about four adults and two children, Bergeron said. Shared with a neighboring house, it takes passengers to a ski run on Bald Eagle Mountain.

Bergeron said he believes there are only about two other private gondolas in Deer Valley. Building it required approval from the local homeowners association and the county.

The property has a long list of other amenities in addition to the gondola, including an outdoor infinity pool, a basketball court, a two-lane bowling alley and a climbing wall. There is also a golf simulator and a spa with a steam room and dry sauna.

Bergeron, who self-financed the project, declined to say how much he spent on construction. He has built investment properties in California but nothing of this scale, he said.



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HOUSE CALL | CRISTIN MILIOTI

Arts Camp Led To a Buzzcut And Gotham

'The Penguin' actress on finding fellow 'weirdos and misfits,' watching movies with her dad and finally making her way to New York

I grew up with parents who appreciated music and the arts. I watched a lot of old movies with my dad, and I loved singing and playing make-believe. The result was I had little exposure to what was trending.

In elementary school, I wrote a live-action version of the "Rock-a-Doodle" animated movie and forced all the kids in my class to perform in it. I guess I was ahead of the curve on the live-action cartoon reboots.

As far back as I can remember, I had a consuming passion for New York. I just had to figure out how to get there.

We lived in Cherry Hill, N.J., just outside of Philadelphia. Our little two-story, white house was nondescript and common for the suburbs. I loved that the area was woodsy.

Both of my parents work in traditional business fields, but they have a deep appreciation of the arts. My dad always plays music around the house, and my mom was a dancer growing up.

Most of my free time was spent alone, walking or biking in the woods. I was so different in elementary and middle schools that a lot of kids either made fun of

me or steered clear altogether.

At home, my dad chose what we watched. He was determined to expose me to art, and his picks ranged from "The Third Man" and Coen brothers' films to "The Simpsons." My taste skewed somewhere between "Freakazoid!" and "Casablanca."

On a scale of 1 to 10, middle school was a zero. I was miserable. My parents sensed this, so my mom found a sleep-away camp.

Between sixth and seventh grades, I went to Long Lake Camp for the Arts in upstate New York. I got on the bus kicking and screaming. But once I arrived, so many kids were like me—weirdos and misfits—that I thrived. I finally felt like myself.

We did a musical called "Leader of the Pack." I played Nerd Girl. They gave me giant glasses and a cardigan. When I came on, I was supposed to say something and then, midsentence, fall down a flight of stairs.

The kids went crazy for it. Afterward, everyone was like, "That was so funny." I was elated.

The most popular girl at camp was beautiful and older than me. She was 16 or 17 and had shaved her head. I thought she was the



Milioti, above, in June. Left, Milioti's buzzcut in middle school was inspired by an older girl at sleep-away camp. Below, in HBO's 'The Penguin.'



coolest person I'd ever met.

As soon as I returned home, I wanted a buzzcut. My parents were fine with that. When the stylist was done, I looked in the mirror and didn't regret a thing.

But at school, my look was so shocking that no one talked to me. Not only did I look strange, I also looked like a little boy. It was hell on earth. Only the kids in drama were nice to me.

In high school, I wanted to fit in so badly I dressed the way everyone else did and talked like them. I didn't want a repeat of my middle-school experience.

I did theater and sang in the jazz band and the Cherry Hill East Choir, where I found people who were more like me.

I loved being on stage. For the school production of "Oliver!," I insisted on playing the Artful Dodger because the female roles were so lousy. Then I was in "Les Misérables" and "The Man Who Came to Dinner."

In my freshman year at NYU, I was in a play that updated Goethe's "The Sorrows of Young Werther." I played a recovering pop star. An agent in the audience saw me and came backstage after. She said, "I'm going to send you out on auditions. Let's see how you do." Right out of the gate, I booked one or two.

At NYU, there were too many kids in the musical theater program and not enough acting time. I also was taking out a lot of stu-

dent loans. I decided to leave.

I'd never taken acting classes outside of my first year at NYU, but recently I've worked one-on-one with a few different teachers and coaches. The sessions were beautiful and expansive.

I was in New York for years doing off-Broadway theater. In 2012, I co-starred in "Once," the Tony-winning Broadway musical that was a career turning point.

Today, I live in an apartment in Brooklyn that I moved into four years ago. As soon as I saw the space, I knew it was for me.

The deal closer was the gorgeous, unobstructed view of Manhattan's skyline. Once I got to New York, I vowed never to leave. I'm still here.

—As told to Marc Myers

Cristin Milioti, 39, is a Grammy-winning actress best known for TV's "Made for Love," Broadway's "Once" and the film "Palm Springs." She co-stars in HBO's "The Penguin," a Batman spinoff miniseries.

CRISTIN'S WANDERLUST

"The Penguin"? ▶ I play Sofia Falcone, a villainous heiress of a crime family.

Prepping? I'll read a script over and over, walk around and think about it. I do a lot of research, and sometimes I work with a coach to refine it.

Happy place? On my couch, looking out the window at the sky.

Downtime? Travel. The last place I visited was Iceland, to see the Northern Lights.

Next trip? Two weeks in Africa, Patagonia or Antarctica.



CLOCKWISE: STEPHANIE DIAZ; HBO; CRISTIN MILIOTI

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**Special Advertising Feature****Retirement Communities**

NEW RESEARCH: What Baby Boomers Prioritize for Their Future

by Julie Bennett

Baby Boomers are the future of residential senior communities. By 2030, when the youngest of them reach 65, the nation will have 73 million retirees, more than double the number in 2000. But these older adults are wealthier, better traveled and more adept at using technology than previous generations, and have different expectations for their retirement than their parents in key areas. They want new and diverse experiences, a wellness-focused lifestyle, and the flexibility and freedom to spend time how they want.

"To deliver senior services and communities to this burgeoning cohort, we need a deep understanding of their motivations and desires," explains James Patterson, assistant vice president of consumer experience and insight for Vi Living, owner of 10 luxury life plan communities.

To figure out their priorities for retirement living, Patterson and his team began surveying Baby Boomers and members of the older Silent Generation. They learned that adults of any age who select life care communities — where residents pay an entrance fee for an independent apartment and, if necessary, use assisted living, memory care and skilled nursing facilities on the same campus at the same monthly fee — are all planners.

"They shop around for the best value and select the community that offers premium services and programs that deliver exciting experiences and a wellness-centered lifestyle with other young-at-heart seniors," Patterson reports. "The value proposition of a CCRC (continuing care retirement community) aligns well with Baby Boomers because it provides what they indicate is important and motivating to them."

"What surprised us," he says, "was that Baby Boomers want communities that do more than continue their lifestyles. They want a sense of freedom and flexibility in their daily lives and diverse and meaningful experiences that challenge them physically and mentally." Instead of an end to work, they want retirement to be the beginning of an expanded and more active, interesting and socially connected life, because now they have the time for personal enrichment.

FOOD FOR THOUGHT

Patterson says he and his team are sharing their insights throughout the organization, noting that Vi communities already provide many of the experiences and functions Baby Boomers want. For example, each offers a variety of dining experiences, from formal dining rooms and more casual restaurants to bars that serve limited menus and grab-and-go sandwiches. Those in warmer climates also offer patio dining. "But we want to ensure we are evolving to not only meet, but also exceed expectations," he says.

Vi Living is ahead of the curve on inclusion because all 10 of their communities contain guest accommodations where residents' family members can stay on campus and enjoy all the amenities during their visits, reports Al Spencer, director of lifestyle of Vi at Bentley Village in Naples, Florida.

"It's beautiful," says resident Nancy Sorboro. "When our three sons and their families visit, they can stay there together. Last time, I attended a line dancing class with their wives and two of our granddaughters."

FULL OF SURPRISES

Vi communities all share a robust health and wellness program, with dietitians, physical therapists, trainers and other experts focused on keeping residents thriving into their later years. In Florida, a committee of residents helps plan their more diverse experiences. "We arrange trips to museums, concerts and athletic events, plus deep-sea fishing and basketball games at a nearby college," Sorboro, a committee member, confirms. "We're visiting an elephant sanctuary



IMAGES COURTESY OF VI LIVING
Research shows that Baby Boomers want sizeable living quarters, like this open kitchen and dining area, so they can entertain family and friends (top). Stunning apartments with golf course views are available at Vi at Bentley Village in Naples, Florida (above).

next week, and just before school started, 40 residents stuffed backpacks with school supplies for local children."

She adds, "My husband Lou and I came here to position ourselves for aging. Every night we raise a glass of wine to our good fortune because we have ended up with so much more. The lovely apartment, delicious food and all the activities are a bonus. We are extremely social and active, and the people we have met here have really enriched our lives."

"We know that moving into a CCRC gives people the emotional freedom from worrying about what will happen when they age," Patterson affirms. "Now we have to show Baby Boomers that with that freedom comes a lifestyle focused on wellness — which includes physical, social and varied new experiences — to help them live the full lives they desire."

Julie Bennett is a freelance writer specializing in franchising, small business and lifestyle issues.



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At the three Vi communities in Florida, elegant touches abound, including both fine and casual dining, concierge service and gorgeously landscaped grounds. There are numerous clubs and classes to enjoy with friends. Plus, the tremendous freedom that comes from knowing there's a plan in place for future care, should the need arise. Learn more at ViLiving.com/Florida



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WS2024
Vi owns and operates communities in six states. Visit ViLiving.com/terms-of-use to learn more. • Vi at Aventura (FAC #88173 • ALF #10382 • SNF #130471038); Vi at Bentley Village (FAC #88099 • ALF #5598 • SNF #1050095); Vi at Lakeside Village (FAC #88164 • ALF #9045 • SNF #130470976)



Staying healthy and active throughout retirement are top priorities. All Vi Living facilities include state-of-the-art fitness centers and top instructors.

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Special Advertising Feature**Retirement Communities**

LIVING IT UP IN THE CITY YOU LOVE

by Julie Bennett

Mary Macaulay's introduction to her new retirement community, The Apsley, was a quintessential New York moment. She'd recently moved there from her three-story home because she could no longer manage all the stairs, and was feeling unsettled.

"It was my 91st birthday," she recounts, "and suddenly that day's entertainment, cast members from the Manhattan School of Music's Freshman Pops, were singing *Happy Birthday* to me!"

The moment was not unusual for other residents of the new luxury senior rental building on the Upper West Side, because Juilliard musicians, Broadway performers and New York artists are frequent guests. And that's only when the residents, whose average age is 85, are not watching a Broadway show themselves and meeting the cast after the final curtain.

The Apsley, at 2330 Broadway, has 156 apartments and is one of three upscale rental apartment buildings in Manhattan managed by Sunrise Senior Living. Across town, Sunrise at East 56 provides luxury apartment suites that can be used for assisted living should a resident need additional care, plus separate memory care suites, as does The Apsley. And just last month, Sunrise Senior Living, with 217 senior communities across the U.S. and Canada, launched Battery Park by Sunrise in lower Manhattan, luxury apartments for independent seniors, notes Denise Falco, senior vice president of operations.

At The Apsley, the services are so personalized and the meals so extravagant, "that everyone I talk to thinks I'm living in a five-star hotel," reports Macaulay's friend, Marilyn Kurtz-Miller, age 92. All-inclusive rents start at \$15,000 a month for a studio apartment and can rise to over \$30,000 for a two-bedroom suite. Monthly prices for memory care units range from \$23,000 to \$35,000.



PHOTO COURTESY OF THE APSLEY
There's always time for music at The Apsley, whether guests gather around the grand piano in the luxury retirement community or Broadway artists drop in to entertain.



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Arrange a card game, curl up with a great book or just gaze at the Hudson River in the rooftop lounge planned for River's Edge.



RENDERING COURTESY OF THE APSLEY
The Apsley provides all the services of a world-class hotel, plus assisted living and memory care units should its cosmopolitan and very active residents ever need them.



RENDERING COURTESY OF THE APSLEY
The Apsley's dining room rivals gourmet restaurants on the Upper West Side with its quality food and an ever-changing menu.



New York City's first continuing care retirement community, River's Edge, will soon be constructed on a 32-acre parcel of land in Riverdale. Its 260 independent living apartments will have views of the Hudson, the city skyline or nearby parks.

RENDERING COURTESY OF RIVER'S EDGE

Special Advertising Feature

Retirement Communities

Continued from previous page

opportunity to build something Baby Boomers like myself would want."

Reingold and his board members had hired the architectural firm Perkins Eastman to help them design a CCRC for the now-32 acre property, with the Hebrew Home serving as its skilled nursing facility.

WORTH IT

There are roughly 2,000 CCRCs now operating across the country. "But there are only 12 in New York state, and none in New York City," Reingold comments, "and we soon found out why. We spent the better part of seven years meeting state and local requirements that would allow us to build one. At the same time, we were coping with the recession and COVID-19. We are finally clearing away an existing building on the property and will begin construction in December."

All those delays allowed the RiverSpring Living team ample time to host focus groups, conduct market studies and talk to their friends to find out what they wanted in retirement. "We Baby Boomers can be fussy," Reingold laughs, "and we want to be sure all the amenities in a community are upscale, including a world-class fitness center. Everyone wanted a saltwater pool. You know how the minute you get to a beach and smell the salt air, you start relaxing? We learned that salt actually enhances breathing, so we also added a salt room."

"The food component is huge for Baby Boomers, and we'll offer a variety of restaurants, from grab-and-go to a formal dining room. We've increased the number of common social spaces because we know that isolation and loneliness are health detriments. We'll have a dog-washing station in the building and a dog park outside that we've named Rover's Edge."

Another concern of Baby Boomers is sustainability, and River's Edge will be "very environmentally friendly, because it will be heated and cooled with geothermal energy. We will have green roofs on our new structures where we will grow vegetables and herbs to be served in our dining rooms. Our depositors are excited about this farm-to-table component."

A FAMILY'S PLAN

But River's Edge's appeal extends beyond its boundaries, because Grand Central Station is only a 22-minute train ride away. "We like the idea of being close to the culture in Manhattan, but living in a quieter environment,"



RENDERING COURTESY OF RIVER'S EDGE

Find serenity and comfort at River's Edge, where spacious apartment homes will combine New York sophistication with the finest finishes and appliances.

says Dr. Julia Shiang, who, with her husband, Dr. Richard Tsien, is a depositor planning to move into a River's Edge apartment sometime in 2027. Both are affiliated with New York University and will continue to work there, Shiang says.

Shiang, who is 75, and her husband, age 79, say they chose River's Edge for its continuing care component. "After my father died, my mother moved into a continuing care community in California where she became an exercise class cheerleader and was treated with kindness and respect," Tsien reveals.

Shiang adds, "We've seen too many friends and family members struggle to take care of aging loved ones. This way, if one of us becomes disabled or has dementia, the healthy spouse will be living in the same community. And we won't have to burden our three adult children with making decisions if one of us has a health emergency."

"We see River's Edge as an opportunity to stay fit and healthy longer and to find other people who share our hobbies and interests," Tsien says. "And because we understand the financial advantages of a CCRC, it will be easier to plan for the rest of our lives."

"The main appeal for me is that River's Edge will give me more peace of mind around the uncertainty of getting

ting older," Shiang says. "But I am also looking forward to our new apartment and its views of the Hudson River and George Washington Bridge and walking on the community's paths along the river. Riverdale is pleasant and will be a nice compromise between a suburban and urban lifestyle."

AT YOUR FINGERTIPS

According to the federal Administration for Community Living at LongTermCare.gov, a person turning 65 today has a near 70% chance of needing some type of long-term care services and support in their remaining years. And women who need care will need it an average of 18 months longer than men.

Kurtz-Miller and Macaulay are thrilled with the care they are receiving at The Apsley. "When I have a doctor's appointment or another engagement, they have a car waiting to take me there, and when I'm finished, they take me right back home," Macaulay says.

She adds, "We have a library full of books, but I don't have time to read because of all the activities. I go to the gym three times a week where the most incredible physical therapists give us a workout. I certainly don't feel like I'm 91 years old."

Sunrise Senior Living's Falco says The Apsley's staff focuses on keeping all its residents healthy. "We work with a nearby hospital to provide doctors on site two or three days a week. Residents have access to physical, speech and occupational therapists, as well as dietitians, who are available on an as-needed basis. We also coordinate with dentists and podiatrists when necessary. There's a salon with all the basic hair, skin and nail services, and we clean the residents' apartments and do their laundry." For family or friends visiting residents, The Apsley offers a guest apartment, subject to availability. According to Falco, the staff strives to accommodate their stay and cater to their meal preferences, ensuring a comfortable and welcoming experience.

Most of The Apsley's residents moved there from the Upper West Side neighborhood or have loved ones in that area, Falco continues. Although the average age is 85, The Apsley does have residents in their late 60s. "A significant number of our residents have multiple homes," she says, "and consider this their home in Manhattan."

Kurtz-Miller, for example, has adult children, grandchildren and great-grandchildren who live nearby, "and they love it here, too. I often talk to people who come in because they are looking for a community. I tell them to stop looking because they will never find a better place to spend the rest of their lives."

And they will never know who might be singing at their next birthday celebration.

originals welcome

The River's Edge community is yet to be constructed. Some images are for illustrative purposes, and services listed are subject to change. A Life Plan Community is also known as a Continuing Care Retirement Community, or CCRC. For a full disclosure, visit [RiversEdge.org](#).

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Special Advertising Feature

Retirement Communities

DESIGNING LUXURY EXPERIENCES

by Julie Bennett

Millions of Baby Boomers are transforming retirement living — and The Mather, newly opened in Tysons, Virginia, is evolving around their priorities.

Mary Leary, CEO and president of Mather, reports, "In the past, adults would look to senior living communities when they needed care. Today's older adults want to join a community that provides opportunities for engagement, choice, flexibility and customized experiences. We spent almost a decade researching what Baby Boomers want, and that focus has paid off."

When Mather, which also operates senior housing communities in Illinois and Arizona, opened pre-construction sales for its newest life plan community in Tysons, 75% of depositors were Baby Boomers or younger. Entrance fees for the 293 independent living apartments in two glass high rises range from \$678,000 to \$4.5 million depending on size, and the majority of new residents come from the greater Washington, D.C., area.

QUALITY LIVING

Brian and Deborah Campbell, who lived just 10 miles away in Virginia, were 70 and 69 when they decided to move to The Mather.

"We'd been looking for a senior property that resembled the five-star hotels we stay in around the world," Brian says, "and this was the only facility within a large radius that met that level of luxury. We have a very active lifestyle, and it's so easy to travel from here. All we have to do is close the front door and take the Metro or a car service to the airport."

Deborah admits downsizing from a large house "was a culture shock, but in return we have a much more active lifestyle and interact with more people. The fitness center offers every type of exercise class, and a resident-centered group provides a lot of activities, from lectures here on site to trips to D.C. museums."

"And there's plenty to do within walking distance," Brian adds, "from any kind of shopping experience or restaurant you'd want, to a major concert center less

than a mile away."

Leary reports that Tysons' downtown area has become so trendy that local publications refer to it as *Hipsturbia*, a fusion of urban sensibilities and suburban charm. "Many of our Baby Boomers are still working from home," she says, "and they like being surrounded by such a vibrant lifestyle."

For those residents who continue to work and want space to meet with clients, The Mather has a conference room available. Residents interested in beekeeping now help tend a hive that The Mather tucked into its 3 acres of outdoor space, near the dog park and gardens.

JUST RIGHT

Resident Mary Dare and her husband Mark moved in when they were both 75. "When I was a medical social worker, I saw older patients discharged from the hospital to nursing facilities far from their homes," Mary says. "Here, if one of us needs additional care, we'll be just an elevator ride apart." The Mather life care plan will provide assisted living apartments, memory care and skilled nursing suites on site for residents at virtually the same cost as their apartment homes.

In the meantime, Mary and Mark plan to spend more time with their family, especially with their daughter and four grandchildren who live "just 12 minutes away," Mary says. "I love the saltwater pool and enjoy water aerobics classes three times a week. Occasionally, the staff provides a sensory-guided candlelight meditation experience at the pool with live music. We float and truly relax on giant rafts. The Mather is undeniably a beautiful community, but the warmth and care of the staff and residents is what make it home."

Leary says that The Mather will continue to curate experiences and provide new amenities according to the desires of their residents. "Boomers are choosing life plan communities because they want to control their destinies. They understand the value proposition our communities offer is their best option for wellness and longevity."



BAXTER IMAGING LLC

The Mather is a forward-thinking wellness destination in Tysons, Virginia, that attracts people ages 62 and older from the Washington, D.C., area. The sleek towers are surrounded by 3 park-like acres where residents can walk their dogs and even help with the community beehives.



BAXTER IMAGING LLC

The Mather's Breath Lounge inside its luxury spa, Marzenia, has a Himalayan salt wall and advanced halotherapy technology which disperses microscopic salt particles into the air, renowned for their natural healing properties.



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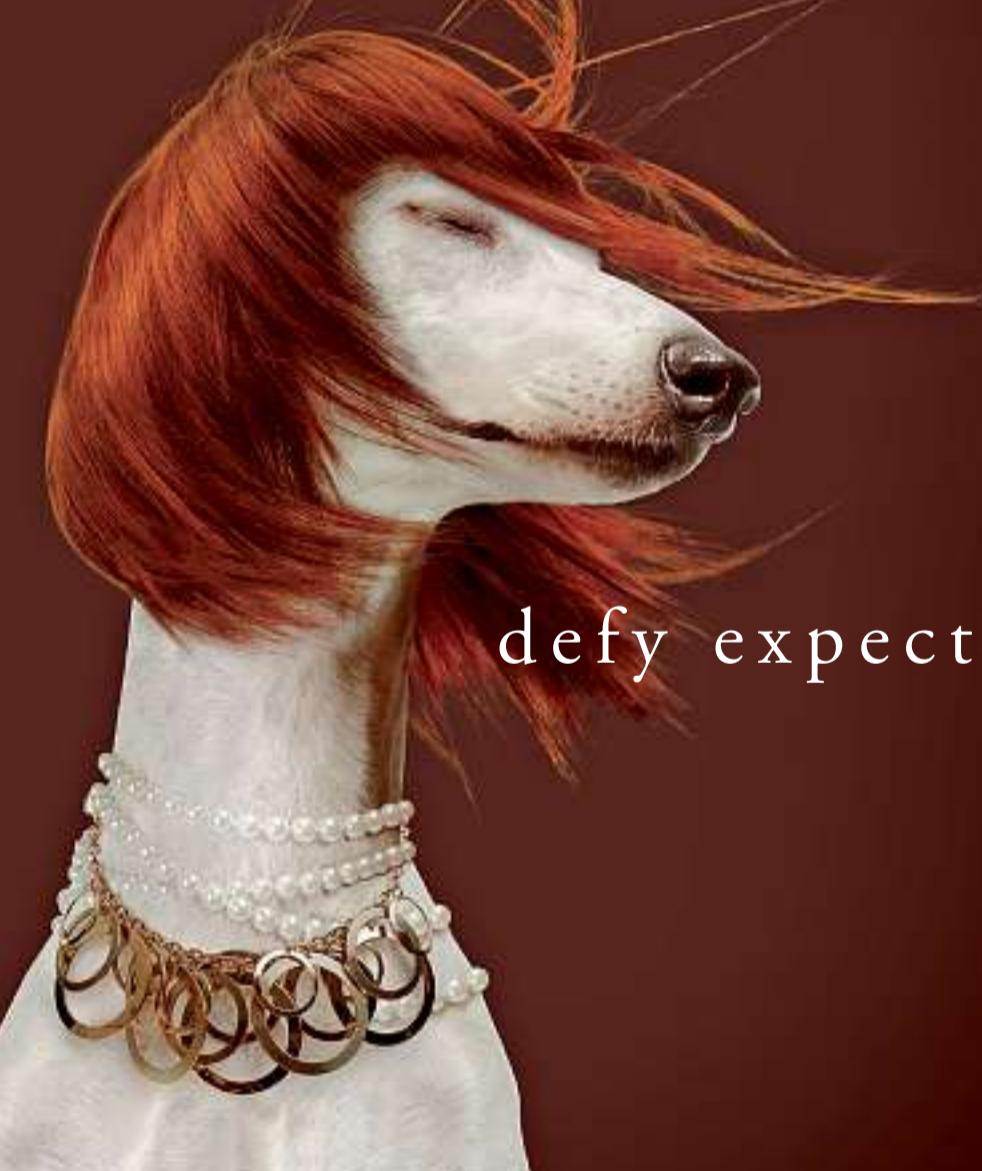
Residents can enjoy an array of group exercise classes, including pilates, in the fitness studio.



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The Mather's large fitness center, which looks onto the outdoor yoga terrace, is equipped with Therabody equipment.

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PRIVATE PROPERTIES

Florida Investor Looks for a Quick Flip

Weeks after buying an ocean-front mansion in Palm Beach County, the owner is putting the property back on the market for \$79 million.

Real-estate investor Vivian Dimond purchased the unfinished home for an undisclosed sum in late July through her investment firm, Bayshore Grove Capital. She has since completed construction of the Manalapan, Fla., estate, she said. Previously, lenders took control of the property after the former owner, a limited liability company tied to Nigerian energy entrepreneur Onajite Okoloko, defaulted on loan payments, according to court and property records. The house had been on and off the market for years, listed for as much as \$115 million.

Dimond bought the property from the lender with a view toward quickly reselling it for a profit, she said, though she declined to specify how much she paid. The price wasn't publicly recorded, as Bayshore acquired the limited liability company that held the property, as opposed to transferring the title. Okoloko's company purchased the land in 2017 for about \$12.4 million, records show.

Located on a barrier island, the roughly 1.5-acre estate has frontage on both the Atlantic Ocean and the Intracoastal Waterway.



**FOR SALE
\$79
MILLION**

20,000 sq. ft.,
6 bedrooms,
2 pools, dock

The glassy contemporary home measures about 20,000 square feet with six bedrooms.

There are large indoor and outdoor pools, and a concrete dock on the Intracoastal has a lift for boats and Jet Skis.

Okoloko is the former chief executive of the fertilizer company Notore Chemical Industries and has worked in the oil-and-gas industry. In a foreclosure suit

brought last year, the lender accused a company tied to Okoloko of failing to make interest payments and to diligently pursue completion of the house. Okoloko didn't respond to a request for comment.

In the past, local real-estate agents said, it was difficult for them to access the home for showings. Now, however, the listing agents said they expect the home to draw buyers.

"People are craving modern, contemporary homes with high ceilings, lots of glass, direct ocean views," said Chris Leavitt of Douglas Elliman, who has the listing with colleague Toni Schrager of Brown Harris Stevens Miami. "There's not a lot of that available."

Dimond said she priced the Manalapan property in order to sell it quickly. "It's going to be a great deal for the buyer, because

we don't want to be out there for a long time," she said. "Some brokers gave us an estimate to list it much higher, and I said no."

Bayshore Grove is known for handling complicated real-estate deals. In 2022, Dimond brokered the sale of the site of the 2021 condominium collapse in Miami's Surfside neighborhood.

"We specialize in properties that have issues," Dimond said.

—Katherine Clarke

When Anthony and Vanessa Beyers started construction on their house in Palm Beach, Fla., they wanted the main entrance to have "a sense of mystery," Anthony said. The answer was a custom front door with no handle. Designed by noted architect Isay Weinfeld, the reclaimed cypress door opens electronically via smartphone, with a hidden key as backup.

In 2018, when they moved in, their home's entrance confused some visitors. "Now the Amazon people know it's a door," Anthony said. "In the beginning, people didn't."

The feature is one of several unusual touches in the modern house, which is now going on the market for \$26.9 million.

The Beyers paid \$3.95 million in 2016 for the property, which had an existing 1970s house on it. They spent about two years rebuilding the house from the ground up, expanding it to about 6,400 square feet with four bedrooms, said Anthony, a principal at investment firm Poinciana Capital Partners. Set on 0.44 acre, the property comes with deeded beach access, according to listing agent Margit Brandt of Premier Estate Properties.

Art collectors, the Beyers said one of the key challenges of the

Is That a Door? A Palm Beach Home With a Mysterious Entrance



**FOR SALE
\$26.9
MILLION**

6,400 sq. ft.,
4 bedrooms, pool,
beach access

project was adding light to the house. They explored hundreds of skylights, visiting museums for in-

spiration, Anthony said. They ultimately chose a style inspired by the Whitney Museum of American

Art in New York. The Beyers also installed custom floor-to-ceiling glass doors throughout the home.

In the center of the house, there is an open atrium with a private garden and palm trees. Anthony's closet opens into the garden, which is visible from the primary bathroom. Sometimes when he's getting ready for a night out, he said, he'll open the door and stand outside. The primary suite also opens to the backyard, which has a pool, cabana and Kalamazoo outdoor grill.

Anthony, whose family has been in Palm Beach for a century, said he and his wife love the house, but they are selling to be closer to their sons' school in Fort Lauderdale.

They hope to return to Palm Beach to do another home-renovation or building project in the future, he said.

Newly built modern homes are unusual in Palm Beach, which is known for its Mediterranean-style architecture, Brandt said.

"Modern can be more difficult to get approved through ARCOM," or the town's Architectural Review Commission, she said. "It's rare that a home like this even becomes available."

Brandt said the style's rarity is a selling point.

—E.B. Solomont

FROM TOP: DANIEL PETRONI STUDIO/10/MARGIT BRANDT/PREMIER ESTATE PROPERTIES

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INSIDE STORY

A Lifelong Dream in the Round

Artist Richard James had long fantasized about living in a circular home. His Connecticut property enacts his vision.



JULIE BIOWELL FOR WSJ (3)

Richard James and Annette Koberlein-James found the perfect parcel of land in Kent, Conn., to bring Richard's childhood dream to life: a round house with large glass windows.

BY VAISHNAVI NAYEL TALAWADEKAR

Owning a round house had always been high on fine-art photographer Richard James's wishlist. "It started when I was a little boy," says Richard, 65. "A teacher at school asked the class to design a house. I pulled out a compass and drew a big circle and divided that circle up into areas for living and dining and sleeping. This drawing still exists, buried away in my memory boxes."

The childhood fantasy took on a life of its own some years later when a 50-something Richard took



a tour of the Philip Johnson Glass House in New Canaan, Conn., and returned with photos to show his wife, equity trader Annette Koberlein-James, now 56.

As Annette recalls, seeing those images inspired her an epiphany. "As I checked out the pictures and heard his stories about the place, I could actually imagine

myself living there. That was a shock since I'm big on privacy. The house had this cool vibe—open and spacious but still quiet and cozy. I loved how the natural landscape wrapped around the glass structure, making it feel really peaceful," she says.

As people who enjoy being near nature and animals, the couple—

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who lived between homes in Garden City, N.Y., and Manhattan's Upper West Side—took their time finding the perfect spot. In 2016, after multiple weekend visits, they found a 36-acre property in the tranquil Connecticut town of Kent. "This little town met all our requirements: good restaurants, art galleries, a cheese shop and a bookstore. We couldn't think of a better place to build the cottage of our dreams," says Annette. The couple purchased the property the same year for \$1.4 million.

Although they didn't know what they wanted their new round home to look like, they did know what they wanted it to feel like: cocooning and calm, with nature on either side of the threshold. They hired Okan Oncel of POP Architecture for the architecture and Rod Pleasants of McIver Morgan for the interior design. The brief was to create a house with expansive views, a meditative aura, and clean, straight lines—all in a budget of \$2.67 million.

"We didn't enter the process with a long list of must-haves," says Annette. "Rich has worked with creative pros for a long time and really respects the artistic process. During the project, he was great about letting the design



The home's interior includes a 21-foot circular gallery designed for lounging and entertaining, crowned by a skylight. On the first floor, Richard and Annette stand next to a 20-foot living wall featuring over 1,000 plants.

team have the freedom to treat the house as their own and get as creative as they wanted."

Inspired by the naturally sloping topography, Oncel designed

the home to grow out of the landscape, shaping it like a circle and arranging the bedrooms, bathrooms, powder room, kitchen, study, lounge and living and din-

ing areas around the edges. Even so, the final version was the result of several iterations.

"The initial blueprint suggested an interior of 5,000 square feet,



but construction cost was a concern, so we decided to pivot," says Annette. But downsizing didn't mean downgrading, and the new 2,600-square-foot, double-height home stayed true to the couple's vision. The radial floor plan ensured that every element, from structure to staircase to windows, followed the curvature of the house, while also keeping nature front and center by way of a 21-foot-high circular gallery with a skylight that reveals the emerald forest above. The couple also summoned nature indoors with a 20-foot living wall comprising over 1,000 individual plants and a curved print by Richard, placed opposite, that mirrors it in scale and signature.

Despite its sweeping proportions, not everything inside is round. Exceptions include the walls in the primary bedrooms and common areas. "While I might hang work on some curved walls in the future, mostly in the gallery, for now most of my work appears on the home's straight walls, with the exception of the 20-foot mural, which does curve. It's pretty cool!" he says, adding that the rationale was to keep the focus on the ultimate artist: nature.

The couple agrees that the home, which cost them \$3.05 million and took one year to design and additional two to build, was worth the wait; the structure was finally completed in June 2023. "We love living here full time," says Annette. "One day, I woke up around 4 a.m. and wandered out of the bedroom to the lower level of the open gallery. There were no lights on, just moonlight pouring in from the skylight and the big curved windows upstairs. Walking through this incredible moonlit space with its 21-foot-high curved walls felt like a scene out of a futuristic movie."

The couple also enjoys the company of some wonderful neighbors—none human. There is a gaggle of wild turkeys, a bobcat and a big bear they have christened Ro-Bear. "They're the best neighbors. As for human ones? It's a big change from living in the city; there's not a single soul in sight," says Richard.

JULIE BOWELL FOR WSJ (4)



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Landslide Damage

Continued from page M1

already owns, even at a discount, given what's happening around it. His homeowners insurance doesn't cover damages caused by land movement, which is standard for policies in the U.S.

"It's scary. We are just taking it one day at a time," he says.

The roads on the Palos Verdes Peninsula, which juts into the Pacific Ocean south of Los Angeles, have been cracking for decades. A landslide in 1956 damaged over 100 houses in Portuguese Bend and has been moving ever since. In 1980, farther up in the city of Rolling Hills, a section known as the Flying Triangle started sliding. The movement was at a rate of 5 to 7 feet a year.

Now, triggered in part by periods of exceptionally heavy rainfall over the past two years, the rate of land movement has increased significantly. Some areas had reached a velocity of 7 to 13 inches a week and are currently averaging about 8 inches a week, or about 80 times faster than it was moving, on average, in October 2022, according to Mike Phipps, a geologist whose firm was hired by the City of Rancho Palos Verdes.

Geologists discovered a second slide this summer that is about twice as deep as the other tracked slides. That has been pushing out the slide area to almost double its size, from 380 acres to nearly 700 acres, says Phipps. A major concern is that it will continue to expand farther uphill, he says. On Sept. 16, movement in another adjacent city, Rolling Hills, led to



A house in the Seaview neighborhood, where slides have caused damage and the power and gas have been cut off.

gas being shut off to 35 homes, with a warning that power will follow in coming days.

About 44% of the country is at risk for a landslide, according to a new report by the United States Geological Survey. Homeowners in one of the Palos Verdes Peninsula slide areas, as in any of the areas across the U.S. that have been hit by landslides, such as Washington and western Pennsylvania, find themselves in a unique kind of financial hell. Insurance companies don't write standard homeowner policies that cover landslide losses and surplus landslide policies aren't available right now in California, according to the Insurance Information Institute.

Mortgage companies expect loans to be paid, even if the underlying asset no longer exists or is damaged with no chance of repair; forbearance and forgiveness decisions are up to the individual bank, and they are loath to grant them.

Although some state legislatures, such as in Pennsylvania, are working to address the lack of financial recourse for slide victims,

no measures are currently under way in California. If the area were declared a major disaster by President Biden, it would trigger access to emergency funds for individual homeowners via the Federal Emergency Management Agency, but the state of California hasn't yet requested this declaration, saying the current situation doesn't meet fed-

eral requirements for such action. As a result, owners who don't want to declare bankruptcy must still pay their mortgages, property taxes—barring a reassessment, which can sometimes take months—homeowner association and other fees, even if their home, and the land it sat on, no longer exists. For those whose homes are



Damage to the home of Nic Grillo, right. Utilities have been cut.



ADAM AMENGUAL FOR WSJ (4)

damaged, owners are left with few options except to either walk away or stay put and hope their home doesn't sustain any further damage. Others believe the landslides will abate at some point in the future and trust that they will be able to sell their home when potential buyers simply forget about the landslide threat.

Wei Yen, 74, a retired finance officer, and his wife, Leesa Yen, 66, a teacher, owned one of eight homes that, in July 2023, slid off a cliff into a canyon in Rolling Hills Estates, in an area that had never had a landslide before. It is completely separate from the Portuguese Bend slide complex. The city has a mixture of townhomes and single-family homes that sell for anywhere from \$1 million to \$4 million. Five other homes were badly damaged.

The Yens bought their 2,000-square-foot, three-bedroom, three-bathroom townhome on Peartree Lane in Rolling Hills Estates in 2010 for \$765,000. In early July 2023, Leesa noticed a skinny, 7-foot-long crack on the tiled patio outside the front door. A few days later, Wei noticed that the crack had expanded. The next day, one of their neighbors called the fire department over similar cracks. The department advised all the homeowners in the surrounding block to pack up essentials just in case. About six hours later, Wei was given 15 minutes to evacuate by the fire chief. By 9 a.m. the next day, the house, and

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Rendering courtesy of "The Boundary".

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the land on which it sat, started sliding into the adjacent canyon. "I was lucky to get out of there in time," says Wei.

Now, a year later, the Yens' home equity is gone. The property had been worth \$1.55 million, according to Zillow, just before the slide. Now it is worthless, according to a letter from the city assessor's office. They have a small mortgage, which they have no plans to ask the bank to modify because they worry their credit rating will be impacted and because they say they can afford it and feel responsible.

They are renting an apartment and had to buy new furniture and clothing, all of which is eating into their retirement savings. They lost what they estimate is around \$500,000 worth of items that were precious to them, including antiques and art Wei collected throughout Asia in the 16 years he lived in Hong Kong. They are worried about looters, since the bottom of the slide is right next to a public trail. The danger of the collapsed structure has kept the Yens and public officials from going in.

"Mentally it's very challenging," he says. "I'm talking to a therapist for the first time in my life. I'm decimated by this. I see no way out. We asked for help and everyone said they'd do their best, but it's been empty promises."

"I didn't realize I would have to start worrying again about finances in my 70s," he says. He says he might have to find a job.

Over in Seaview, Matt Stelwagen, 44, a supply-chain manager for a hospital, and his family moved out of their home in August. He bought his house in June 2022 for \$2.5875 million. It was meant to be his forever home, where he and his wife could raise their son, who was 1 year old at the time. The pool cracked in July 2023. Over the next year, the floors started coming apart and the windows and doors would no longer shut. The floors became so uneven he could feel the house tilt, he says. The creaking noises at night from the moving and cracking were terrifying.

"We got to a point where mentally it was better for our stress levels and our son to get out," he



Charlie Raine, inside his \$1.4 million listing, says that homes endangered by slides can be saved.



says. They are still paying the mortgage and taxes on the house, along with the rent on the house where they now live, a financial burden he says is staggering: His housing cost is now more than half his income. He's paying for it through his salary and from savings. "We are stretched," he says. "You make it work because you're a parent and you want to provide a stable home life."

He plans to get the house reassessed so he doesn't have to pay such high taxes.



"We are exhausted," says Stelwagen. He says he's gone through stages, first feeling scared, then really upset and angry, and most recently putting his head down and trying to figure out what to do. "No one will come in with a cape and save me," he says.

Efforts to stabilize the Portuguese Bend slide complex, moving for decades, stepped up in August 2023, when the city of Rancho Palos Verdes received a \$23 million federal grant from FEMA. But the discovery this past summer of the

deeper slide has made mitigation much more complicated. The project is being revised because of emergency work and the discovery of the deeper movement. Whether current attempts to slow the movement will be successful is still uncertain, says the geologist Phipps. The landslide velocity has decelerated since July, but it is still moving a foot a week in some areas. That means within a week of drilling a well to de-water the ground, that well could be damaged by the landslide. "It's a

Herculean task," he says.

Lacking other financial recourse, dozens of residents affected by the slides in Seaview and Portuguese Bend have individually and jointly filed legal claims, alleging myriad failures that have contributed to the slide activity, including insufficient stormwater sewers and drains. Defendants include the city of Rancho Palos Verdes, the city of Rolling Hills, CalWater, Los Angeles County, and the Rolling Hills Community Association of Rancho Palos Verdes, exposing hundreds of homeowners in Rolling Hills to liability.

Rancho Palos Verdes mayor John Cruikshank says he fully understands why people are frustrated. He thinks Southern California Edison should be more open to alternative energy sources, such as power walls and solar; he's working to get the state to expand its emergency declaration and to request FEMA funding so that both will also support individual homeowners who have been displaced. But suing the city doesn't make sense, he says. Of its 15,000 homes, about 400 are in the landslide area. "Everyone's tax dollars are going to help. Why are we being sued by people who we are trying to help?" he says.

In Rolling Hills Estates, dozens of residents are suing the two HOAs that are responsible for their neighborhood, alleging, among other things, that the associations failed to maintain adequate drainage systems and that they had the responsibility of maintaining the integrity of the area. After the HOAs imposed an emergency special assessment of around \$24,000 per home to pay for repair measures mandated by the city, some HOA members have since sued over the assessment. Neither HOA responded to a request for comment.

These legal fights could take years to resolve and owners are in need of assistance now. Aside from some small local outreach efforts, not much has been forthcoming. One of the biggest supporters after the 2023 Pear tree slide in Rolling Hills Estates was a

Please turn to page M12

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In the Portuguese Bend area, a 3,700-square-foot house built by Tyson Schilz for around \$875,000 in 2014 has split apart.

works when fissures appear under a house, causing slow movement, because adjustable supports allow the house to "follow the movement without breaking apart."

The price on a house across the street from Raine's listing just dropped to \$999,000 on Sept. 12 from \$1.39 million after an investment group backed out of a contract. The listing, advertised on Zillow as an "enchanting storybook home," with three bedrooms, 1,800 square feet and a new renovation, now says: "Seller has found replacement home and is ready to move immediately. +Incredible Opportunity + NON CONTINGENT CASH OFFERS ONLY." The listing warns that gas and electricity were disconnected by the city.

In the upper section of Portuguese Bend, an area full of artists and teachers where the damage is particularly bad, residents are thinking long term. Tyson Schilz, 40, an electrical contractor, spent \$875,000 in 2014 building a 3,700-square-foot, five-bedroom home in an area called Monks Lots, where landowners won a lawsuit in 2008 to overturn a building moratorium put in place in 1978 over landslide concerns.

In December, Schilz realized his house was ripping in two pieces, so he decided to finish the job, spending several hundred thousand dollars raising it and splitting the roof in two. He cut the utilities and reinstalled them into the two, separated halves, among other measures.

"We're not crying crocodile tears," says Schilz. "It was always in the back of my mind that it could slide one day." He is renting a place in nearby Manhattan Beach while his son finishes high school. He is hoping that in 10 years or so the land will have settled and everyone will have forgotten what happened, at which time he will either move back or sell. "I'm long landslide," he says.



Continued from page M11
local high-school student named Christian Yoshino, who lives down the street from where the houses collapsed. He went door to door asking for donations, raising about \$5,300 that was distributed to affected homeowners, based on need, by the Rotary Club of Palos Verdes Peninsula for necessities such as medicine, clothing and beds.

A lack of help is the norm in many communities affected by landslides, which have been exacerbated in recent years due to extreme weather events such as heavy rainstorms and fires that destabilize soil. Some states are trying. In Pennsylvania, where a landslide outside Pittsburgh last January forced homeowners to evacuate, a bill to create a new state landslide-insurance program for homeowners is up for consideration by the House of Representatives.

After a landslide in the city of Ketchikan, Alaska, damaged homes and killed one person in August 2024, affected residents were allowed to apply for assistance and temporary housing programs. In Washington state, where a mudslide in 2014 east of Oso destroyed dozens of homes and killed more than two dozen people, the governor successfully got President Obama to declare a major disaster, opening up FEMA aid to homeowners and funding a one-time program to buy back properties in the Oso slide.

Until the power was cut in September, homes were still selling in Portuguese Bend and

Seaview, says Jason Buck, with Re/Max Estate Properties. A 1,834-square-foot house in Seaview sold for \$1.78 million in July, not far off its listing price. A four-bedroom, 1,994-square-foot house in the heart of upper Portuguese Bend sold for \$800,000 in May, 22% lower than its listing price. But, Buck says, news of the damage and gas and power cuts have started to affect prices on houses in areas near the slide zone.

Buyers are now

backing out of deals. Charlie Raine, a real-estate agent for Coastal Legacy, currently has a listing for a four-bedroom, 4,000-square-foot house in Seaview. It first went on the market in June 2024 for \$1.95 million. It is currently listed at \$1.45 million. Raine says buyers terminated an agreement in August after they saw news-media images of the house in the same shot as a construction project that made it look like a disaster zone. A second buyer, five days into a 12-day escrow, backed out after the power was cut in September.

During showings, Raine uses a cardboard model he made to demonstrate how lifting a house and inserting steel I-beams can, he says, keep it from damage when the earth moves due to fissures. It is a technique his own parents used on their home in 1986 in the Flying Triangle in Rolling Hills and which other homeowners are spending hundreds of thousands of dollars to do now in Portuguese Bend. The marketing for Raine's listing now includes a note that warns that the home has been adversely affected by the land movement in Seaview, but assures potential buyers that "there are methods available to retrofit the foundation and isolate the affected portion of the home from the movement."

Rancho Palos Verdes is currently waiving permit fees for what it calls "temporary solutions" such as placing homes on cargo structures and inserting I-beams. Amy Recenmacher, a professor of civil and environmental engineering practice at the University of Southern California, says even if horizontal beams under the

house could stop the house from splitting apart, they wouldn't stop it from moving in a big slide. Placing a reinforced house atop vertical footings to stop it from moving with the slide is impractical in many cases; to be effective, the footings would have to be set into stationary ground or bedrock below the active slide. The Portuguese Bend slide extends hundreds and hundreds of feet deep. Alejandro Bustillo, president, AB Structural Design, who drew the mitigation plan for Raine, says the design isn't aimed at big hillside collapses; he says it



Note: Landslide locations are approximate.
Sources: Los Angeles County (cities and communities); Census Bureau (roads); City of Rolling Hills Estates (Rolling Hills Estates/Pearltree Lane landslide); Michael B. Phipps, City of Rancho Palos Verdes (Portuguese Bend landslide complex)

ANNA DEEN/WSJ



Despite significant damage, Sallie and John Reeves still live in this Portuguese Bend house where they've lived for 41 years.

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The roughly 11,000-square-foot house—one of the most expensive on Staten Island—is located in the borough's exclusive Todt Hill



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neighborhood, said listing agent Tom Le of Corcoran. If it sells for the asking price, it will set a record for the priciest home ever sold on the island, he said.

The sellers are Richard and Vania Cardinale, owners of the Staten Island bagel-store chain Farm to Bagel. They bought the half-acre lot

for \$1.7 million in 2017 and spent about \$6 million to build the house in 2021, according to Richard, a former stockbroker. The Cardinales, who have three children, originally planned to make it their forever home, but decided to sell it because they are launching a farm business in New Jersey, he said.

Clad in limestone and reclaimed brick, the European-style house has a slate roof. Inside, the foyer has a custom handblown glass chandelier weighing 750

pounds. It was flown in from England and assembled piece-by-piece, Richard said.

The home's lower level contains a steam room, a sauna, a gym and the hair salon, where a



stylist does hair and nails for Vania and the couple's two daughters, Richard said. The hair salon is also set up with DJ equipment for their youngest daughter, who DJs as a hobby. A children's lounge has two televisions for simultaneous gaming and movie-watching, while an adults' lounge has wine storage and a large tank for Richard's lionfish and other aquatic pets. Outside there is a landscaped pool area, and a waterfall descends from a Koi pond into a courtyard with a fire pit. They installed the indoor-outdoor basketball court, Richard said, because two of their children play competitively.

The home is across the street from Staten Island's most expensive property for sale, which is listed for \$16.8 million. The island record was set by the \$4.6 million sale of a home several blocks away in 2023, said Le. New York City's most expensive home was a Billionaires' Row condo purchased by Citadel CEO Ken Griffin for roughly \$238 million in 2019. Homes on Staten Island sold for an average \$690,000 in August, according to Redfin.

—Sarah Paynter

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There are three little words that every CEO loves to say:

We are growing.

And, in a sense, we are moving. The well-known relocation-industry pro Janna Edgar, CRP®, has joined Briggs Freeman Sotheby's International Realty.

As our new director of global relocation and referral services, Janna is leading our relocation, referral and lead-management initiatives — a strategic plan aligned with our enviable location in the largest-growing metropolitan area in the United States. She is guided by another industry powerhouse, Maria Cintron, our executive vice president of marketing whose own role has grown to include relocations, referrals and the rapidly

evolving convergence of marketing and technology known as MarTech.

Just some of Janna's missions? For our corporate clients, she provides innumerable layers of support as they navigate the unique adventure of moving to a new area — be it a new market within North Texas or a new city across the globe. (FYI, Janna was once a full-time agent herself, which provides her with invaluable insights into the needs of relocating employees.) For our agents, she fosters connections with other Sotheby's International Realty® advisors around the world. In the realm of lead generation, Janna is further developing our new AI-powered chatbot and developing new strategies for future leads.

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