

# THE WALL STREET JOURNAL.

DOW JONES | News Corp \*\*\*\*\* MONDAY, FEBRUARY 5, 2024 ~ VOL. CCLXXXIII NO. 29 WSJ.com ★★★★★ \$5.00

Last week: DJIA 38654.42 ▲ 544.99 1.4% NASDAQ 15628.95 ▲ 1.1% STOXX600 483.93 ▲ 0.02% 10-YR. TREASURY ▲ 1 2/32, yield 4.030% OIL \$72.28 ▼ \$5.73 EURO \$1.0788 YEN 148.38

## What's News

### Business & Finance

- ◆ **Andy Sieg, brought to Citigroup** late last year to reinvigorate its wealth-management business, said he plans to cut costs, get rich people to bring over more of their investments and target customers in Asia. **A1**
- ◆ **Fed chief Powell said** that the central bank has shifted its focus toward deciding when to begin cutting interest rates, but that solid economic growth means officials didn't have to rush that decision. **A2**
- ◆ **Boeing is reworking** 50 undelivered 737 MAX jets after a supplier's employee recently found misdrilled holes on some fuselages. **B3**
- ◆ **Big brands including Apple and Procter & Gamble** remain bullish on China, even as some U.S. executives have lamented weaker demand for some consumer products there. **B1**
- ◆ **Restaurants including McDonald's, Chipotle and Jack in the Box** said they would raise menu prices in California in anticipation of a minimum-wage increase for the state's fast-food workers that will raise labor costs. **B1**
- ◆ **Facebook turned** 20 years old, having grown from a startup launched in a university dorm room into a tech giant with a market cap exceeding \$1 trillion. **B1**
- ◆ **Domestic production of protective medical equipment** that was in short supply during the Covid-19 pandemic is collapsing as healthcare buyers return to foreign-based suppliers. **B3**

### World-Wide

- ◆ **The U.S. and U.K. launched** a fresh wave of strikes against Iran-backed Houthi rebels in Yemen in response to their attacks on international shipping in the Red Sea, as Secretary of State Blinken prepared to head to the Middle East in hopes of brokering a pause in Israel's war in Gaza. **A1, A7-8**
- ◆ **Israel's national security minister** said he would oppose any deal with Hamas that would free thousands of Palestinians held for terrorism or end the war before Hamas was fully defeated. **A8**
- ◆ **The Senate released** long-awaited details of a sprawling bipartisan bill designed to sharply reduce illegal border crossings and bolster embattled allies Ukraine and Israel, but the bill drew sharp criticism from top House Republicans who said it had no chance of passing their chamber. **A1**
- ◆ **Biden handily won** the South Carolina Democratic primary, marking his first appearance on the ballot this cycle. **A5**
- ◆ **Nayib Bukele was set to win** re-election as El Salvador's president by a wide margin as his relentless campaign to dismantle El Salvador's criminal gangs has proven popular. **A9**
- ◆ **A massive storm system** hit much of California, bringing prolonged downpours and high winds to the nation's most populous state. **A3**
- ◆ **The MetLife Stadium** in northern New Jersey, home of the NFL's New York Jets and Giants, will host the 2026 World Cup soccer final. **A2**

**JOURNAL REPORT**  
Investing Monthly:  
Healthcare  
considerations for early  
retirees. **R1-6**

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## Forest Fires Sweep Chile, Killing About 100



**CHARRED:** Forest fires roared across a heavily populated swath of central Chile, killing about 100 people and destroying some 3,000 homes, government officials said. In Viña del Mar, above, the city's mayor said 370 people were missing. **A9**

## Money and Drugs Entwine Musk With Tesla Directors

Board members at Elon Musk's electric-car maker, Tesla, were facing a dilemma. One director, the venture

*By Kirsten Grind,  
Emily Glazer,  
Rebecca Elliott  
and Coulter Jones*

capitalist Steve Jurvetson, had left his firm after an internal investigation found he had slept with multiple women in the tech industry and used illegal drugs.

Some of the details had been splashed across the press in 2017, and Tesla directors informally discussed how they should handle it, according to people familiar with the situation. Some urged him to resign. Luckily, Jurvetson, though designated an independent director, had a good friend with whom he had deep financial ties and also attended parties, using ecstasy and LSD: Musk.

Musk pushed directors in private conversations to allow Jur-

vetson to take a leave of absence from the board of the public company, and then step down on his own accord in 2020, the people said. Jurvetson remains a director at Musk's privately held rocket company, SpaceX.

"The answer was do nothing and see what happens," said another former independent Tesla director and good friend of Musk's, Antonio Gracias, in a 2021 court deposition, when asked how the board handled the Jurvetson situation. Gracias

and his venture-capital firm held investments recently valued at about \$1.5 billion in Musk companies.

Multiple other directors of Musk companies have deep personal and financial ties to the billionaire entrepreneur, and have profited enormously from the relationship. The connections are an extreme blurring of

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◆ **Cuban battles Musk on Tesla boss's X** ..... **B4**

## Citigroup Scrambles To Attract Ultrarich Clientele

By RACHEL LOUISE ENSIGN

Citigroup's wealth-management business raked in \$2 billion in profits in 2007, just before the financial crisis brought the bank to its knees. At the end of last year, it barely broke even.

The collapse is one reason why Citi's stock is stuck in a deep slump and CEO Jane Fraser is under pressure to boost profits. She is hoping to turn the unit around after recently poaching Andy Sieg from a job running Bank of America's Merrill Wealth Management business.

In an interview with The Wall Street Journal, Sieg said he plans to cut costs, get rich people to bring over more of their investments and target customers in Asia.

"We have the brand, the clients and the capabilities to be the No. 1 wealth business in the world," Sieg said.

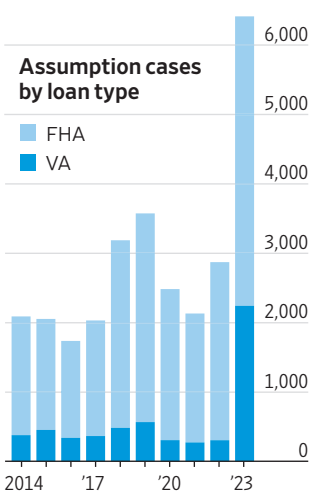
It is far from that now. In the early 2000s, Citi had grand ambitions of being a financial supermarket that offered banking products to companies and individuals everywhere. Its wealth operations included its Smith Barney unit with thousands of brokers selling stocks and bonds to well-off families, and a private bank offering bespoke products to the ultrarich. After the 2008 financial crisis hit, Citi sold Smith Barney to Morgan Stanley as part of divestitures intended to keep the bank afloat.

Other megabanks doubled down on their wealth operations in the years that followed. The business is appealing because it uses little capital and generates steady fees; plus, loans to rich people rarely go bad. Morgan Stanley

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## Low-Rate Swap Is Rare

Frustrated home buyers find it difficult to take over sellers' low-rate loans. **A3**



Sources: Federal Housing Administration; Department of Veterans Affairs

## Financial Giants Race to Lure Investors Into Cryptocurrencies

By ALEXANDER OSIPOVICH

Listen to firms on Wall Street these days, and you might think you are knocking down beers with a gaggle of crypto bros.

Larry Fink, chief executive of BlackRock, the world's largest asset manager, told CNBC last month that he was a big believer in bitcoin. A few days later, Howard Lutnick, the CEO of financial-services firm Cantor Fitzgerald, predicted that bitcoin would rally this year. He also praised Tether Holdings, the firm behind the widely used stablecoin tether.

"Holding a dollar in a token is amazing," Lutnick, whose

firm manages much of Tether's bond portfolio, said in a televised interview from Davos, Switzerland. In 2021, Tether's creators reached a \$41 million settlement with U.S. regulators over allegations that they misled investors about whether the coin was fully backed by dollars. Tether didn't admit wrongdoing.

After years of tiptoeing around the world of cryptocurrencies, huge financial firms are racing to lure Main Street investors into these mostly unregulated markets, seeking a fresh source of revenue. The stampede has been prompted largely by January's heavily anticipated launch of ex-

change-traded funds that directly hold bitcoin.

Bitcoin proponents hope the ETFs will boost the price of the digital currency by opening it to a wider investor base, but many outsiders question whether these highly speculative assets belong in the average individual's portfolio.

Some asset managers backing the new ETFs have flaunted their bitcoin bona fides on social media, dropping memes and lingo familiar to the crypto community, though perhaps obscure to others.

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◆ **Crypto marketers target baby boomers** ..... **B6**

## Bipartisan Border Deal Faces Uphill Battle

By SIOBHAN HUGHES  
AND MICHELLE HACKMAN

WASHINGTON—Senate leaders on Sunday released the long-awaited details of a sprawling bipartisan bill designed to both sharply cut down on illegal border crossings and bolster embattled allies Ukraine and Israel, but the bill drew sharp criticism from top House Republicans who said it had no chance of

passing their chamber.

The deal, which took months to negotiate and is set to get an initial vote in the Senate as soon as Wednesday, would establish a new asylum process at the border to resolve cases quickly and swiftly deport migrants who don't qualify. It also would set a higher bar for those claims and establish new limits on the number of immigrants claiming asylum.

On the spending side, the bill would provide about \$118 billion overall in funds for Ukraine, Israel and Taiwan as well as for U.S. border changes and humanitarian aid in war zones. About half—around \$60 billion—is related to Ukraine, with \$14.1 billion for Israel security assistance and about \$20 billion to implement the new border policies. It also includes \$2.4 billion for operations in

the Red Sea, where Houthi rebels in Yemen have launched attacks on shipping.

The 370-page measure had been expected to face an uphill fight, given the decades of partisan wrangling over the issue and the approach of the fall elections, and Republican leaders in the House blasted the legislation once it was released.

"I've seen enough. This bill

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## Shared Spotify Logins Wreak Havoc on Couples' Playlists

◆ Chaos ensues when different listeners tap one account; heavy metal blasting yoga class ◆

By SEBASTIAN HERRERA  
AND PREETIKA RANA

Katie Grey, a yoga instructor in the San Francisco area, was once in the middle of a class with her students holding a restful butterfly pose. Meditation music played from her phone over the studio's speakers.

Suddenly, heavy metal rock blasted throughout the room. Her students jerked up in shock. Grey raced to her phone to unplug it from the sound system. Mortified, she blamed the interruption on the system—but she knew what had actually happened. Her partner had unknowingly, on a sep-

*Musical clash*

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## INSIDE



**U.S. NEWS**  
New Jersey's MetLife Stadium is set to host soccer's 2026 World Cup final. **A2**



**BUSINESS & FINANCE**  
Facebook turns 20: From a Harvard dorm room to the metaverse. **B1**