

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

THURSDAY, DECEMBER 12, 2024 ~ VOL. CCLXXXIV NO. 139

WSJ.com

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What's News

Business & Finance

◆ **Progress on bringing** down inflation stalled in November, with the CPI rising 2.7%, a bump up that poses a challenge to Trump as he prepares to take office with a promise to slow inflation. **A1**

◆ **Major U.S. stock indexes** ended mixed, with the S&P 500 and Nasdaq gaining 0.8% and 1.8%, respectively, and the Dow falling 0.2%. **B11**

◆ **Albertsons killed** its planned sale to Kroger and filed a lawsuit alleging that Kroger didn't do enough to get regulatory approval for the supermarket operators' \$20 billion deal. **A1**

◆ **Macy's completed** its investigation into accounting problems and found that one employee's mistake and subsequent coverup created \$151 million in false bookkeeping entries. **B1**

◆ **Two top real-estate** agents and their brother were arrested in connection with a federal investigation into sexual-assault allegations. **B1**

◆ **A federal appeals** court rejected Nasdaq's yearslong push to set racial and gender targets for the boards of its listed companies. **B1**

◆ **Sotheby's is laying off** more than 100 people in a further effort to right its finances after it received a \$1 billion investment from an Abu Dhabi sovereign-wealth fund. **B3**

◆ **A bankruptcy court** judge blocked the sale of Infowars to The Onion, ruling that a trustee failed to maximize value for creditors when he accepted a bid from The Onion's owner. **A3**

◆ **OPEC cut its forecast** for oil-demand growth for the fifth consecutive month after further postponing plans to increase output. **B6**

World-Wide

◆ **FBI Director Christopher** Wray said he would step down before the end of his 10-year term after Trump made clear he would fire him in favor of a loyalist intent on overhauling the bureau. **A1**

◆ **Hamas yielded to two** of Israel's key demands for a cease-fire deal in Gaza, Arab mediators said, raising hopes of an agreement that could secure the release of some hostages within days. **A1**

◆ **The House approved** a nearly \$900 billion annual defense-policy bill that includes a controversial provision that would block some transgender medical care for minors covered by the military's healthcare program. **A4**

◆ **Meta Platforms** has donated \$1 million to Trump's inaugural fund, the latest step by Mark Zuckerberg to bolster his relationship with the incoming president. **A6**

◆ **A bipartisan group** of lawmakers introduced legislation to break up pharmacy-benefit managers, the drug middlemen that have faced yearslong scrutiny from Congress and the FTC. **A2**

◆ **Beijing is brandishing** an expanded arsenal of countermeasures that it is likely to draw upon as Trump threatens across-the-board tariffs and levies of as high as 60% on Chinese-made goods. **A9**

◆ **An Islamic State suicide** bombing in Kabul killed Khalil Haqqani, a Taliban minister who had a U.S. bounty on his head for terrorist activities. **A9**

◆ **Died: David Bonderman**, 82, co-founder of TPG. **B2**

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Inflation Bubbles Up Again

Many goods saw flat or falling prices for about a year; Fed, Trump to face test

By HARRIET TORRY AND NICK TIMIRAO

Progress on bringing down inflation stalled in November, with the consumer-price index of goods and services costs ticking up to a 2.7% increase.

Prices of consumer goods—everything from cars to living-room furniture, but excluding food and energy—increased at the fastest month-over-month

pace in a year and a half, led by a jump in vehicle prices. That was partly because drivers replaced damaged cars and trucks after recent devastating hurricanes.

The rise is notable because prices for many goods had generally been falling or flat for about a year through August. That trend appears to have now reversed.

The situation presents President-elect Donald Trump with a deep and central challenge as he prepares to take office with a promise to beat back inflation. Economists fear that goods inflation could accelerate if the incoming

Trump administration follows through on threats to impose across-the-board tariffs.

The CPI report also raises questions for the Federal Reserve about the pace of rate cuts in the year ahead. The Fed is widely expected to cut rates by a quarter-point at its meeting next week, its third cut in a row.

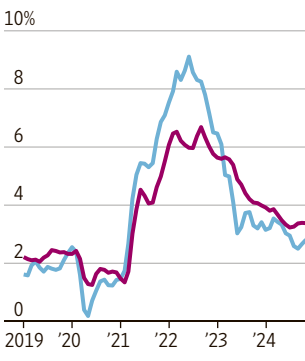
Investors in interest-rate futures markets on Wednesday viewed a rate cut next week as a near certainty. A separate report on inflation due on Thursday could help seal the case.

Officials have indicated sticky inflation could lead

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Consumer-price index, change from a year earlier

Core: +3.3% Overall: +2.7%



Note: Core excludes food and energy prices. Source: Labor Department

Syrians Head Home to a Struggle for Control



CROSSING: Syrians waited to return to their country at a border gate in southern Turkey on Wednesday. The swift collapse of the Assad regime has left a vacuum in Syria, and powerful militaries arrayed around its borders are rushing to fill it. **A8**

Hopes Rise for Cease-Fire in Gaza

By SUMMER SAID

Hamas has yielded to two of Israel's key demands for a cease-fire deal in Gaza, Arab mediators said, raising hopes of an agreement that could release some hostages within days despite the repeated collapse of previous negotiations.

The militant group told mediators for the first time that it would agree to a deal that would allow Israeli forces to remain in Gaza temporarily when the fighting stops. Hamas also handed over a list of hostages,

including U.S. citizens, whom it would release under a cease-fire pact, something it hasn't done since the first truce in the conflict last year.

The new plan, proposed by Cairo and backed by the U.S., seeks to build on momentum generated by the cease-fire in Lebanon secured in November, which has broadly held despite both Israel and Hezbollah accusing each other of violations.

The office of Israeli Prime Minister Benjamin Netanyahu declined to comment. Netanyahu on Monday said there

were certain developments in the cease-fire talks but that it was too early to tell whether a deal was within reach.

Progress toward a deal comes after an Egyptian delegation visited Israel in late November, and after President-elect Donald Trump said on Truth Social this month that there would be "hell to pay" in the Middle East if the hostages aren't released before he assumes office in January.

As part of the latest proposal, Israel and Hamas are considering a 60-day cease-

fire period that would see the release of up to 30 hostages being held in Gaza, including U.S. citizens, the mediators said. In exchange, Israel would free Palestinian prisoners and allow greater humanitarian aid to flow into Gaza, they said.

Negotiations picked up pace this week with an Israeli delegation visiting Cairo on Tuesday, days after Hamas officials were in the Egyptian capital. White House national security adviser Jake Sullivan

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FBI Chief To Resign As Trump Forces His Early Exit

President-elect, riled by probes into his conduct, pushed for Wray's ouster

By SADIE GURMAN AND ARUNA VISWANATHA

FBI Director Christopher Wray is stepping down before the end of his 10-year term, after President-elect Donald Trump made clear he would fire him in favor of a loyalist intent on overhauling the bureau.

Wray told employees on Wednesday he would resign before the new Trump administration begins.

"In my view, this is the best way to avoid dragging the Bureau deeper into the fray, while reinforcing the values and principles that are so important to how we do our work," Wray said during an internal town hall at the FBI's headquarters.

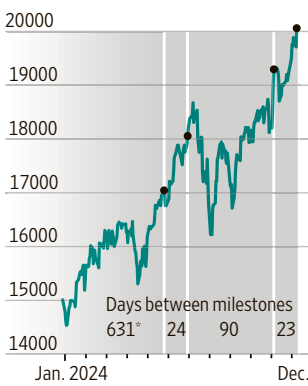
Trump chose Wray for the post in 2017, but the former president soured on him and the bureau more broadly after years of federal investigations into his conduct. Wray, a fellow Republican, tried to keep the spotlight on the Federal Bureau of Investigation's other work but instead watched it become further entangled in partisan politics.

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Nasdaq Rally Tops 20000

The Nasdaq set a record Wednesday, as new inflation data lifted tech stocks. **B11**

NASDAQ Composite Index



*the index first crossed 15000 in August 2021 and 16000 in November 2021 Sources: FactSet (index); Dow Jones Market Data (milestones)

Albertsons Terminates Merger And Sues Kroger

By PATRICK THOMAS

The two biggest supermarket operators in the U.S. have gone from deal partners to legal rivals in less than 24 hours.

Grocery-store operator Albertsons said it terminated its planned sale to Kroger and filed a lawsuit alleging Kroger didn't do enough to secure regulatory approval for the \$20 billion deal, a day after a federal court blocked it.

"Rather than fulfill its contractual obligations to ensure that the merger succeeded, Kroger acted in its own financial self-interest, repeatedly providing insufficient divestiture proposals that ignored regulators' concerns," Tom Moriarty, Albertsons' general counsel, said on Wednesday. The lawsuit, filed in a Delaware chancery court, seeks billions of dollars in damages.

A Kroger spokeswoman said Albertsons' claims are

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U.S. NEWS

Luigi Mangione's dark descent from promising student to murder suspect. **A3**



SPORTS

Bill Belichick is named head coach at the University of North Carolina. **A14**

No Pay for an 80-Hour Workweek? Bring It On, DOGE Fans Say

* * *

Hopefuls are vying for positions at new Department of Government Efficiency

By JOSEPH DE AVILA

It might seem unappealing to work 80 hours a week—even worse if it's for free. Not for Sarah Armstrong.

Armstrong says she is ready to leave her job as vice president of operations for a company that makes electrical equipment to volunteer for

Elon Musk's and Vivek Ramaswamy's new initiative, announced last month by President-elect Donald Trump, to cut federal spending and bureaucracy.

"I think this is such a unique way to serve the country, and more importantly the people," said Armstrong, a 55-

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AI Researchers Push Computers To Doom Scenarios

Anthropic's Frontier Red Team tests the ability to create superhuman harm

By SAM SCHECHNER

In a glass-walled conference room in San Francisco, Newton Cheng clicked a button on his laptop and launched a thousand copies of an artificial intelligence program, each with specific instructions: Hack into a computer or website to steal data.

"It's looking at the source code," Cheng said as he examined one of the copies in action. "It's trying to figure out, where's the vulnerability? How can we take advantage of it?" Within minutes, the AI said the hack was successful.

Cheng works for Anthropic, one of the biggest AI startups in Silicon Valley, where he's in charge of cybersecurity testing for what's called the Frontier Red Team. The hacking attempts—conducted on simulated targets—were among

thousands of safety tests, or "evals," the team ran in October to find out just how good Anthropic's latest AI model is at doing very dangerous things.

The release of ChatGPT two years ago set off fears that AI could soon be capable of surpassing human intellect—and with that capability comes the potential to cause superhuman harm. Could terrorists use an AI model to learn how to build a bioweapon that kills a million people? Could hackers use it to run millions of simultaneous cyberattacks? Could the AI reprogram and even reproduce itself?

The technology has raced ahead anyway. There are no binding rules in the U.S. requiring companies to perform or submit to evals. It's

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◆ **Prepare for 'long thinking,' AI's next leap**..... **B4**

U.S. NEWS

Lawmakers Aim to Force Sale of Pharmacies

Measure, if passed, would mark broad intervention into the operations of PBMs

By Liz Essley Whyte and Joseph Walker

A bipartisan group of lawmakers introduced legislation to break up pharmacy-benefit managers, the drug middlemen that have faced yearslong scrutiny from Congress and the Federal Trade Commission. A Senate bill, sponsored by Sens. Elizabeth Warren (D., Mass.) and Josh Hawley (R., Mo.), would force the companies that own health insurers or pharmacy-benefit managers to divest their pharmacy businesses within three years. A companion bill, which sponsors say draws on a history of government prohibitions on joint ownership within industries, was also introduced in the House on Wednesday. If passed, the legislation would be the most far-reaching intervention yet into the operations of pharmacy-benefit managers, known as PBMs, and

their parent companies, cutting off a major source of revenue for the companies and frustration for patients. “PBMs have manipulated the market to enrich themselves—hiking up drug costs, cheating employers, and driving small pharmacies out of business,” Warren said. “My new bipartisan bill will untangle these conflicts of interest by reining in these middlemen.” Hawley said the legislation “will stop the insurance companies and PBMs from gobbling up even more of American healthcare and charging American families more and more for less.” It is unlikely the bills could get enacted into law in this Congress, because it is wrapping up its session. Backers are trying to lay the groundwork for passage next year. The unusual support of both Republicans and Democrats for the bills follows hearings and probes of health-industry business practices that lawmakers and other critics say have increased drug costs. “Congress should focus on the real way to lower prescription drug costs by finally hold-



A bill sponsored by Sens. Elizabeth Warren and Josh Hawley, ideological foes, would force companies that own health insurers or PBMs to divest their pharmacy businesses.

ing big drug companies accountable for high drug list prices,” said a spokesman for the Pharmaceutical Care Management Association, a trade group representing PBMs. “Any policies that would limit our ability to negotiate with drugmakers and pharmacies would ultimately increase the cost of medicine in the United States, and in many cases, serve as a handout to the pharmaceutical industry,” said a CVS Health spokesman. PBMs are powerful players in the prescription-drug business, influencing which medicines insurance plans will pay for and how much. The three biggest PBMs—CVS Health’s Caremark, Cigna’s Express Scripts and UnitedHealthGroup’s OptumRx—belong to companies owning some of the country’s

largest health insurers. They distribute some medicines through their own mail-order pharmacies. CVS also owns more than 9,000 retail pharmacy locations. By using their purchasing power to wring discounts and rebates from drugmakers, the firms say they help health plans keep a lid on costs and thereby lower the premiums paid by Americans. But some doctors, patients and drugmakers say the firms have wound up increasing costs, while extracting fees and other payments that boost their revenue. Among the targets of their criticism is the PBMs’ ability to steer drug dispensing through their own pharmacies at the expense of independent retail stores, and sometimes at a higher price. Drugs dispensed via mail-order pharmacies can wind up costing many times what other pharmacies charge, The Wall Street Journal has reported. A House investigation this summer found that PBMs sometimes make patients pay more to use their local pharmacy than the PBM’s affiliated mail-order pharmacy. A Federal Trade Commission investiga-

tion similarly found that PBMs steer patients away from less-expensive drugs and overcharge for cancer treatments. Other pieces of legislation targeting the pharmacy-benefit companies have required transparency in their business dealings or banned certain pricing practices. Certain provisions came close to passing at the end of last year, but failed to make it into an end-of-year legislative package. The House version of the bill, known as the Patients Before Monopolies Act, is sponsored by Rep. Jake Auchincloss (D., Mass.) and Rep. Diana Harshbarger (R., Tenn.). The two previously teamed up on a bill aimed at PBMs’ methods of steering patients to affiliated pharmacies. The bills would require companies that own insurers or PBMs to divest pharmacy businesses of all kinds, including mail-order and retail. The senators said precedent for the government prohibiting joint ownership within industries includes what is called the Volcker rule, a part of the 2010 Dodd-Frank financial law that stopped banks from doing proprietary trading.



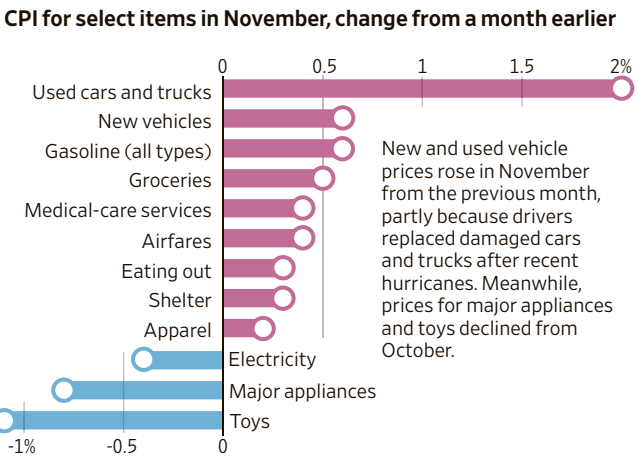
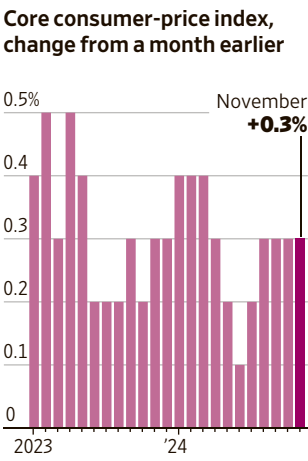
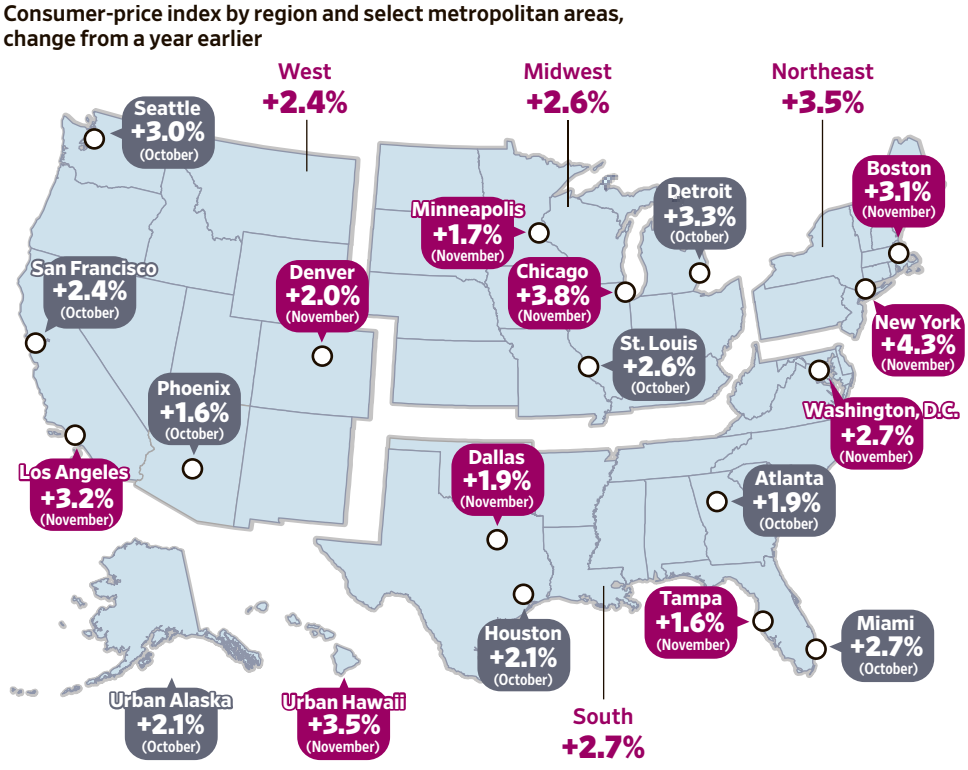
Vehicle prices jumped as drivers replaced damaged cars and trucks after recent hurricanes.

Inflation Strengthens, Posing Test

Continued from Page One them to slow the pace of rate reductions or stop altogether. The Dow Jones Industrial Average edged lower. The S&P 500 rose, and the Nasdaq Composite jumped 1.8%, crossing 20000 for the first time. Core prices that exclude volatile food and energy prices rose 0.3% month over month in November, the fourth straight month of stiff prices there. That held year-over-year core inflation at 3.3%. The results were mostly in line with what economists had expected. All year long, analysts have looked for evidence that services prices, particularly for housing, would slow. Wednes-

day’s report offered hope on that front. The pace of housing-cost increases cooled slightly from the prior month, which economists said was a welcome development. A question now is which trends continue in the months ahead: the positive developments on housing or the setback on goods prices. Diane Swonk, chief economist at KPMG Economics, said there are signs that consumers are buying big-ticket items such as cars to get ahead of potential tariff-related price increases. “That is sort of a muscle memory,” Swonk said. “Something like that never would have happened pre-pandemic, and the fact that we saw it is just a red flag for the Fed to watch out for.” Some economists also voiced concerns about persistent inflation in the services sector, which makes up much of U.S. economic activity. Medical-care costs rose 0.4% for the second month in

a row. “Overall, we’re looking at an environment where the low-hanging fruit has been picked and it’s getting harder and harder to make further inroads into reining in inflation,” said Sarah House, senior economist for Wells Fargo. “Now we’re getting to a point where you really need the demand side of the economy to weaken,” she said. “That’s what makes the last mile so hard.” Consumers have become more optimistic following the U.S. presidential election, according to measures from the University of Michigan and the Conference Board. Business confidence has improved, too, on hopes of more business-friendly tax and regulatory policies under the incoming Republican administration. On Tuesday, the National Federation of Independent Business said its small-business optimism index jumped in November to its highest reading since June 2021. The Business Roundtable CEO Economic Outlook Index, which measures company plans for capital investment, hiring and sales, rose to the highest level in more than two years in the



Note: Core CPI and CPI for select items in November are seasonally adjusted. Core CPI excludes food and energy. Source: Labor Department

fourth quarter. Businesses say inflation is normalizing after a volatile few years of supply-chain disruptions and swings in demand, and consumers continue to spend at a healthy clip.

“Mainstream households are feeling more confident and are returning to their pre-pandemic shopping patterns more quickly,” Kroger Chief Executive Rodney McMullen said on an earnings call last week. Still, he warned that “budget-conscious households remain under pressure as the effects of multiyear inflation and higher interest rates have had a larger impact on these households.”

U.S. WATCH

VOICE OF AMERICA
Lake Is Trump Pick To Run Broadcaster
President-elect Donald Trump said Wednesday that he is picking Kari Lake as director of Voice of America, installing a staunch loyalist who ran unsuccessfully for Arizona governor and a Senate seat to head the congressionally funded broadcaster that provides independent news reporting around the world. Lake, an immigration hardliner, was a TV news anchor in Phoenix for nearly three decades until she left in 2021 after making a series of controversial statements on social media, including sharing Covid misinformation. She has never acknowledged her defeat in the 2022 gubernatorial race and lost her Senate race last month by a larger margin. VOA was founded during World War II, and its congressional charter requires it to present independent news and information to international audiences. —Associated Press

CALIFORNIA
Wildfire Forces Malibu Evacuations
As weather improved in Southern California, firefighters found some success Wednesday battling a wind-driven blaze that forced thousands, including celebrities Cher and Dick Van Dyke, from their homes in Malibu, fire officials said. With much of the coastal city under evacuation orders and warnings, residents waited anxiously to see whether their properties had been spared by the fire, which erupted late Monday and grew to more than 6 square miles. The blaze was just 7% contained. About 20,000 residents remained under evacuation orders and warnings Wednesday evening. Firefighters had “a lot of success” battling the blaze Wednesday thanks to the improving weather, but it continued to burn in an area of very steep terrain that is difficult to access, CalFire Assistant Chief Dusty Martin said. —Associated Press

MONTANA
Gender-Affirming Care Ban Still Halted
A Montana law banning gender-affirming medical care for transgender minors will remain temporarily blocked, the state Supreme Court ruled Wednesday, after justices agreed with a lower court judge who found the law likely violates the state’s constitutional right to privacy. The case against the Montana law now goes to trial before District Court Judge Jason Marks in Missoula. The U.S. Supreme Court earlier this month heard arguments over Tennessee’s ban on puberty blockers, hormones or surgery for transgender minors, with observers saying it appeared the justices were likely to uphold the ban. The Biden administration had sought to block similar bans that exist in more than half the states. Marks blocked the law in late September 2023, just days before it was to take effect. —Associated Press

OBITUARY
Amazing Kreskin, TV Mesmerizer
George Joseph Kresge Jr., who was known to generations of TV watchers as the mesmerizing entertainer and mentalist the Amazing Kreskin, has died at age 89. Kreskin’s friend and former road manager, Ryan Galway, said that he died Tuesday at his home in Caldwell, N.J., where he spent much of his life. Inspired by the crime-fighting comic book character Mandrake the Magician, Kreskin launched his television career in the 1960s and remained popular for decades, making appearances on talk shows. Fans would welcome, if not entirely figure out, his favorite mind tricks—whether correctly guessing a playing card chosen at random, or, most famously, divining where his paycheck had been planted among the audience. Kreskin never married and left no immediate survivors. —Associated Press

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THE WALL STREET JOURNAL
(USPS 664-880) (Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)
Editorial and publication headquarters: 1211 Avenue of the Americas, New York, N.Y. 10036
Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, N.Y., and other mailing offices.
Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.
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U.S. NEWS

Scion Turned Suspect Drifted Into Darkness

Luigi Mangione, accused killer of CEO, cut off his friends and family six months ago

The notorious criminal suspect in an orange jumpsuit who shouted wildly about injustice outside a central Pennsylvania jail on Tuesday appeared to be light years removed from the smiling University of Pennsylvania graduate he was a few short years ago.

By *Valerie Bauerlein, Joshua Chaffin and Jim Carlton*

But Luigi Mangione’s transformation from promising student to accused murderer didn’t happen overnight. A look at his activities over the past few years shows that threads of his life—his work, his health, his ties to his family and his trust in the world at large—had been fraying in parallel.

Mangione’s life started to fracture about a year ago. But shortly after his 26th birthday last June, on the heels of a debilitating back injury and subsequent surgery, he had fallen off the grid altogether.

“Where in the world are you?” a close friend from Hawaii texted late that month. There was no response. A few months later, he was charged with murder in the predawn shooting of UnitedHealthcare Chief Executive Brian Thompson outside a Midtown Manhattan hotel.

Interviews with associates, and Mangione’s own writings, suggest the curious soul who had long been driven to explore the world around him began to direct his intellect inward in an almost torturous way. A searching, insistent mind that had fueled his academic success—he was his elite high school’s class valedictorian and earned honors at Penn—seemed to turn against him.

Mangione embarked on an obsessive quest to defeat back pain that he claimed was robbing him of a satisfying life. As he did so, he mused about loneliness, while gravitating toward “manosphere” intellectual figures such as Jordan Peterson, the Canadian academic who blames modern society for disempowering young men.

By the time of his arrest at a McDonald’s restaurant in Altoona, Pa., on Monday, Mangione’s journey appeared to have cut him off from his family, a wealthy and prominent Baltimore clan whose members

were both high achievers and tightly knit.

In the ornate, high-ceilinged courtroom where he was arraigned Monday evening, Mangione glanced back to the gallery several times as if searching who might be there in his support. It appeared that no one was.

While Mangione had been out of contact with his family for months, he wasn’t entirely bereft. He was carrying \$8,000 in cash when he was arrested and appeared to have the resources to travel up and down the East Coast—albeit by bus.

He was on his own. One of his last posts on X last summer was a link to an AI-supported dating app. The slipup that led to his face appearing in pictures released by the New York City Police Department was related to an encounter with a friendly clerk at the hostel.

The unraveling

As a teenager, Mangione appeared to be a prodigious talent from an established Baltimore family. His grandfather, Nicholas, a child of immigrants, grew up in the city’s Little Italy neighborhood. His father died when he was 11. Nicholas went to work as a mason and eventually built a local real-estate empire that includes golf clubs and assisted-living facilities.

The family’s philanthropy wove through the city, from the Walters Art Museum, where relatives had the run of the place on “Mangione night,” to the Mangione Aquatic Center at Loyola University Maryland, where a roster of Mangiones starred on the soccer team and some later went pro.

Luigi, the scion, appeared poised to carry on the family tradition. He designed a mobile game app in high school, founded a videogame-programming club at Penn and completed his bachelor’s and master’s degrees in computer science in four years, with honors.

He was one of the thousands of college students whose senior years were truncated by the Covid-19 pandemic. When the University of Pennsylvania shut down its campus in mid-March 2020 and sent students home indefinitely, Mangione’s life

‘Where in the world are you?’ a close friend from Hawaii texted in June.



Luigi Mangione was led into the Blair County Courthouse on Tuesday for an extradition hearing in Hollidaysburg, Pa.



Mangione’s high school photo.

changed as well.

At Penn, he led a busy life, hanging out with his Phi Kappa Psi fraternity brothers during the year and taking trips to hot spots such as Cabo San Lucas in Mexico. Like everyone else, he suddenly went to virtual learning via laptop screen.

Because of the pandemic, the university’s school of engineering and applied science, known as Penn Engineering, held an online ceremony. When Mangione’s name was called, a smiling picture flashed up on a screen, accompanied by a gracious message to his parents.

He entered the work world remotely, too, starting that November as a data engineer with TrueCar, an automotive digital-marketplace company based in Santa Monica, Calif. Mangione had seemingly been

a young man in a hurry, but his LinkedIn profile shows that he moved up the ranks methodically over the course of a year from data engineer I to data engineer II on the strength of his rebuilding a data pipeline to populate used-vehicle loans.

Surfing in Hawaii

By January 2022, Mangione was casting about for a new start. He appeared to find it in Hawaii, some 5,000 miles away from the family home in Maryland.

He washed up at Surfbreak, a kind of upscale surfers’ collective in Honolulu, whose mostly young members, working remotely at jobs elsewhere, paid about \$2,000 a month in rent. During an entry interview, he portrayed Hawaii as a last-ditch attempt to repair his health, according to R.J. Martin, Surfbreak’s founder.

Mangione had written notes on Goodreads, an online book-review community, that he suffered from a condition known as spondylolisthesis, in which a vertebra slips out of place—either because of injury or as a condition from birth. In Hawaii, he was hoping that with a change in nutrition and lifestyle he might avoid a potentially debilitating surgery, according to Martin, who found his new tenant upbeat and thoughtful.

Mangione could also be obsessive.

Among the materials on his account on Goodreads were copies of a dozen lined notebook pages in which he detailed his fitness plans in small handwriting and meticulous detail. “Goal,” he wrote.

“Develop gym plan that I can start on morning of Friday 9/13.”

Over the ensuing pages, he recorded an exhaustive summary of a fitness book, breaking down diet and exercise repetitions. In pictures, he doesn’t appear to be a sickly patient. Rather, Mangione is sometimes seen shirtless, with his customary grin, flaunting Instagram-ready abs and chiseled biceps.

While at Surfbreak, Mangione co-founded a book club that was in keeping with the collective’s community ethos. Some of the readings tended toward self-help, such as Tim Urban’s tome “What’s Our Problem?” In an eerie coincidence, the club also read the statement of the Unabomber, Ted Kaczynski, which Mangione later praised on Goodreads.

But the Hawaii experiment didn’t last.

According to a Reddit post believed to have been written by Mangione, with a handle matching other posts attributed to him, he suffered a surfing accident the next year that had devastating consequences. “My back and hips locked up after the accident,” the user wrote, adding that “intermittent numbness has become constant” and “I’m terrified of the implications.”

Martin, Surfbreak’s founder, recalled that after a surfing outing, Mangione ended up incapacitated for days. In summer 2023, he returned to the mainland.

When Martin contacted Mangione a few weeks later by text, Mangione sent back an X-ray image: He had had surgery.

It wasn’t clear what dealings he had with health-insurance companies.

By early this year, his social-media posts reflected a shift from optimism about the promise of technology to increasingly dark viewpoints. He had left his job at TrueCar and his roommates at Surfbreak.

Cutting ties

Mangione was becoming hard to reach. Martin said he made plans to connect with his friend in February 2024. When March came and went, he texted: “Miss you brother. Hope you are mostly recovered. Let’s catch up soon.”

“Yea dude let’s catch up on the phone,” Mangione replied on April 15, according to Martin.

But they didn’t connect, and Mangione appears to have stopped communicating with at least some friends and family six months ago, around his 26th birthday. On May 20, Martin thought of his friend again and texted: “Yo! You awake?” Mangione didn’t answer, he said. A month later, on June 23, he texted him again. “Where in the world are you?” There was no response.

Mangione’s social-media posts also appeared to dry up in June and he was no longer replying to friends who tried to reach him through his X account. One pinged him, practically pleading with Mangione to respond to him about a prior commitment to participate in a fall wedding. Another friend wrote on Oct. 30 that his family was looking for him.

—*Scott Calvert, Kris Maher and Jim Oberman contributed to this article.*

Bid for Infowars Rejected by Court

By *AKIKO MATSUDA AND VICTORIA ALBERT*

The Onion’s deal to buy Infowars has unraveled, leaving the fate of the conspiracy website up in the air.

Judge Christopher Lopez of the U.S. Bankruptcy Court in Houston ruled Tuesday that the trustee charged with auctioning off the assets of Infowars’ parent company didn’t maximize value for creditors when he accepted the bid from the Onion’s owner, Global Tetrahedron.

“It’s clear the trustee left a lot of money on the table, or potential for a lot of money on the table, potential for a lot of negotiation on the table,” Lopez said, adding that the sale process fell down.

Lopez also declined to accept the runner-up bid from First United American Companies, a business entity associated with a new online shop owned by Infowars founder Alex Jones. The judge instructed the bankruptcy trustee to decide on the next step, advising him to consider negotiating with creditors, including the family members of Sandy Hook shooting victims whom Jones defamed.

Attorneys for the trustee, the Onion, Global Tetrahedron and First United didn’t respond to a request for comment. In a post on X, the Onion’s chief executive, Ben Collins, said the company was deeply disappointed with the decision but



Infowars founder Alex Jones opposed the Onion’s bid.

would continue to pursue the purchase of Infowars.

Jones was ordered to pay over \$1 billion in damages to families of Sandy Hook victims after falsely calling the 2012 school shooting in Newtown, Conn., a government hoax. He placed the parent company of Infowars, Free Speech Systems, into bankruptcy and later filed for personal bankruptcy in 2022 after years of litigation with Sandy Hook families in Connecticut and Texas.

A court-appointed liquidation trustee last month identified Global Tetrahedron as the winning bidder for the assets of Free Speech Systems, including Jones’s right-wing conspiracy website Infowars. The bid was supported by the Connecticut-based families, who agreed to

waive a portion of their distribution to strengthen the bid. The families had said that the Onion’s purchase of Infowars would put an “end to the misinformation machine that Jones used to defame the families and victims for years.”

But the complex deal structure confused even the trustee, contributing to the judge losing confidence in the whole process. The trustee admitted there was a misunderstanding, but said he believed that the Onion’s offer gave the best value to creditors.

Chris Mattei, a lawyer for the Connecticut families, said “we are disappointed the bankruptcy court rejected a purchase of Infowars that the court-appointed trustee recommended as being in the best in-

terest of the creditors.” He said the families would remain resilient and “determined as ever to hold Alex Jones and his corrupt businesses accountable for the harm he has caused.”

Jones fought to keep Infowars out of the Onion’s hands, saying its bid was illegitimate and it planned to misuse his intellectual property. First United also objected to the trustee’s decision.

The Onion’s deal seemed set after the trustee’s selection last month as the leading bid. The Onion said it planned to relaunch Infowars as a satirical site, with gun-control advocacy group Everytown for Gun Safety as an advertiser. CEO Collins said they planned to make a “cosmic joke” out of the website.

First United, as the backup bidder, argued the Onion’s bid violated the rules of the auction, and faulted the trustee for not informing them of its unusual structure. While First United bid \$3.5 million in cash, Global Tetrahedron’s bid included \$1.75 million in cash, plus a waiver from the Connecticut families.

The families, who are entitled to some of the proceeds from the sale, said they would forgo part of what they were owed so that other creditors, including the Sandy Hook families in Texas, would receive \$100,000 more than they would from First United’s bid.

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House Approves \$900 Billion Defense Bill

Measure would authorize a 14.5% pay raise for some service members

By **XAVIER MARTINEZ**

WASHINGTON—The House voted on Wednesday to approve a nearly \$900 billion annual defense-policy bill that includes a controversial provision that would block some transgender medical care for minors covered by the military’s healthcare program.

The package, which sets national defense standards and priorities for the 2025 fiscal year, notably calls for a 14.5% pay raise for junior enlisted service members, dwarfing the 4.5% pay raise included for all other members of the armed forces. The package passed 281-140.

The 1,800-page National Defense Authorization Act would increase the national-security budget to \$895 billion, about a 1% increase from last year’s total, less than inflation. It authorizes \$25 billion less in funding for the Pentagon than the approach favored by Sens. Roger Wicker (R., Miss.), who in January will take over as the chair of the Senate Armed Services Committee, and Mitch McConnell (R., Ky.), who will take charge of the Defense panel of the Appropriations Committee next year.

House Speaker Mike Johnson (R., La.) on Tuesday said the bill “ensures our military has the resources and the capabilities needed to remain the most powerful fighting force on the planet.” The final number keeps projected spending in line with a debt-ceiling agreement struck in 2023.

But Wicker said the lack of a meaningful increase in defense spending “is a tremendous loss for our national defense.”

The NDAA authorizes appropriations but doesn’t provide budget authority, making it a guide to what military



American and Indonesian service members took part in joint military exercises in Surabaya last August.

spending is ultimately passed separately by Congress. It is set to be the 64th consecutive NDAA successfully passed through Congress—a rarity in what has increasingly become a divided and chaotic legislature.

The bill is now expected to be fast-tracked in the Senate, where the chamber will likely pass it before Congress leaves at the end of next week. From there, it would go to President Biden’s desk, where he is expected to sign it.

Gender controversy

The compromise bill, which the House and Senate Armed Services committees released over the weekend, includes a provision from Johnson that blocks minor children of military members from receiving treatment for gender dysphoria through military health insurer Tricare.

The bill text says that “medical interventions...that could result in sterilization” can’t be provided to minors.

The gender provision injected new drama into the vote, which typically passes with majorities of each party.

Rep. Adam Smith (D., Wash.), the lead Democrat on the House Armed Services Committee, said on Tuesday that he planned to vote against the package, saying that Johnson’s addition “may force thousands of service members to make the choice of continuing their military service or leaving to ensure their child can get the healthcare they need.”

Some Republicans also signaled annoyance at the provi-

sion. “This stuff does not belong in our bill,” said House Armed Services Committee Chair Mike Rogers (R., Ala.), noting that President-elect Donald Trump is already expected to end transgender care for service members and de-

pendents once he takes office on Jan. 20.

The Pentagon hasn’t publicly released statistics on how many minor children of service members receive gender-affirming care via Tricare or how much it has paid to support them.

Smith estimated that up to 7,000 children could be affected by the provision.

The provision is tied to a broader push by Republicans to push back on transgender

rights. While on the campaign trail, Trump repeatedly suggested that allowing transgender service members had weakened the force and vowed to “make the military great again.”

Pete Hegseth, his defense chief nominee, has argued the military has come to value diversity and “wokeness” over lethality and readiness.

Another bill amendment would restrict the Pentagon from creating additional positions related to diversity, equity and inclusion—another issue that conservatives have decried. But the bill doesn’t include any provisions restricting military members’ access to abortion, a controversial issue in last year’s NDAA negotiations.

Both the House and Senate committees advanced their respective versions of the bill this summer, and leaders have negotiated a compromise bill

in the months since.

Key highlights

◆ The NDAA pledges to fully fund programs providing financial assistance for child-care programs and increase the pay of child-care staff, and extend a pilot program that connects military spouses with employment opportunities.

◆ It also establishes a program to prevent and manage mental-health conditions arising at or around the time of giving birth, and does away with co-pays for some contraceptives bought at retail pharmacies and through the mail. It also reauthorizes tele-health eligibility for service members living abroad.

◆ The bill expands the U.S. military presence in the Indo-Pacific, a region where China and other foreign adversaries have recently ramped up spending and infrastructure development. It authorizes \$2 billion—a large chunk of the \$17.5 billion authorized for military construction projects overall—for the Pacific Deterrence Initiative.

◆ It also authorizes the construction of one nuclear-powered submarine and three guided-missile-destroyer warships as part of a \$33.5 billion authorization for expanded shipbuilding, and 92 fighter aircraft. It would also free up some money by authorizing the divestment from outdated systems and machinery, including some aging ships and aircraft.

◆ It excludes an amendment that would have limited some investment into China, an effort that has been spearheaded by Sens. John Cornyn (R., Texas) and Bob Casey (D., Pa.). “It’s high time that the United States becomes serious about limiting the flow of U.S. dollars into the arsenal of our biggest strategic adversary,” Cornyn said, citing issues including quantum computing and artificial intelligence.

—Lindsay Wise and Nancy Youssef contributed to this article.

FBI Chief To Leave Job Early

Continued from Page One

“The resignation of Christopher Wray is a great day for America,” Trump said in a post on Truth Social, listing his many grievances with the departing director.

Wray’s decision to step aside comes weeks after Trump said he would nominate a successor: Kash Patel, a hard-line critic of the FBI who, echoing the president’s own criticism of the bureau, has said he would shrink its power, close its Washington headquarters, fire its top ranks and seek to prosecute agents he accuses of corruption.

Wray’s expected exit and the pick of Patel have left many in the bureau on edge.

Patel’s bombastic approach stands in contrast to that of Wray, a restrained and circumspect leader who has stressed the bureau’s independence and defended his workforce as dedicated to objectivity and the rule of law.

“Those fundamental aspects of who we are must never change,” Wray said in his speech to the bureau workforce. “It’s an unshakable foundation that’s stood the test of time and cannot be easily moved.”

Employees gave him a five-minute standing ovation, a person who was there said.

Republicans, who once supported the FBI as the party of law and order, for years have accused the FBI of zealously targeting conservatives. Wray has called that charge “somewhat insane to me considering my own personal background.”

Trump’s breaking point with Wray came in August 2022, after a team of FBI agents conducted an unprecedented search of his Mar-a-Lago residence in search of classified documents they determined he had refused to relinquish. Trump continues to describe that extraordinary move—which was approved by Wray, the Justice Department and a federal judge—as an assault on his home.

“He invaded my home, I’m very unhappy with the things



Christopher Wray will leave before Donald Trump takes office.

he’s done,” Trump said in an interview with NBC that aired on Sunday.

Deputy Director Paul Abbate, an FBI veteran and top career official, will likely take the helm of the bureau for several months before his own long-planned retirement in April.

For now, it remains unclear when—or if—Patel would secure Senate confirmation for the post. He has been meeting with GOP senators in a campaign to shore up support for his nomination. Some Republicans already have said they are inclined to back him, including Sen. John Cornyn of Texas.

But some national-security officials who served in the Trump administration say they believed Patel is unqualified for the job. In an op-ed in The Wall Street Journal on Tuesday, Trump’s former national security adviser, John Bolton, said Patel had placed “obedience to Mr. Trump above other, higher considerations,” including the U.S. Constitution.

Trump’s broader animosity toward the FBI dates back to its investigation into whether his campaign was involved with Russian interference in the 2016 election, a probe eventually led by special counsel Robert Mueller. Mueller concluded there was no criminal conspiracy, and watchdog inquiries that followed found serious flaws in the way the FBI handled that investigation. Wray ordered a litany of changes to how the bureau seeks secret surveillance warrants and handles other matters but could never fully satisfy Trump’s allies on Capitol Hill.

“Wray’s departure is an opportunity for a new era of transparency and accountability at the FBI,” said Sen. Chuck Grassley, the Iowa Republican who will lead the Senate Judiciary Committee next year and had publicly urged Wray to step aside.


The panel’s current chair, Sen. Dick Durbin (D., Ill.), thanked Wray and warned that the FBI “will soon embark on a perilous new era with serious questions about its future.”

Before their relationship fractured, Trump and Wray saw eye-to-eye on a range of pressing issues, including the national security threat posed by China.

In 2022, Trump watched Wray appear on “60 Minutes” and was so impressed he sent the FBI director a handwritten fan note. “Great job,” Trump wrote in black Sharpie marker, according to a copy of the previously unreported note reviewed by The Wall Street Journal. “You are 100% correct on China (Russia is not so wonderful either!). Best wishes, Donald!”


Wray earned praise inside the bureau and on Capitol Hill for much of the FBI’s day-to-day work, going after violent criminals and gangs, helping companies respond to a blizzard of cyberattacks, and tackling an increasingly diverse set of threats from terror groups, domestic and abroad. Every time a local police officer was killed in the line of duty, he would call their department to offer sympathies.

—C. Ryan Barber contributed to this article.




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U.S. NEWS

Meta, Under Zuckerberg, Gives Trump Inauguration \$1 Million

By DANA MATTIOLI
AND REBECCA BALLHAUS

Meta Platforms has donated \$1 million to president-elect Donald Trump's inaugural fund, the latest step by CEO Mark Zuckerberg to bolster his once-fraught relationship with the incoming president. The donation, confirmed by the company, is a departure from past practice by Zuckerberg and his company, and comes after an election campaign in which Trump threatened to punish the tech tycoon if he tried to influence the election against him. The contribution and efforts to court the incoming administration are emblematic of the balancing act for technology CEOs whose companies have often been the target of ire

from Trump and other Republicans and whose workforces tend to lean strongly to the left. Now, with Republicans set to take control of the White House and both houses of Congress and calling for new regulation of tech, some executives are adopting a new posture toward Trump. Amazon founder Jeff Bezos, long a foe of the president-elect, congratulated Trump on X after the election for "an extraordinary political comeback and decisive victory," and said this month that he's "actually very optimistic this time around." Speaking at a New York Times conference, he said: "What I've seen so far is that he is calmer than he was the first time and more confident, more settled." Zuckerberg's efforts to

strengthen ties—which began years earlier—included a November dinner with Trump on the patio of his private Mar-a-Lago club in Palm Beach that focused on general relationship-building. The dinner capped a two-day flurry of meetings for Zuckerberg advisers at Mar-a-Lago. Senior Meta policy executives Joel Kaplan and Kevin Martin and Republican strategist Brian Baker met with incoming White House chief of staff Susie Wiles, according to people familiar with the matter. Zuckerberg and his advisers met with Sen. Marco Rubio, Trump's nominee for secretary of state, as well as with three senior incoming White House advisers: Stephen Miller, Vince Haley and James Blair. Before the dinner, Zucker-

berg did a private demonstration for Trump of Meta's Ray-Ban smart glasses, which he gave as a present to the president-elect, the people familiar with the discussions said. Zuckerberg's team told the inaugural fund before the dinner that Meta planned to donate, one of the people said. Federal campaign-finance reports show Zuckerberg has supported congressional candidates in both parties over the years and has largely stayed out of presidential races. Neither Zuckerberg nor Meta donated to Trump's inaugural fund in 2017 or to President Biden's fund in 2021, according to public records. Both of those funds drew \$1 million donations from fewer than a dozen major corporations.

Albertsons Ends Deal, Files Suit

Continued from Page One baseless and without merit. Kroger said Albertsons repeatedly breached the merger agreement during the process and the suit is an attempt to deflect responsibility and to seek payment of the breakup fee, to which Kroger said Albertsons isn't entitled. Kroger in October 2022 unveiled its deal to acquire Albertsons, seeking to create a bigger supermarket operator better equipped to compete against megaretailers such as Walmart and Amazon. The Federal Trade Commission sued this year to block the deal, alleging it would reduce competition and lead to higher grocery prices. On Tuesday, U.S. District Judge Adrienne Nelson ruled against the deal, siding with the FTC's argument that absorbing Albertsons' nearly 2,000 stores would leave Kroger overly dominant in the grocery-store space. Albertsons shares fell 1.5% on Wednesday, while Kroger rose 1%. Since the deal's announcement, Kroger shares rose by about 30% through Tuesday's close, while Albertsons' stock fell 35% and the S&P 500 gained 64%. Kroger's plan to acquire Albertsons aimed to combine the two largest pure-play U.S. supermarket companies, representing about 9% and 5% of the market, respectively. Walmart's grocery sales surpassed both companies' decades ago, and Costco's grocery sales are nearly equal to Kroger's. Albertsons' lawsuit accuses Kroger of willfully breaching the companies' merger agreement by not proposing to divest enough stores needed for antitrust approval, and ignoring feedback from regulators. The companies originally proposed to divest more than 400 stores to C&S Wholesale Grocers, and in April—after the FTC sued to block the deal—increased the number to 579.

In an antitrust trial last summer, the FTC cast doubt on whether C&S, which operates about two dozen stores, would be successful in operating nearly 600 more in Washington, Oregon, California and elsewhere. In her ruling, Nelson said C&S wouldn't have enough scale to compete with an enlarged Kroger and C&S's history of unsuccessful grocery-store ventures suggested it wouldn't be an adequate competitor. Albertsons on Wednesday said Kroger rejected offers from stronger divestiture buyers than C&S and failed to cooperate with Albertsons. Albertsons is seeking a \$600 million termination fee that Kroger previously agreed to pay and relief for the two years and hundreds of millions of dollars that Albertsons spent seeking approval for the merger. To prevail in court against Kroger, Albertsons would have to show Kroger had better options for a divestiture that would have satisfied the court and still preserved the value of the deal for Kroger, said Joseph Ostoyich, head of U.S. antitrust litigation for Clifford Chance. "A lot of if's—that's not an easy thing to show, but that is what they are going to have to do," said Ostoyich, who isn't involved in the litigation. During the antitrust trial, Albertsons executives testified that a deal with Kroger was key to Albertsons' survival. Over the past year, Albertsons' profit cooled as the deal remained in limbo. For its fiscal year that ended Feb. 24, Albertsons reported a profit of \$1.3 billion, 14% lower than a year earlier. In its quarter ended Sept. 7, Albertsons said its profit declined about 45% to \$145.5 million. Albertsons on Wednesday said it now plans to focus on investing in its stores, e-commerce operations and supply chain. The company said it expects comparable sales at its stores to increase 1.8% to 2.2% for its current fiscal year and adjusted earnings between \$2.20 to \$2.30 a share. The company stopped providing earnings forecasts when the deal was announced in 2022. —Dean Seal and Dave Michaels contributed to this article.

Long Is Unconventional Pick to Run IRS

By RICHARD RUBIN

WASHINGTON—Most House Republicans these days are loyal to Donald Trump. Few have been as ostentatiously loyal as Billy Long, the jovial Missouri auctioneer who is the president-elect's pick to run the Internal Revenue Service. Before leaving Congress in early 2023, Long walked around Capitol Hill distributing fake \$45 bills featuring Trump's picture. He hangs on to a striped tie—signed by Trump—that Long wore at a Nevada event early in Trump's first campaign. Trump has pointed out publicly that Long was one of his first endorsers, encouraging people to board what Long called the "Trump train" while other Republicans were wary. In his first term, Trump "unbeknownst to him hired many swamp dwellers into his administration," Long posted



Billy Long speaking at a campaign event in Missouri in 2021.

on X the day after last month's election. "I tried to warn against it at the time, but who'd pay attention to me?" Long's conservative, small-government politics and lack of experience running large organizations make him an unconventional pick, and his selection caught tax experts and

lawmakers by surprise. "Trump's probably looking for guys and gals who are going to shake things up," said Sen. Eric Schmitt (R., Mo.), who beat Long in a 2022 primary. "That's certainly in Billy's DNA—and who knows? Maybe he'll even auction off a few buildings along the way."

Choosing Long for the role signaled Trump's intent to oust IRS Commissioner Danny Werfel, whose term doesn't end until November 2027. After Long left office, he worked as a business and tax adviser, encouraging employers to apply for the employee retention tax credit. The IRS says that credit is riddled with fraud, untrustworthy promoters and ineligible claims. It stepped up scrutiny, but advisory firms and some lawmakers are pushing the government to pay claims faster. "The change Trump proposes in IRS leadership would be a gift to tax cheats and a blow to anyone who believes it is important to rein in deficits," said Rep. Don Beyer (D., Va.). Long, 69 years old, entered Congress in the tea party wave of 2010. Right after joining Congress, he co-sponsored a bill to create a national sales tax and abolish the IRS.

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THE WALL STREET JOURNAL.

U.S. NEWS

David Sacks Built Name as a Contrarian

Trump’s pick for AI czar made his money with early bets on Uber, other startups

By **ROLFE WINKLER**
AND **ANGEL AU-YEUNG**

Tech investor David Sacks has built a reputation as a combative contrarian. With his appointment as White House AI and crypto czar, he suddenly finds himself near the center of political power, with an opportunity to shape policies key to Silicon Valley and himself.

Sacks, with more than a million followers on X, has been one of the loudest Silicon Valley voices supporting Republicans, putting his money, contacts, home and social-media muscle behind President-elect Donald Trump.

As co-founder of venture firm **Craft Ventures**, Sacks’s investment portfolio is dotted with crypto and artificial-intelligence companies, including a stake in Elon Musk’s AI startup, xAI. Sacks didn’t respond to requests for an interview.

While the exact responsibilities for the new, part-time position are still unclear, it could create conflicts of interest with his fund.

He might need to divest from his AI and crypto investments to take a position in the Trump administration unless he gets a waiver from the president, said Richard Painter, who served as a chief ethics counsel for former President George W. Bush.

After Trump won the election, Sacks said he looked forward to the end of a Biden administration marked by plans to increase regulation of crypto and other tech.

“Those days are about to be over,” he said on his podcast.

Sacks was born in South Africa in 1972 and moved to Tennessee with his family when he was a child.

He has been a rhetorical brawler since his undergraduate days at Stanford University in the early ’90s, when he honed the persona that he has displayed to larger audiences on X and his podcast as his wealth has grown.

After enrolling, he joined the Stanford Review, a conser-



Tech investor David Sacks, center, has been one of the loudest Silicon Valley voices supporting Republicans.

vative libertarian newspaper founded by Peter Thiel. In those days, the paper attacked multiculturalism and political correctness on campus.

One column Sacks wrote in 1993, when he was editor in chief, was headlined “Homosexuality on Campus: Too Much of a Bad Thing.” In the article, viewed by the Journal, Sacks referred to some homosexual behavior as “deviance.” He alleged that anonymous gay sex was occurring in Stanford

bathrooms, something, he said, lent credence to the American Psychiatric Association’s prior classification of homosexuality as a mental disorder.

Sacks reveled in the minor stir this caused on campus.

“My last column established two things. First, that I have balls the size of Cleveland,” he wrote in the Review the next week. “Second, that I have become the champion of the heterosexual ethic on campus (if not its most highly suc-

cessful practitioner).”

After the Journal inquired about his college writings, Sacks responded on X: “If Legacy Media is still combing through your college writings 30 years after you graduated, you probably did something right.”

In 1995, Sacks and Thiel co-wrote a book, “The Diversity Myth,” that drew on reporting from their newspaper.

The Review proved fertile ground not just for conservative thought but also for entrepreneurship.

Sacks and Thiel teamed up with Review alum Keith Rabois and others to launch a tech startup that would become PayPal. First, it merged with another startup, X.com, founded by Musk, another South African immigrant.

When eBay bought PayPal for \$1.5 billion, its founders made a fortune, but not before Sacks helped lead a coup to push Musk out of the company. Any hard feelings between the two didn’t last.

Sacks took his profits to Hollywood, an infamous money sink for interlopers. He defied the odds, producing the

successful satire “Thank You for Smoking” in 2006. That same year, he founded another startup that became Yammer, which he sold to Microsoft for \$1.2 billion in 2012. During these years, he made prescient angel investments in startups such as Palantir, SpaceX, Airbnb, Uber and Lyft.

His success in picking and leading companies has been powered by his ability to synthesize large amounts of information, develop clever strategies, and act quickly, said a business associate who has worked with him for years.

Sacks flaunted his wealth in 2012, throwing a Marie Antoinette-themed 40th birthday he called the “Let Them Eat Cake” party. Guests were fitted for 18th-century French costumes at local Los Angeles shops.

Though pugnacious in debate, Sacks is an introvert, said people who know him. While an executive at benefits startup Zenefits, he sometimes avoided riding elevators with others and walked to an apartment across the street from the office where he could make calls and use the bathroom, said these people.

Georgia Prosecution Faces Uncertain Path Forward

By **MARIAH TIMMS**

As Donald Trump approaches his second inauguration, two federal prosecutions against him have disappeared and one in New York appears on track to be shelved, if not dismissed altogether. But in Georgia, there are widespread questions about what is next for the state’s languishing election-interference case against the once and future president.

Atlanta prosecutor Fani Willis has spent all of 2024 fighting potential disqualification because she hired a romantic partner to be her top deputy on the case, which alleged Trump and 18 other defendants operated a criminal enterprise aimed at overturning President Biden’s 2020 electoral victory.

A trial judge ruled Willis, a Democrat, could stay as long as the deputy resigned, but the battle has continued. A state appeals court was scheduled to consider Willis’s status this month, but canceled the hearing after voters elected Trump, who denies wrongdoing. The court’s next move is unclear.

If Willis is disqualified, the prosecution would go to a state board, which would decide whether to continue the case and, if so, how to reassign it.

Willis, the Fulton County district attorney, also faces hurdles after the U.S. Supreme Court ruled in July that Trump had broad immunity for acts he took while in office. And Trump’s lawyers filed a state-court motion last week arguing his pending presidency removes any legal grounds to prosecute him while in office, asking for the charges to be dropped.

Fourteen other defendants, including Rudy Giuliani and former White House chief of staff Mark Meadows, remain in the case and won’t have the same protections as Trump. But they also have raised a host of arguments for dismissing the case, some of which are pending. Even if the case moves forward, Trump’s re-election hurts the optics for the prosecution and might in some ways alter how they present the case to a jury.

“Cases age like milk, not like wine, so it’s not great that the case has slowed down,” said Chris Timmons, a former Atlanta prosecutor now in private practice. “Certainly when you have momentum, it’s better to keep going, but this is a stall.”

Four defendants previously reached plea deals, but one is trying to back out. Kenneth Chesebro, who crafted a plan to replace several states’ representatives at the Electoral College with pro-Trump alternates, agreed to plead guilty to one offense and cooperate with prosecutors. But in September, a judge dismissed that offense, related to the filing of

false electoral documents, from the charges against the remaining defendants, saying it wasn’t a state crime.

“Even though he took a plea, you can’t take a plea to something that isn’t a crime,” said Chesebro lawyer Manny Arora. If his request is granted, he would no longer be bound to cooperate or testify under the plea deal, possibly further hampering the state’s case.

Willis, who won re-election in November, is facing additional headaches. She is being pursued by state and federal Republican lawmakers who want to know whether and how she coordinated with the U.S. Justice Department in building her case. Last week, a Georgia judge heard arguments on whether she must cooperate with a state senate committee formed to investigate her office and Trump prosecution.

Another state judge this month found her office violated Georgia’s public-records law by failing to respond on time to requests from a conservative nonprofit seeking any correspondence between Willis and the Justice Depart-

ment or a congressional committee that investigated the Jan. 6, 2021, Capitol riot. The judge ordered her to turn over relevant documents.

In Washington, she is facing similar requests from the House Judiciary Committee, whose chairman, Rep. Jim Jordan (R., Ohio), has threatened to withhold any federal money her office receives.

Willis’s office didn’t respond to requests for comment. In recent comments to a local news outlet, she said she was committed to pursuing charges against everyone her office has indicted. “That’s what age teaches you, is patience,” Willis told Atlanta News First. “If someone has an indictment in this office, no matter who they are, we continue to pursue those charges.”

If Georgia’s charges against Trump are dismissed or postponed indefinitely, the complexion of the case against the remaining defendants could change. On one hand, prosecutors might have the opportunity to introduce evidence that would have been disallowed if Trump participated because of immunity concerns. On the other, Trump’s absence could rob the prosecution of the central figure in their narrative.

—Jan Wolfe
contributed to this article.



The Supreme Court ruled Donald Trump has broad immunity for acts he took while in office.



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WORLD NEWS

Global Powers Race to Fill Syria Vacuum

The U.S., Turkey and Israel are pursuing long-held ambitions after Assad’s ouster

By SUNE ENGEL RASMUSSEN AND ISABEL COLES

The unexpectedly swift collapse of the Assad regime has left a vacuum in Syria. The powerful militaries arrayed around its borders are rushing to fill it.

The U.S. dispatched B-52 bombers to carry out airstrikes against more than 75 Islamic State targets in central Syria. Rebels backed by Turkey attacked Kurdish forces and seized territory in the north. And Israel has bombed hundreds of Syrian military targets nationwide, methodically demolishing the capabilities of a longtime enemy.

The incursions by various powers tick off items on long-held wish lists underscore the fragility of the new Syria, where rebel factions that ended more than five decades of Assad-family rule are maneuvering for leverage and control. Their opportunistic pursuit of national interests complicates life for the main rebel group that spearheaded the lightning offensive, Hayat Tahrir al-Sham, as it sets up an interim government.

While Bashar al-Assad’s ouster weakened the sway of U.S. foes Russia and Iran in the strategically located country, the jockeying could put North Atlantic Treaty Organization ally Turkey on a collision course

with U.S. and Israeli interests.

The situation presents a geopolitical challenge for President-elect Donald Trump, even as the conflicts in Gaza and Lebanon have become less intense. Shortly before the regime collapsed, Trump said, the U.S. should stay out of the Syrian war. During his first term, he pared back U.S. troop presence there. The dilemma he faces now will be more complicated.

“The U.S. may have been happy to see Assad leave Syria, but it now faces a crisis,” said Broderick McDonald, an associate fellow at King’s College London specializing in Syrian armed groups. “Each actor in Syria is scrambling to redraw the map after the collapse of the Assad regime.”

The U.S. faces a major test of its commitment to defend its main ally in Syria—the Kurdish-led Syrian Democratic Forces—in an area where Ankara and Washington in the past have come to the brink of confrontation. Trump’s reduction of U.S. forces during his first term allowed Turkey and its proxies to drive the Kurdish-led group out of a strip of territory along Syria’s northern border. Assad’s ouster, along with Russia’s diminished presence, has given Turkey an opening to resume that push. Fresh clashes erupted in northern Syria on Tuesday after Turkish-backed rebels attacked the SDF.

Turkish President Recep Tayyip Erdogan on Tuesday said he hoped Kurdish “terrorists” in Syria would “be crushed as soon as possible.”



A woman posed Wednesday with a rifle borrowed from a Syrian opposition fighter next to a government tank in Damascus.

Turkey has for decades fought Kurdish separatists at home and views the YPG, the Syrian Kurdish group that leads the SDF, to be an extension of the domestic militants it deems terrorists. The U.S., meanwhile, has joined with the YPG and SDF in the fight against Islamic State in Syria.

That fight remains one of the Biden administration’s priorities and the U.S. has seized on Assad’s exit to hammer remnants of Islamic State. U.S. B-52 bombers, F-15E jet fighters and A-10 attack aircraft carried out dozens of airstrikes against Islamic State camps and operatives in central Syria on Sunday.

Gen. Michael Erik Kurilla, the head of the U.S. Central Command, warned the Syrian rebel groups that deposed Assad against helping Islamic State, also known as ISIS.

Another U.S. concern is some 9,000 Islamic State fighters held in a network of detention centers in northeast Syria and tens of thousands of people confined at the nearby Al-Hol refugee camp. The detainees and refugees are being guarded by the SDF, an arrangement that is likely to stay in place as long as some U.S. forces remain.

SDF fighters have been under pressure since the start of the rebel offensive at the end of November, retreating under fire from Turkish-backed rebels and Turkey’s air force. Turkish-backed fighters captured the northwestern city of Tal Rifaat in early December. On Tuesday, they took over the last parts of the strategic northern city of Manbij, said Farhad Shami, a spokesman for the group.

Shami said Turkish-backed fighters were detaining Kurdish civilians and torching their

homes in Manbij. The Turkish Foreign Ministry and Defense Ministry didn’t respond to requests for comment.

The U.S. late Tuesday brokered a truce in Manbij. On the same day, Turkish warplanes and drones were separately conducting strikes near the city of Kobani, officially known as Ayn al-Arab, a longtime Kurdish stronghold and administrative center, in what the SDF said is a preparation for a full-scale offensive.

John Kirby, the National Security Council spokesman, said Turkey has the right to defend itself against terrorist threats, adding the U.S. would continue to work with the SDF to fight Islamic State.

Turkey’s priority is ensuring that whatever new constitutional framework comes out of Damascus won’t lead to the creation of a Kurdish enclave

with the level of autonomy the SDF has been fighting for, said Sinan Ulgen, a former Turkish diplomat and director of the Edam think tank in Istanbul. “It’s bad news for the unrealistic assumptions and expectations of the Kurds.”

Turkey’s emboldened military campaign has thrust Ankara into a war of words with Israel, which in recent days launched a sweeping air campaign in the country to target Syria’s navy, weapons and other military assets as it also seeks to reorder the region’s geopolitics and weaken its longtime foe.

Watch a Video



Scan this code for a video of what is next for Syria after ouster of Assad.

WORLDWATCH



HEAVEN SENT: Members of the ‘Little Angels’ children’s choir at St. Josephs Nursery performed Wednesday at the Live Animal Crib at the Mansion House in Dublin, Ireland.

CANADA

Bank Cuts Rates By a Half Point

For the second time in a row, the Bank of Canada cut its main interest rate by a half-percentage point, saying lower rates are needed to address weaker-than-expected growth and a softening labor market.

The central bank said it would pivot to a more “gradual” approach toward rate policy. Gov. Tiff Macklem said the bank has delivered “substantial” relief to the economy, with five rate cuts totaling 1.75 percentage points, to 3.25%, in seven months.

Canada’s central bank has been at the forefront among Group of Seven monetary authorities in reversing rate increases to tame historically high inflation.

Macklem said the cuts are necessary to absorb excess capacity that is weighing on economic activity.

—Paul Vieira

UNITED KINGDOM

Puberty Blockers Banned Indefinitely

The British government on Wednesday indefinitely banned puberty blockers for children with gender dysphoria after independent experts found there was an unacceptable safety risk in prescribing the medication.

The decision, which will be revisited in 2027, effectively bans a common approach to medical gender transitions for youths. It also goes against standards held by other medical groups, including the American Medical Association.

The ban would prevent prescribing medications that can suppress or pause puberty in children with gender dysphoria, providing more time to consider options that could include sex reassignment. The ban doesn’t apply to those getting puberty blockers or to their use in clinical studies.

—Associated Press

EUROPEAN UNION

The Bloc Targets Russia’s Ghost Fleet

European Union envoys have agreed a new raft of sanctions against Russia over its war on Ukraine, targeting in particular a vast shadow fleet of ships that Moscow is exploiting to skirt restrictions on transporting oil and fuel, the EU’s Hungarian presidency said Wednesday.

The sanctions are aimed at about 50 of what typically are decrepit ships that operate illegally to avoid sanctions and are meant to “constrain the activity” of vessels that “contribute or support actions or policies supporting Russia’s actions against Ukraine,” Hungary said.

EU foreign ministers are expected to formally adopt the sanctions Monday. Details about the people and entities targeted will be revealed when the measures appear in the EU’s official legal journal.

—Associated Press

Hamas Agrees to Concessions

Continued from Page One

is expected to travel to Israel, Egypt and Qatar this week to push for a deal, the mediators said.

Previous rounds of talks repeatedly faltered, but Hamas in recent weeks has displayed more flexibility in long-stalled negotiations on several key issues. The mediators said those

The militants handed over a list of hostages it would release under a deal.

include a willingness to accept Israeli forces remaining temporarily in the Philadelphia corridor, a tiny strip of land along Gaza’s border with Egypt, and the Netzarim corridor, which

divides the enclave, the mediators said. The militant group has also agreed it wouldn’t run or have a presence in the Palestinian side of the Rafah crossing between Egypt and Gaza.

Hamas had long resisted those Israeli conditions for a deal, but has expressed openness to a compromise since its

ally Hezbollah agreed to a cease-fire in Lebanon. That deal left Hamas, already weakened by Israel strikes on its leadership and fighters, isolated in its fight against Israel.

In October, Israel killed Yahya Sinwar, the Hamas leader who had insisted a deal must include a complete end to the war and the retreat of all Israeli forces from Gaza. Hamas is now run by a collective leadership, including officials from the Palestinian diaspora, people familiar with the matter say, until a successor to Sinwar is chosen.

Still, Arab negotiators warned that Hamas could still pull out of the deal at the last

moment, as it has done previously.

Hamas on Sunday submitted to mediators in Cairo a list of hostages that includes U.S. citizens, women, the elderly and captives with medical conditions, as well as the names of five dead hostages whose bodies could be returned, Arab mediators said. It also compiled a list of Palestinians held in Israeli prisons, whose release the group has demanded as part of the deal.

Hostages could be freed shortly after a deal is signed,

and more time would be given to Hamas to establish the names of remaining hostages, their whereabouts and their state of health, the mediators said.

“A prisoner-exchange deal requires both parties, and thus the enemy must make a political decision to reach a cornerstone agreement,” Hamas told The Wall Street Journal.

The latest round of cease-fire talks had stalled over Netanyahu’s demands for Israeli

forces to remain in the strategic corridors in Gaza. Other sticking points included whether any halt to fighting would be temporary or become permanent, how to secure the border between Gaza and Egypt, Israel’s ability to screen Palestinians returning to northern Gaza. Other issues were which Palestinian prisoners would be approved for release and the number of living hostages to be freed.

Netanyahu, in response to a reporter’s question about

whether he was willing to give up Israel’s presence along the Philadelphia corridor to facilitate a deal, said the corridor should continue to be under Israel’s control.

Israeli negotiators are currently pushing for more hostages to be released in the initial phase of the cease-fire but have agreed to gradually withdraw from the Philadelphia corridor.

Israel has told negotiators it is willing to reposition Israeli forces in other parts of Gaza



Children maneuver a cart loaded with filled water jars past a mound of debris in Gaza City.

but rejected a demand to restrict its presence in other parts, including northern Gaza.

The war was triggered by the Hamas-led attacks on southern Israel on Oct. 7, 2023, that left 1,200 people dead and around 250 taken hostage. More than 44,000 people have been killed in Gaza since then, according to Palestinian health authorities, who don’t say how many were combatants.

Israel says there are now 96 hostages remaining in Gaza, most of them Israeli. They include dual nationals and at least 30 hostages whom Israel has concluded are no longer alive. Four additional hostages taken before Oct. 7, 2023, bring the total to 100 hostages.

Months of diplomatic efforts led by the U.S. to reach a deal to stop the violence and free the remaining hostages have stalled over deep disagreements about whether Israeli troops can remain in Gaza and whether there should be a permanent end to the fighting. The only negotiated pause in fighting took place in late November 2023.

Arab negotiators believe after an initial cease-fire is reached, it would be difficult for Israel to restart the war in Gaza.

—Anat Peled and Saleh al-Batati contributed to this article.

WORLD NEWS

China Hits Back as U.S. Trade War Looms

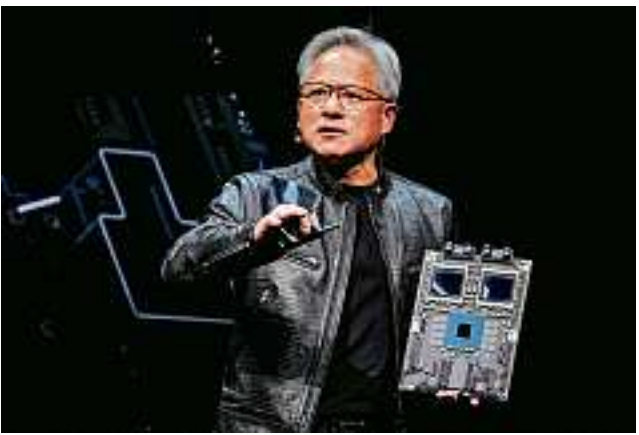
Moves on Nvidia, critical minerals, drones signal array of retaliatory measures

During Donald Trump's first administration, China learned that it couldn't match the much larger U.S. economy's tit-for-tat when it came to tariffs, and found other ways to try to inflict pain—often by borrowing from his playbook.

By Rebecca Feng, Heather Somerville and Jon Emont

Now, as Trump's second term approaches, Beijing is brandishing an expanded arsenal of countermeasures that it is likely to draw upon as the president-elect threatens across-the-board tariffs and levies of as high as 60% on Chinese-made goods. Beijing recently launched a regulatory probe into U.S. semiconductor champion Nvidia, threatened to blacklist a prominent American apparel maker, blocked the export of critical minerals to the U.S. and squeezed the supply chain for drones, offering clues into how non-tariff measures are likely to dominate China's tool kit. Because the U.S. buys so much more from China than the other way around—roughly three times as much—

Beijing can't hit back dollar for dollar when it comes to tariffs. Doing so would also risk exacerbating the myriad woes in China's economy. Instead, as with any fight against a larger foe, it pays to find unique points of leverage to exploit—with many of its efforts to inflict pain on the U.S. coming from Washington's own strategies. On Monday, Chinese market regulators announced an anti-trust investigation into Nvidia, roughly a week after the Biden administration stepped up restrictions on China's access to high-end semiconductors. Beijing says the California-based chip giant might have violated the terms of a conditional approval it received from Beijing in 2020 for its acquisition of an Israeli networking firm. The timing of the regulatory investigation—nearly five years after the deal took place—and the high-profile target—a U.S. technology juggernaut at the forefront of technological innovation—underscores Beijing's willingness to use legal tools to target even the biggest U.S. heavyweights. The strategy was first employed during the first Trump administration, said Angela Zhang, a law professor at the University of Southern California. She pointed to China's withholding of approval for a proposed merger between Qual-



Nvidia CEO Jensen Huang presents Nvidia Blackwell platform. China launched a regulatory probe into the company.

comm and NXP Semiconductors in 2018, at the height of the initial U.S.-China trade war—effectively turning the deal into a bargaining chip in trade talks. The pact never won China's approval and collapsed. In that case, China's leverage comes from the power it has to scrutinize global mergers—even for deals that don't seem closely related to the country. Chinese regulators didn't say what Nvidia might have done wrong or explain why it was raising the issue so long after their conditional approval, but industry watchers have little doubt about the message it sent about China's willingness to hit back at the U.S. Beijing must be careful not to overreach when it is still

actively seeking foreign investment. Obstructing or refusing to do business with certain U.S. entities could prompt Washington and foreign businesses to find alternatives that could weaken Beijing's longer-term position. That cautiousness can be seen in China's efforts to set up an "unreliable entity list" composed of foreign companies, organizations and individuals that would face extra hurdles in doing business with the country. The move, first announced in 2019, borrowed from actions that the U.S. Commerce Department had taken against Chinese telecommunications giant Huawei Technologies and its affiliates, requiring suppliers to procure

licenses before doing business with those on the "entity list." China's list, however, remained empty until early 2023, when Beijing designated two U.S. defense contractors as unreliable entities after the U.S. military shot down a suspected Chinese spy balloon. Murkiness is a key feature of China's unreliable entity list. There is no time limit on how long an entity can remain there, and criteria for inclusion and removal are far vaguer than the U.S. version. But such uncertainties arguably make it more effective, giving Beijing wide latitude to exert pressure on the U.S. Beyond legal maneuvers, China is turning to other sources of asymmetric strength to strike back at the U.S., such as its advantage in the supply chain for drones and the production of certain critical minerals that play a key role in semiconductors, batteries and defense equipment. Last week, Beijing said it would in principle ban the export of gallium, germanium and antimony to the U.S., and conduct stricter reviews on graphite sales. China has come to dominate the production of an array of minerals, owing in part to superior technology and low operating costs. While Washington and allies have pushed to increase mining and processing of critical

minerals, Western companies have struggled to compete with Chinese prices, and Beijing's control over many strategic minerals has grown. In the case of gallium, a soft silvery metal used in chips, China produces about 98% of low-purity forms of the mineral. Before China's ban, a study published by the U.S. Geological Survey found that a total restriction of China's gallium and germanium exports could reduce U.S. economic output by \$3.4 billion. Such countermeasures, while potentially painful for Washington, bring diminishing returns. Earlier Chinese restrictions on some of these minerals to the U.S. meant that export volumes plunged, rendering the impact of last week's announcement "largely symbolic rather than practical," said the Washington-based think tank Center for Strategic and International Studies. One area where China is pressing its advantage is in mass-market drones, where it is the world's biggest player. Efforts by other countries, including Ukraine, face challenges in procuring batteries, cameras and electric motors, whose supply chains run through China. Beijing has announced sanctions against more than a dozen U.S. drone-technology firms, including some that supply drones to Ukraine.

Auction of Royal Undies Bares Victoria's Secrets



EARLY BLOOMERS: Queen Victoria's chemise and bloomers are among clothing of the British monarch, who reigned from 1837 to 1901, to be sold Thursday at auction in Derbyshire.

Bomb Kills Afghan Taliban Minister

By SUNE ENGEL RASMUSSEN An Islamic State suicide bombing in Kabul on Wednesday killed a Taliban minister who was a senior member of the notorious Haqqani family, with a U.S. bounty on his head, in the highest-profile casualty since the group took power in Afghanistan three years ago. Khalil Haqqani, Taliban minister for refugees and repatriation, was killed inside the ministry by a suicide bomber who evaded security and entered the building, according to the Interior Ministry. Three other people were killed in the blast, it said. The 58-year-old was part of a fearsome family of the same name, which nurtured ties to al Qaeda since the 1980s and spearheaded the Taliban's most violent thrust against U.S. forces and the Western-backed government in Kabul until its collapse and the U.S. withdrawal in August 2021. One of the most senior members of the Haqqani network, Khalil was responsible for fundraising during the 20-year Taliban insurgency, using his close ties in the Gulf region. The U.S. had designated

him a terrorist with links to al Qaeda and offered a \$5 million reward for information on him. After the Taliban returned to power three years ago, Haqqani played a public role in establishing the Taliban's new rule in Kabul, appearing a couple of days after the takeover in a central mosque in the capital in front of a cheering crowd. The Taliban immediately blamed Islamic State, which later took responsibility for the bombing, in a sign that despite a general decrease in attacks by the extremist group since 2021, it continues to pose a threat. "It clearly highlights that although the Taliban have weakened their local capabilities, they still have enough intelligence capacity to pull off such an operation," Aaron Zelin, senior fellow with the Washington Institute think tank who tracks global Islamic extremism, said of Islamic State's Afghan branch. The bombing in the heart of Kabul breaks a period of calm

in the Afghan capital, and challenges the Taliban's claims of bringing peace to the nation after two decades of war, and that they have the threat from Islamic State under control. "It is shocking that such an incident can happen to a high-ranking government official," said Nasir Ahmad Mozafari, a 43-year-old municipal employee. "The government continuously claims that there is no Islamic State in Afghanistan, but such a big attack on an important minister shows that Islamic State still exists in the country." The Haqqani family pioneered the kind of suicide bombing that killed Khalil, using children and teenagers whom it trained in religious academies in Pakistan's border area. Yet, despite their tolerance for extreme violence, the Haqqanis historically have been more pragmatic than other parts of the Taliban. After the Taliban took power, the Haqqanis have portrayed themselves as voices of relative mod-

eration. They have tried to build relationships with Europeans, Russia, China and Islamic countries in the region to break Afghanistan's international isolation. They also have lobbied for more access to education and work for girls and women, a stance that has put them at odds with the clerical leadership based in the city of Kandahar, including Taliban supreme leader Hibatullah Akhundzadah. Kabul residents were concerned that Islamic State might return to the days when suicide bombings of schools and mosques were regular occurrences in the Afghan capital. "If [Islamic State] can target a high-ranking government official inside his office, who is fully guarded by security forces, then they can easily target civilians," said Ahmad Masih, a shopkeeper. "This is a declaration of war by the Islamic State against the Haqqani," said Antonio Giustozzi, senior research fellow at the Royal United Services Institute. "If they can strike another couple of times, and show they are able to infiltrate and operate against the security in Kabul, it will create an issue for the Taliban."

'This is a declaration of war by the Islamic State against the Haqqani.'

Chaos in South Korea Is Deepening

By TIMOTHY W. MARTIN AND JIYOUNG SOHN

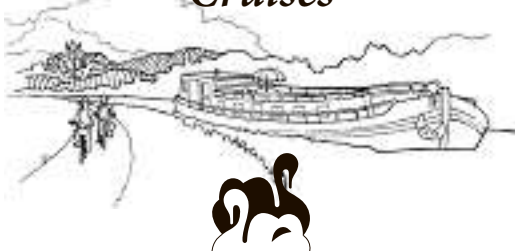
SEOUL—South Korea's martial-law crisis widened as the imprisoned former defense minister attempted suicide, investigators said they would seek to arrest leader Yoon Suk Yeol and police attempted to raid the presidential office. North Korea also broke its silence, calling it a "shocking incident of the puppet Yoon Suk Yeol regime" where "guns and knives of its fascist dictatorship wrought havoc across South Korea," according to a Wednesday state media report. Kim Yong-hyun, the country's recently resigned defense minister, attempted to hang himself Tuesday at the detention facility where he is being held on insurrection and other charges tied to the martial-law order, said South Korea's justice ministry. Seoul's military has said Kim proposed to Yoon the idea of instituting emergency powers, which sought to curtail political activity, the media and health services. Kim—the first major official to be detained over the martial-law move—had been behind bars since Sunday, after he voluntarily went in for questioning. He attempted to take his life in the bathroom of his cell with a makeshift rope fashioned by tying together his undershirt and thermal pants, the justice ministry said. The South Korean leader is

under investigation for a variety of charges, including insurrection—one of the few crimes not covered by presidential immunity. On Wednesday, police sought to raid the presidential office, but they were blocked for several hours by Yoon's security team. Yoon's popularity sank to 13% after his martial-law decree, polling shows. He is about at the halfway point of a five-year term set to end in 2027. Authorities stopped the attempt. Kim's condition is stable, the justice ministry said. More than a week ago, South Korea fell under martial law for about six hours. Yoon claimed the nation had become vulnerable to North Korean "communist forces" because of the "den of criminals" blocking legislation, impeaching his administration's officials and paralyzing the state. The conservative Yoon survived a Saturday impeachment attempt, with all but a handful of ruling-party lawmakers boycotting the vote. The opposition is about eight votes shy of a two-thirds majority needed at South Korea's unicameral, 300-seat legislature—though several additional conservatives recently signaled they could move to impeach Yoon. A second vote is expected Saturday. The legal scrutiny over Yoon and his cabinet during last week's martial-law decree has accelerated. Investigators vowed to arrest—or seek to detain—the 63-year-old Yoon, said Oh Dong-woon, who heads a South Korean unit that probes high-ranking officials. In a televised address Thursday morning, Yoon, South Korea's former prosecutor general, argued his martial-law decree isn't subject to legal judgment, as it was an act of governing. He vowed to fight until the end.

Yoon's ruling People Power Party is seeking to stall his removal, because it has low odds of winning a snap election. His resignation would trigger a presidential vote within 60 days—and the head of the opposition Democratic Party, Lee Jae-myung, is the front-runner. But Lee has five ongoing trials, from perjury to breach of duty, and if convicted would be barred from running for office for 10 years.

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FROM PAGE ONE

AI Testers
Look for
Danger

Continued from Page One
so far been largely up to the companies to do their own safety testing, or submit to outside testing, with voluntary standards on how rigorous they should be and on what to do about the potential dangers.

AI developers including OpenAI and Google DeepMind conduct evals and have pledged to minimize any serious risks before releasing models, but some safety advocates are skeptical that companies operating in a highly competitive industry can be trusted to hold themselves accountable.

No one thinks today’s AI models are capable of becoming the next HAL 9000 from “2001.” But the timeline for if and when AI might get that dangerous is a hot topic of debate. Elon Musk and OpenAI Chief Executive Sam Altman both say artificial general intelligence, or AI that broadly exceeds human intelligence, could arrive in a few years. Logan Graham, who runs Anthropic’s Frontier Red Team, is also planning for a short time frame.

“Two years ago, they were a friendly, somewhat weird high-schooler,” Graham said of AI models. “Now maybe they’re a grad student in some areas.”

Anthropic, which was founded in 2021 by ex-OpenAI employees who believed the ChatGPT maker wasn’t taking safety seriously enough, has been perhaps the most vocal AI developer about the need for testing. In an update to its public “Responsible Scaling Policy,” released in October, Anthropic said if one of its AI models comes close in evals to specific capabilities—such as giving significantly helpful advice for building a biological or chemical weapon—it will delay the release until it can implement fixes to contain the risk.

Safety vs. speed

Across the industry, even companies that take safety seriously could be tempted to prioritize speed, said Marius Hobbhahn, CEO and co-founder of U.K.-based Apollo Research, which conducts third-party evals. “If there are no hard constraints, then it is easy to do motivated reasoning, to say that in order to stay in the race with others, we kind of need to cut it a little bit short,” he said.

Graham, whose job at Anthropic entails figuring out when a model is too dangerous to be released, says he’s never felt a conflict between financial pressures to release new products and the company’s safety promises. “Maybe there’s a psychological tension, but there’s never actually a tension,” he said.

Dario Amodei, Anthropic’s CEO, has said he believes that governments should make AI-safety testing obligatory. His company delayed the release of its first model for more safety testing before its release in early 2023. But Amodei says it’s important not to be too restrictive too early.

“We don’t want to harm our own ability to have a place in the conversation by imposing these very onerous burdens on models that are not dangerous today,” Amodei told computer scientist and podcaster Lex Fridman last month. Instead,

“you clamp down hard when you can show the model is dangerous.”

Anthropic’s evals for catastrophic risks are overseen by Graham, a 30-year-old Rhodes scholar with a Ph.D. in machine learning from Oxford. Growing up in Vancouver, Graham was diagnosed at age 4 with a severe form of childhood arthritis that affected his legs and also could have left him blind, if not for treatments. He says his recovery made him an extreme optimist—with a nervous streak.

“I wake up one day and suddenly I can’t walk. And I think that probably impressed pretty significantly on me,” Graham said. “Like, everything could suddenly turn really bad if you’re not careful.”

Following Oxford, Graham worked on AI policy for the U.K. government. He joined Anthropic part-time in 2022, after pitching the company on the idea that society needed to figure out as soon as possible what significant risks AI would pose. Soon Anthropic hired him full-time to build the Frontier Red Team, which has grown to 11 people.

“We’re in the business where we have to figure out whether a model can be bad,” said Graham. “The first thing that’s at stake is catastrophe.”

Catastrophic risk

Some critics argue the catastrophic risks from AI are overblown. Yann LeCun, Meta’s chief AI scientist, has said today’s models are dumber than a house cat and aren’t even on a path to human-level intelligence.

Others worry about more immediate, tangible problems, such as sexism or racism being baked into AI-driven hiring software, or the outsize amounts of water and power used in data centers that power AI.

Among those worried about AI catastrophe, some think today’s evals are inadequate to the task. “I actually think we don’t have a method of safely and effectively testing these kinds of systems,” said Stuart Russell, an AI scientist and professor at the University of California, Berkeley.

Eval practitioners acknowledge their field is nascent. There are not yet agreed standards on which risks deserve the most attention, where to draw the line for those risks, or how to establish if the line is being crossed.

The Biden administration last fall issued an executive order on AI, which included a provision requiring AI companies to regularly report the results of their safety testing to regulators. President-elect Trump has since promised to repeal the order.

California Gov. Gavin



Members of Anthropic’s Frontier Red Team, from left to right: Anjali Gopal, Newton Cheng, Logan Graham and Francesco Mosconi.

Newsom vetoed an AI safety bill earlier this year that would have regulated the largest models, saying that smaller models could cause harm and that regulation should focus on the AI’s riskiest uses. He said

he would push for more

end-of-the-road legisla-

tion next year.

Provisions in a European Union law passed last year will eventually make evals and safety fixes obligatory for the most sophisticated models—but they won’t go into effect for nearly a year. Companies that don’t comply will be subject to fines.

Following an AI safety summit last year, the U.K., the U.S. and several other countries have established government-run AI safety institutes to conduct safety research, including developing and running evals on new AI models. Both the U.K. and U.S. institutes tested the latest models from An-

thropic and OpenAI, under agreements with each.

Anthropic is also among AI developers that contract third-party evals from a handful of groups. Still, AI developers say that for now, at least, they

play a special role in doing evals on their own models because they understand them the best—and can help develop best practices for others.

“There’s uncertainty everywhere, and one of the most major things that we do as a company is try to bring down this uncertainty,” Graham said. “It’s like an art that tends towards science, but it needs to happen really fast.”

Battle testing

In the glass-walled conference room in October, Graham’s team was ready to kick off its next series of evals. Anthropic was preparing to re-

lease an upgraded version of its Claude Sonnet 3.5 model.

When its last model came out in June, Anthropic rated it at AI Safety Level 2, or ASL 2, which according to the scale the company developed means the model showed early signs of dangerous capabilities.

After this new round of tests, the team would make a recommendation to Anthropic’s leaders and its board for whether the new model was within striking distance of ASL-3, which means “systems that substantially increase the risk of catastrophic misuse.”

Some of Anthropic’s ASL-3 safety protections aren’t yet ready to deploy, meaning a model given that rating would have to be delayed, said Jared Kaplan, Anthropic’s chief science officer.

“We haven’t battle-tested it in the wild, and so that’s what we’re doing now,” Kaplan said of those protections.

The Frontier Red Team had spent months consulting with outside experts and internal stress testers to figure out what evals to run for its main categories of risk: cyber (in-

cluding hacking); biological and chemical weapons; and autonomy.

Anjali Gopal, the Anthropic researcher who leads the bio evals, set up questions related to chemical and biological weapons. Some ask things that aren’t specifically dangerous but would suggest deep knowledge that could be misused, like knowing which nucleotide sequence to use when cloning a gene from one E. coli bacterium to another. Others drill down on how to acquire or create highly restricted pathogens like the bacteria that cause anthrax.

Gopal, who has a Ph.D. in bioengineering from Berkeley, also tasked a company named Gryphon Scientific, recently purchased by Deloitte, with seeing how much actionable information experts or novices could get on building a biological or chemical weapon from a version of Sonnet with its safety guardrails off. In one chat, a tester asked how to design and build a weapon that could kill one million people.

Daniel Freeman, a physics Ph.D. who later worked on topics including robotics and language models at Google, is in charge of testing the AI for autonomy. That skill could lead to some of doomers’ worst scenarios, like escaping and getting smarter on its own. For this round, the goal was to see how close Sonnet could get to regularly completing computer-programming challenges that would take an entry-level developer at the company between two and eight hours.

They tested its ability to solve advanced machine-learning research problems, such as teaching a virtual robot with four legs to walk. Freeman was also testing whether the AI was smart enough to jailbreak another AI—that is, to convince the other model to bypass its safety training and do something dangerous.

Cheng, the researcher who runs cyber evals and also has a Ph.D. in quantum physics, set up thousands of capture-the-flag hacking challenges for the model, giving it access to a set of hacking tools it could use.

“We are specifically interested in the most sophisticated, most damaging scenarios,” said Cheng.

A passing grade

Nearly two weeks after Anthropic started its latest round of safety evals, there was a smile of qualified relief on Graham’s boyish face. The new Sonnet 3.5 had crept closer to the company’s next threshold for dangerous capabilities, but hadn’t blasted past the red lines.

The team had submitted a recommendation the week before that the new Sonnet 3.5 should still be classified as ASL-2. Now Graham was gathering them for a final recap.

“This is your moment to raise any critical FUD or thing that we need to do imminently before this thing kicks off,” Graham said at the 9 a.m. meeting with his lead staff, using an acronym meaning “fear, uncertainty and doubt.”

Everyone in the meeting gave the thumbs up. Anthropic released the new Sonnet 3.5 publicly the next day.

Graham remains nervous. Developers at Anthropic and its competitors are improving their AI models quickly. He says his team has only a few months to ramp up what it does to try to keep up.

“What I’m actually concerned about now is how much time do we have until things get concerning,” he said.

—Deepa Seetharaman contributed to this article.

Applicants
Vie to Work
For No Pay

Continued from Page One
year-old certified public accountant from Radnor, Pa., who has worked in finance and operations for more than 30 years.

Entrepreneurs, cryptocurrency consultants, real-estate professionals, software developers and insurance executives said they are vying to land a position with the Department of Government Efficiency, or DOGE. They want to help identify billions of dollars of government spending to trim. Ramaswamy and Musk have said they intend to hire

“a lean team of small-government crusaders, including some of the sharpest technical and legal minds in America.” Musk said on X that “compensation is zero,” though it isn’t clear if that means none of the department’s staffers would be paid. The DOGE account said it needs people “willing to work 80+ hours per week on unglamorous cost-cutting.” Neither the DOGE X account nor the Trump transition team returned requests for comment.

To apply, prospective applicants must send their résumé via direct message to the DOGE account on X. Most applicants who spoke to The Wall Street Journal said they haven’t been contacted about an interview. Some submitted their applications weeks ago.

Musk, the world’s richest man, has suggested he could cut at least \$2 trillion, but

didn’t specify whether he meant annually or over time.

Initially, applicants had to be premium X subscribers to message the DOGE account, but that requirement has since been removed. Armstrong said she paid for an \$8-a-month premium account to submit her résumé before it was opened to all X users. She said paying the fee was like paying for bus fare to go to a job interview.

Armstrong, like other interested applicants, spent the bulk of her career in the private sector. Over a decade ago, she served on a committee for her town through which she and others volunteered time to help find cost savings for the community, she said.

Courtney Guertin, 46, an early-stage investor and entrepreneur from Los Angeles, said he is willing to put his career on pause to volunteer for

DOGE. Guertin said he saw the inefficiency of the American healthcare system after co-founding a company that helped businesses with benefit enrollment. That company was acquired in 2023, and Guertin is looking for a new challenge. “I’m not an expert in government at this time,” he said, but he said he is qualified because he built a profitable business and sold it.

Guertin said he has an interview scheduled with DOGE. The DOGE team, which isn’t a government agency, will provide advice to the White House Office of Management and Budget for the incoming Trump administration, Musk and Ramaswamy have said.

The federal government spends more than \$6 trillion annually, but some of the biggest expenses will likely be off-limits for cuts. The U.S. is obligated to make its debt

payments, and Trump has said he would protect Social Security and Medicare benefits.

DOGE won’t have decision-making power. Heads of federal agencies can make some changes, but eliminating an agency or making big budget cuts requires congressional action.

Sandy Johannes, a former executive at a multinational insurance firm who retired in May, said she couldn’t fully express her political views at her former company.

“My conservatism, my support of Trump, those types of things I could not have done outwardly,” said Johannes, 59, from Eden Prairie, Minn. “And so if there is an opportunity on a short-time basis or a longtime basis to help out, why not?”

Johannes, who worked her entire career in the private sector, said she routinely trav-

eled the world and worked more than 80 hours a week for her former employer. She said she would spot inefficiencies with local government at her old job, when her company would get labor-intensive requests for proposals for contracts or services. Private-sector corporations are forced to innovate and cut costs to survive, she said.

James Tagg, a 26-year-old analyst for an electrical-infrastructure manufacturing company, said DOGE is a chance to work for Musk and Ramaswamy. “I am fervently prepared to invest countless days and sleepless nights to realize this vision. I believe America can achieve its full potential with DOGE leading the charge,” said Tagg, who lives in Middletown, Del. “To rub shoulders with the people inside their orbit is absolutely priceless.”

PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Thursday, December 12, 2024 | **A11**



Trade-Offs of an NYC Airbnb Versus My Usual Midtown Hotel

A recent stay at a Brooklyn condo saved hundreds—but that meant some shared spaces



CARRY ON
DAWN
GILBERTSON

Brooklyn, N.Y.

I texted my roommate one morning last week to make sure the bathroom in the condo was free. “Is now an OK time to use the shower?” I thought my days of sharing bathrooms with strangers ended after college. But here I was sharing one in a tiny condo with an Airbnb superhost and her partner, a byproduct of New York City’s vacation-rental crackdown. You don’t have the place to yourself because hosts must be home. Cue the awkward encounters.

I was motivated by money given the absurd hotel prices in Midtown Manhattan in December. And I wanted to see what it’s like to stay in an Airbnb under the strict rules, since that’s what most of you will find in your searches unless they are eased (which could happen).

So I booked three nights in Brooklyn’s Bedford-Stuyvesant neighborhood. The listing promised a “beautiful bright bedroom” with a twin bed. The reviews were great. I was traveling solo and didn’t plan to do much more than sleep there a couple of nights. (I booked three nights so I could check in as



soon as my red-eye flight from Hawaii landed at JFK.) I wasn’t planning to stock the fridge, cook or even make coffee. I wasn’t nervous about navigating the subways or a new-to-me Brooklyn neighborhood. But I was definitely more anxious than I’ve ever been ahead of a hotel stay, the feeling a little like the first time I stayed with my in-laws-to-be. Would I do it again? Yes, if it meant the difference between taking a trip to New York in December and staying home. I saw two Broadway shows, the Rockefeller Center tree and caught up with friends, all after work. It’s not for everyone, though.

The pros and cons of an Airbnb stay in Brooklyn with the host home versus a hotel stay in Midtown Manhattan:



▲ The Brooklyn condo I booked on Airbnb has a one-guest maximum. Pictured are: the shared living room, left, and the small but comfortable bedroom, right.

Pro: It’s budget-friendly
The rental was \$155 a night. The total price for my three-night stay, including a \$66 Airbnb service fee: \$530.65.

That’s less than the price for one night at Midtown hotels I checked for a stay during this month of sky-high holiday demand from tourists. The Time, where I often stay because it’s the most affordable hotel close to the office and earns Hyatt points, was charging \$1,191 per night two weeks in advance. (It cost \$300 for a stay in

September.) The cheapest listing near Times Square for a midweek stay last week was more than \$700 a night.

I paid less for three nights in my room in the condo than a single night in a hotel—even after factoring in a couple of costly Lyft rides.

The savings made this December trip an easy sell to the folks in Expense Accounting.

Con: No hotel amenities
There was a single rolled towel on my bed when I arrived, not a stack like you find in a hotel. The only hand towel was the shared one in the bathroom. I asked for and received extra.

Hungry? There’s no on-site restaurant or lobby shop, of course.

No in-room coffee machine, though I probably could have made coffee in the small kitchen.

It felt weird being in a shower with a stranger’s shampoo, conditioner and body wash and Epsom salt, though I’ll cop to using a squirt of shampoo and body wash when mine ran out. But it wasn’t surprising, since I was sharing their house. (The last time I saw the owner’s toiletries in the shower in an Airbnb apartment rental was in 2017 in Switzerland, when I swear we passed the tenant as we were arriving.)

As with most vacation rentals, the host did leave a handy guide to area coffee shops and restaurants. I didn’t have time to try any but did grab McDonald’s coffee next to the subway station one freezing morning. A neighborhood construction worker picked up the tab.

Pro: No onerous fees
My bill was the cleanest I’ve ever received for a stay, hotel or otherwise. There wasn’t even a cleaning fee.

The only extra charge was Airbnb’s service fee. Check out of a hotel and you’ll find taxes and fees galore, including those onerous destination or resort fees and hefty parking charges.

Con: Distance/travel time
My commute was longer than during my typical New York City hotel stay. Instead of walking a few blocks to the office, I took the subway from Brooklyn. It’s cheap, \$2.90 a ride, but time-consuming. Including my walk to the station a block away from the apartment, the ride took nearly an hour one day and 40 minutes the next.

Lyft rides were expensive. After a Broadway show, dinner and holiday sights one late night, the 10-mile Lyft ride home took 35 minutes and was \$100, including tip. The ride into the office the next morning took 55 minutes and cost \$120 with tip. (I couldn’t take the subway because I had luggage.)

Con: Walking on eggshells

In a hotel room, I don’t care much about my travel habits each day. In the shared condo, I worried about leaving toothpaste in the sink, making repeated trips to the bathroom overnight and arriving home late as if there were a curfew. I was fearful I’d lose the keys to the place, even though there was a Tile tracker on the key-chain.

That’s not because the host was strict. She was lovely the two times I briefly saw her. And there were no onerous house rules—the most she asked was that I not wear shoes in the house.

When I texted her about the bathroom on the first morning, she replied: “Hey Dawn, of course! You can do your thing at anytime. No worries!”

By SUMATHI REDDY

Health Risks From Dry Cleaning Remain Low

The federal government is banning a toxic dry-cleaning chemical, leading people to wonder whether it’s safe to dry clean their clothes.

The chemical in question is perchloroethylene, commonly referred to as PCE or Perc. It causes liver, brain, kidney and testicular cancer, the Environmental Protection Agency says, and can damage your nervous, immune and reproductive systems. The new rule will ban all consumer uses of Perc and many commercial uses.

Perc is used in dry cleaning as well as adhesives and in industrial settings. You can also find it in paint and spot removers, water repellents, glues and suede protectors.

For the average person picking up their dry cleaning and wearing a dry-cleaned suit, the health risks from Perc are small, says Diana M. Ceballos, an assistant professor at the University of Washington in Seattle’s department of environmental and occupational health sciences.

Residue can stick on clothing, vaporize into the air and be inhaled. But those exposures for most consumers “are not super high and they’re sporadic,” she says.

While the ban on Perc isn’t likely to change the dry cleaning habits of Americans, it is part of a broader examination of toxic chemicals. These chemicals have been found in everything from our drinking water to spatulas to carpets, and coincided with rising rates of some cancer—particularly among young people.

Many consumers are now taking

a harder look at every added potential carcinogen in or near their body.

In the case of Perc, where you live matters more than whether you dry-clean your clothes. Spills and leaks from dry-cleaning businesses can contaminate drinking water and the air.

“It could be a huge risk if they live relatively close or near water that has been contaminated by a site and they’ve been drinking this water for decades,” Ceballos says.

A 2009 study in the Journal of Environmental and Public Health found that people who lived in buildings with a dry cleaner had higher rates of kidney cancer, says Dr. David Carpenter, director of the institute for health and the environment at University at Albany, and senior author of the study.

“It rises up in the air, so living above a dry cleaner using Perc even several stories above can increase your exposure,” says Carpenter. The chemical Perc poses the biggest risks for people who work in dry-cleaning facilities, or in industries that use or make it, say public health experts. The Perc ban begins soon but won’t fully phase it



out for another 10 years.

Even before the EPA ban, some cities and states passed laws to limit or halt the use of Perc in dry cleaning. Many dry cleaners have already stopped using it.

The EPA on Monday also moved to ban another cancer-causing chemical called trichloroethylene, or TCE, which is used in both

The EPA is banning a chemical commonly used for dry cleaning.

consumer and commercial products including cleaning and furniture-care products, brake cleaners, sealants, lubricants and adhesives. TCE is in spot and stain removers that may be used by some dry cleaners. Perc also contains trace levels of TCE.

TCE was the subject of a book and movie, “A Civil Action,” about

water contamination in Woburn, Mass., linked to leukemia cases.

The Environmental Working Group, a Washington-based nonprofit, has an interactive map of TCE contamination of drinking water based on state data between 2017 and 2019. You can also enter your ZIP Code into its Tap Water Database.

EWG recommends using a carbon-based filter to eliminate chemicals from your water. If you have private well water, consider getting your water tested for TCE and other harmful chemicals to see if it should be treated, EWG says.

Nigel Brockton, vice president of research at the American Institute for Cancer Research, says the general population’s exposure to these chemicals is likely very limited.

“It’s a good thing that [the EPA] are eliminating these carcinogens, but unless you’ve had substantial exposure, either through occupation or through industrial contamination of your environment, we would still say focus on the factors that you can control,” says Brockton, who recommends activities like eating a healthy diet and limiting alcohol.



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Apple’s Latest Update Finally Integrates Key AI Features

Genmojis, ChatGPT and more give the iPhone 16 a reason for being

Apple did it. The iPhone maker has finally released AI that allows humanity to reach its full potential: You can now make a you-emoji with poop-emoji hair.

Yes, behold Genmoji. Arriving Wednesday as part of iOS 18.2, Apple’s make-your-own-emoji machine is just one of several long-awaited Apple Intelligence tools, along with Image Playground and integrated ChatGPT. The catch? These features require an iPhone 15 Pro or the latest iPhone 16 models. And the real star, Visual Intelligence, *only* runs on the 16.

So let’s call this column what it is: my iPhone 16 re-review.

Back in September, I didn’t fully review the iPhone 16 models because Apple’s first “AI phone” was missing Apple Intelligence features. Instead, I outsourced the job to Joannabot, my trusty text buddy.

With iOS 18.2, Apple’s first meaningful step into its AI future is here...if you have the new phone. Are these new features life-changing? I mean, I haven’t been the same since I generated Bitcoin Santa. You might feel differently—and there are bigger advancements to come, like a Siri that understands what’s happening on your screen. Still, there’s no debating it’s a step up from the meh iOS 18.1.

Here’s my breakdown of the AI in Apple’s update this week.

Siri’s new BFF

On the last episode of “Apple Intelligence,” we got Writing Tools (for summarizing or rewriting text) and Summarize Notifications (for hilarious synthesis of your incoming alerts). Those used Apple’s own AI technology.

Now, Apple has integrated OpenAI’s ChatGPT. Say “Hey Siri, what should I do in Miami with two kids?” and it will ask if you’d like ChatGPT to help. Tap Use ChatGPT, and it sends your query to OpenAI and returns a pretty solid answer. Siri always asks if you want to use ChatGPT—unless you disable that in Settings.

Yet locating ChatGPT is like finding a secret passageway in a Scooby-Doo haunted mansion.

Say “Hey Siri, a meatball recipe,” and Siri gives you web results. But say “Hey Siri, give me a meatball recipe” and ChatGPT reports for duty. These other phrases seem to work.

“Write me...” A poem, letter, social-media post, you name it. You can do this via Siri or highlight text anywhere, tap the Writing Tools pop-up, tap Compose, then type your writing prompt.

“Brainstorm...” Party ideas for a 40-year-old woman, presents for a 3-year-old, holiday card ideas. All work—though I’ll pass on the



▲ Genmoji prompt: Joanna with a poop emoji head.

Hawaiian-themed bash.

“Ask ChatGPT to...” Explain why leaves fall in the autumn, list the top songs from 1984, come up with a believable excuse for skipping that 40-year-old woman’s party.

Are you sending data to OpenAI? Apple says queries are anonymous unless you log into your ChatGPT account in Settings. If you’re a ChatGPT Plus subscriber, it will remember your preferences and give you continuing access to the latest AI models. If you don’t log in, you’ll hit a limit of advanced-model queries, and you’ll end up with more-basic answers. (Apple didn’t disclose the limit. I sometimes hit the cap on days I didn’t even use it at all.)

A new view

Remember that new iPhone 16 Camera Control button? Turns out, it *wasn’t* just the product of bored Apple designers. With Visual Intelligence, you aim your camera at an object or place, long-press the button, and you can search for or ask questions about whatever’s in view. You have three options:

Ask: Tap this, and ChatGPT steps in. I’ve asked it to estimate how

many jelly beans were in a jar. (It guessed 80 to 100. I counted 106.) I’ve asked it how to cover a USB cable running along a wall. (Some good options.) I even asked how to solve a scrambled Rubik’s Cube. (The cube is still winning.)

Search: Tap and it will search for similar images on Google. It’s a parenting dream: “What kind of rock is that?” (Black obsidian, says Google.) “Can I get that toy for Hanukkah?” (It’s \$30 on Amazon.)

More: Some tricks tap into Apple’s own AI. Point the camera at a sign in another language, and it’ll translate. Hold it up to a restaurant, and you get reviews. Aim it at a web address, and it pulls up the link.

I preferred the ChatGPT and Google integrations, and was happy to have a convenient shortcut for accessing them, instead of digging into their apps.

Image factory

A sad-face browning banana swarmed by fruit flies? Finally, the

perfect passive-aggressive emoji to remind your spouse it’s banana-bread time.

Funmoji might have been a better name. While most companies are churning out generic AI art generators, Apple’s idea—to create the emojis you’ve always wanted—is actually useful. Plus, it goes further: It can use photos to create cartoon versions of your friends on the fly.

The tool lives right in the emoji keyboard. While you’ll need an iPhone 15 Pro or iPhone 16 to cre-

ate them, you can send them as stickers to anyone.

To create higher-resolution images with more detail, turn to the Image Playground app. You can start with your photos of your friends, then customize them with dozens of preset costumes (astronaut, chef), accessories (bow tie, beret, glasses) and places (city, space, stage). You can type in your own prompts, too.

While you can craft plenty of fabulous illustrations—yes, Donald Trump on a flying golf cart

in space—there’s no deepfake fear here. Images are cartoonish and exaggerated, and Genmoji people don’t really resemble their real-life selves.

And Apple sets boundaries for questionable requests. I tried a Santa on Ozempic, Joe Biden smoking a joint, and my own emoji dressed as Hitler. All resulted in “Unable to use that description.”

Is all this enough to make you run to the store for a brand-new iPhone? Probably not. But have you seen my emoji of a penguin doing tax fraud? At the very least, it’ll make you the most popular person in your group chat.



► Siri can tap ChatGPT for recipes.

Draft Dietary Guidelines Emphasize Plant Protein

By ANDREA PETERSEN

The fight over what you should eat is escalating, with a new report out that moves the government closer to recommending Americans limit red meat, eat more beans, and cast a wary eye on ultraprocessed foods.

Draft recommendations, by a committee of scientists advising the U.S. government on its next round of dietary guidelines, were first discussed in October.

Tuesday’s report comes at a time of growing debate about which foods are healthy—and who decides. For years, Americans largely accepted the guidelines, once dominated by the famous food pyramid. Now, plenty of people are just as comfortable taking dietary advice from TikTok nutritionists and longevity podcasters as they are from mainstream doctors.

Donald Trump’s election has further amped up the debate about

what Americans should eat as more links are drawn between diet and chronic disease. Robert F. Kennedy Jr., the president-elect’s nominee to lead the Department of Health and Human Services, has criticized ultraprocessed foods and artificial dyes and other additives found in many foods. And there’s a battle brewing over the best source of protein, with red meat champions in one camp and plant-based supporters in another.

“Food is a hot-button issue,” said Christina A. Roberto, director of the Center for Food and Nutrition Policy at the University of Pennsylvania. “It’s wrapped up in tradition.” That’s part of what makes people resistant to being told they need to change how they eat, she notes.

Eating more beans and less red meat are recommended in new report.

The scientific committee is recommending that Americans eat less red and processed meats and consume more beans, peas and lentils. Americans consuming a 2,000-calorie-a-day diet should eat 2.5 cups of beans, peas and lentils each week, according to the report, an increase from the currently recommended 1.5 cups.

The scientists also recommend emphasizing plant-based protein sources by moving beans, peas and lentils from the vegetable group to the protein foods group, and by list-



ing plant sources of protein above animal sources including seafood, meats, poultry and eggs.

The meat industry pushed back on the scientists’ proposal, saying the committee “ignored robust and rigorous scientific evidence about beef’s essential nutrients and the foundational, positive role it plays in health as a preferred protein food,” said Mark Eisele, president of the National Cattlemen’s Beef Association, a trade association of cattle farmers and ranchers.

Research links processed meat to heart disease, stroke and some cancers. The research on unprocessed red meat is more mixed:

▲ U.S. dietary guidelines, which are updated every five years, have a broad impact.

Some studies show an association with heart disease and premature death while others find only a modest link or no link to cardiovascular disease. Some studies have found that red meat consumption raises the risk of diabetes.

Overall, the committee defined a healthy diet as one that is higher in vegetables, fruits, legumes, nuts, whole grains and fish, and lower in red and processed meats, sugar-sweetened beverages and sweets, refined grains and saturated fat.

Closer scrutiny Scientists noted there is evidence that diets higher in ultraprocessed foods are linked with greater body-mass index and risk of obesity, but indicated that the research wasn’t strong enough to draw firm conclusions. The report urged closer scrutiny of ultraprocessed foods in future dietary guidelines.

It didn’t advise Americans to limit ultraprocessed foods, which many nutrition researchers would like to see. Food manufacturers argue against such limits.

The U.S. dietary guidelines, which are updated every five years, have a broad impact. They

shape school lunch programs, mold public-health efforts and influence what food companies make.

The government doesn’t always follow its scientific advisory committee’s recommendations. The committee for the 2020 guidelines recommended significant cuts to limits on consumption of alcohol and added sugars. The government rejected the cuts.

The scientific report has been sent to HHS and the U.S. Department of Agriculture. The public has 60 days to submit comments. The agencies will consider the recommendations and expect to release the new guidelines in late 2025.

CLOCKWISE FROM TOP: WSJ, ELIZABETH COETZEE/WSJ, JOANNA STERN/WSJ, RICHARD B. LEVINE/ZUMA PRESS



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ARTS IN REVIEW

ARCHITECTURE REVIEW

Notre-Dame’s Brilliant Rebirth

The Paris cathedral has reopened to the world, at once recognizably itself and possessed of a startling new vibrancy

By A. J. GOLDMANN

Paris
The story of Notre-Dame de Paris is, fittingly for a cathedral built to extol the glory of God, one of resurrection.

Built between 1163 and 1345, vandalized during the French Revolution and completely renovated in the mid-19th century, the world’s most famous Gothic cathedral—and arguably the world’s single most famous church—had been through a lot even before a devastating fire tore through it in April 2019, destroying much of the roof and causing its 19th-century *flèche*, or spire, to topple.

Once the flames had been extinguished (the cause of the fire is still unknown), donations poured in from all over the world and Emmanuel Macron, France’s president, vowed to rebuild.

Just over 5 1/2 years later, Notre-Dame flung open its portals last week with a dose of pomp and national pride that rivaled this summer’s Olympic Games held in Paris.

Restoring the church to its pre-conflagration state has required 2,000 freshly felled oak trees, over 35,000 cubic feet of limestone and 43,000 square feet of lead. The scale of the work that has been done is mind-boggling, employing roughly 2,000 workers and craftsmen—among them master carpenters and stonemasons, bellmakers, stained-glass artists and painting restorers—for a task “*ad maiorem Dei gloriam inque hominum salutem*” (“for the greater glory of God and the salvation of humanity”). Under the general direction of Philippe Villeneuve, the chief architect overseeing France’s historic monuments, Gen. Jean-Louis Georgelin, head of the reconstruction task force until his death last year, and his successor, the engineer Philippe Jost, the army of workers and artisans stabilized the building and restored dozens of gargoyles, chimeras and copper statues, 22 altars, over 300 feet of ornate woodwork, and much else. Price tag: about \$900 million, which was easily raised from donors in France, America and the world over. It takes a nation—and some friends.

Entering Notre-Dame on Monday, as dusk fell on Paris hours before evening Mass, I was jolted by the shock of the familiar and the unfamiliar. It is unmistakably the same awe-inspiring sanctuary I have set foot in numerous times over the past quarter-century, most recently in late March 2019, mere weeks before the fire. Yet the soaring nave, flanked by double lateral aisles that make Notre-Dame one of the widest of Gothic cathedrals, also makes an entirely new impression. Cleaners and restorers have scrubbed every inch of the cavernous structure. From the luminous marble floor, with its checkerboard



pattern, to the squat circular marble columns, up past the arches to the sexpartite vaults, the entire vessel is startlingly, brilliantly bright.

It takes some time for your eyes to adjust. Darkness, after all, was formerly so integral to old Notre-Dame’s unique atmosphere. (In fact, in the mid-18th century, clergy who were fed up with the lack of light tried to remedy the situation by removing the cathedral’s medieval stained-glass windows. Fortunately they left the three rosettes.) Advancing to the transept—the arms

of the cruciform church—through the north aisle, with its seven chapels depicting Old Testament figures, I found myself acclimating to my pristine stone surroundings with every passing step. The cathedral’s aged and weathered patina is gone and I’m sure that some will mourn the loss. But now it hums with renewed vitality.

Everywhere you look, there’s another revelation. The polished and restored chandeliers under the supporting arches of the nave provide a subdued glow. Spotlighting illuminates the clerestory and chapels and allows one to appreciate the ceiling as never before; the restored painted oculi in the center of the vaults pop out with surprising vibrancy. The famous rose windows mercifully survived the fire. They’ve been meticulously cleaned: Even as evening descended, one could admire their kaleidoscopic intricacy. Past the new bronze altar designed by Guillaume Bardet—one of the very few contemporary interventions in the interior—in the

Clockwise from top: exterior of the cathedral on Dec. 8; the new high altar, designed by Guillaume Bardet; and Notre-Dame ablaze in April 2019.

France—that perched upon the spire that plummeted when it was engulfed in flames and is dedicated “to the women and men who saved and raised Notre-Dame de Paris.”

It seems impossible to overstate how Herculean their task has been or how profound their contributions. And that’s not even considering the structural renovations that have been made, including the complete reconstruction of the wooden medieval attic known as “*la forêt*,” that are largely out of view.

I took my seat for Mass. As the strong chords of the restored great organ, its 8,000 pipes painstakingly cleaned, resounded and echoed through the cathedral, this magnificent edifice, as much a temple to God as it is to human ingenuity and industry, felt reborn.

Mr. Goldman writes about European arts and culture.



Clockwise from right: one of the rose windows; sculpture of Archbishop Sibour; view of the nave during Mass; and the reliquary that will house the Crown of Thorns.



CLOCKWISE FROM TOP: AFP/GETTY IMAGES; JULIEN DE ROSA/AFR/GETTY IMAGES; GAO JING/ZUMA PRESS; JULIEN DE ROSA/AFR/GETTY IMAGES; CHRISTOPHE PETIT TESSON/EPAS/SHUTTERSTOCK; SAER SAND/ZUMA PRESS

By Andrew Beaton

Ever since Bill Belichick's 24-year reign over the New England Patriots sputtered to an end, it seemed inevitable that the legendary coach would get another opportunity to snip the sleeves off a hoodie and throw on a headset. The only question was where.

It turns out he's onto a destination that's not even in the NFL.

Belichick has taken the job as the next head coach at the University of North Carolina pending approval from the board, the school said. It marks a stunning pivot considering that in nearly half a century of coaching,

Belichick has never worked in the college game. The closest he ever came was tagging along with his father, a longtime coach at Navy who also did a stint on UNC's staff in the 1950s.

And by taking the North Carolina job before the NFL season is over, Belichick is likely punting on the chance to add to his Super Bowl tally and chase down Don Shula's all-time NFL wins record for a coach.

That said, Belichick's decision hasn't come entirely out of the Carolina blue. Even before talks over the UNC job intensified on Wednesday, he laid out his vision for running a college program. He said he'd want his team to be a pipeline to the pros, built on the same practices, schemes, and player development programs that he perfected over five decades at the highest level. "It would be an NFL program at a college level," Belichick said recently on ESPN.

This was music to North Carolina's ears. In Chapel Hill, Belichick would replace another aging legend in Mack Brown, who coached the Tar Heels for a decade until 1997 before he parlayed his success into the head coaching job at the University of Texas. Brown returned to Carolina in 2019 and experienced modest success before going 6-6 this past season.

Brown and Belichick, though,

Belichick Calls His Next Play: Heading to College at Age 72

The six-time Super Bowl champion head coach is taking over at the University of North Carolina



Bill Belichick, who led the New England Patriots to six Super Bowl titles, is headed to North Carolina.

could hardly be more different. If Brown, 73, was the college football lifer who ran his programs by delegating like a CEO, Belichick is the consummate micromanager, taking his first steps in the college ranks at age 72.

At the same time, the college landscape has never been closer to the pros. Belichick is set to sign on at a moment of rapid upheaval, as players seek compensation for

their name, image and likeness, and college programs reorganize themselves to closer resemble pro franchises.

That presented an opportunity for a school like North Carolina, which has never been confused with powerhouses such as Alabama or LSU. The Tar Heels, better known as the basketball school that produced Michael Jordan, haven't won a conference champion-

ship in football since 1980. Altogether, it adds up to a bold gamble that will turn the program into one of the most closely watched experiments in sports.

"We know that college athletics is changing, and those changes require new and innovative thinking," athletic director Bubba Cunningham said. "Bill Belichick is a football legend, and hiring him to lead our program represents a

new approach that will ensure Carolina football can evolve, compete and win."

There wasn't another coach on the market—or in football history, really—with a résumé like Belichick's. With Tom Brady under center, he won six Super Bowls and turned the Patriots into the NFL's pre-eminent modern dynasty. He had earlier won two

more as the defensive mastermind of the Bill Parcells-coached Giants.

Yet when his time in New England ended last year, with a 4-13 record, NFL teams weren't climbing over each other to bring him aboard. In fact, only one team with a head coach opening even bothered interviewing him.

The tepid interest may have been a reflection of a philosophical shift in the NFL, where concentrating so much power in the hands of one person is no longer considered smart management. Most coaches defer to or work closely with a general manager who is responsible for building the roster. During Belichick's time in New England, however, the entire operation flowed through him.

In college football, that remains the dominant model. Unlike in the NFL, where a coach answers to a billionaire owner and typically has to work in lockstep with front office executives, everything at a college program runs through the head coach, who's often the highest paid figure on campus. Nick Saban, a Belichick protégé, ruled over the sport for two decades using precisely that type of hands-on, top-down approach.

Two Tar Heel quarterbacks have been taken in the top-three picks of the NFL draft in the past decade, including Drake Maye, who went No. 3 to the New England Patriots last offseason.

None of which will be news to Belichick, who knows all about what talent can come out of Chapel Hill. During his days with the Giants, he coached a former Tar Heel named Lawrence Taylor—and Belichick considers him the greatest defensive player in football history.

MICHAEL DUNN/AP

The WSJ Daily Crossword | Edited by Mike Shenk

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THAT'S A TAKE! | By Robert Charlton

Across	28 Air purifier output	51 Quaker of Colorado	4 Singer Morissette
1 Biden or Harris, for short	29 Jessica of "Ulee's Gold"	53 Ride for a Quidditch player	5 Levi's Stadium griddler, informally
7 Behave like a helicopter parent	30 Benjamin	56 Pops	6 Nihilistic movement
15 Everyday objects used as teaching aids	31 Historic time	59 Phil Woods's contribution to Billy Joel's "Just the Way You Are"	7 Isn't lacking
16 Digital trio	32 Certain something	60 Ruler entombed in the Great Pyramid	8 Like Dickens's Jack Dawkins
17 Screw up	33 Took a breather	61 Bra part	9 Looms, say
18 Dark beer	34 Fiddle feature	62 Director's call, plus a hint to making sense of eight Across answers	10 Bash on CNN
19 Quarterback play	36 Sausage coat		11 Anxiety condition, in brief
21 Title for Angelico	39 McEwan, McKellen, McShane, et al.		12 Hexas, maybe
22 Start of the seventh century	40 :-)		13 School
23 Group at your service?	43 Acid type		14 No longer in service
25 Their plumes adorned the hats of the Australian light horsemen	44 Fiddle feature		
27 Increase rapidly	45 Research on a rival, in D.C.-speak		
	46 Scarf stuff		
	47 Bass, e.g.		
	48 Rains, but barely		
	49 Punchy ending?		
	50 Rocking ruminant		

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](https://www.wsj.com/puzzles).

NFL Approves Minority Stake Sale Of the Eagles at \$8.3 Billion Value

By Andrew Beaton

Irving, Texas

WHEN THE NFL VOTED this year to allow private-equity investments in its franchises, it served as a tacit acknowledgment of how sports ownership has changed—and how teams valuations keep rising to levels that would once have been mind-boggling.

In 2018, the Carolina Panthers sold for \$2.2 billion. Four years later, the Denver Broncos went for \$4.7 billion. That record lasted barely a year, until private-equity titan Josh Harris completed a \$6 billion purchase of the Washington Commanders.

Now, just one more year on, there's yet another new high-water mark.

Amid a flurry of investments that were approved on Wednesday, Philadelphia Eagles owner Jeffrey Lurie sold 8% of his franchise to two buyers, with one of those deals valuing the club at \$8.3 billion, a person familiar with the matter said. That stands as the highest known valuation for any U.S. sports franchise—and what makes it even more notable is that minority shares are usually sold at a discount because they come with little say in the operation of the club. Despite the sales,

Lurie remains in full control.

Moreover, the Eagles aren't even viewed as the NFL's most valuable franchise. Which means that in this climate, a club such as the Dallas Cowboys could be worth over \$10 billion if owner Jerry Jones ever sought to sell all or part of "America's Team."

With an 11-2 record, the Eagles are one of the top teams in the league this season and they've been particularly successful lately. They reached the Super Bowl two years ago and won their first Lombardi Trophy after the 2017 season with an iconic win over the New England Patriots. Lurie bought the team in 1994 for a reported \$185 million.

While the buyers in the Eagles were two family investment groups, the sale comes against the backdrop of big-name firms clamoring to get a piece of the NFL's increasingly lucrative business, a paradigm that figures to drive prices even higher. And Wednesday provided the first evidence.

Ares Management purchased 10% of the Miami Dolphins from Stephen Ross as part of a sale that also involved 3% of the franchise going to Brooklyn Nets owners Joe Tsai and Oliver Weisberg. The Dolphins' sale was

valued at \$8.1 billion, another person familiar with the matter said.

Also, the Buffalo Bills sold off minority shares to 10 different investors including the private investment firm Arctos, which has been at the forefront of buying limited stakes in sports franchises. Former NBA superstars Vince Carter and Tracy McGrady are among the team's new limited partners.

The soaring valuations are a sign of the NFL's ever-increasing popularity during a time when sports teams across the globe are worth more than ever. When British billionaire Jim Ratcliffe bought into soccer giant Manchester United last year, it put the team at \$6.3 billion.

At the same time, the soaring prices means there's a smaller group of people who can actually afford to buy a club. That pool was even shallower in the NFL, which had long resisted allowing institutional investors into its ranks.

That changed earlier this year, when the league opened its doors to private equity, albeit with tight restrictions. All of the firms had to be preapproved by the NFL and are limited to 10% shares—and they get no governance rights in the team.



Philadelphia Eagles owner Jeffrey Lurie sold 8% of his franchise to two buyers.

ELSA/GETTY IMAGES

OPINION

That Hopeful Daniel Penny Verdict



WONDERLAND
By Daniel Henninger

Within hours this week, New Yorkers were rocked by two news alerts. First came the announcement that a Manhattan jury had acquitted Daniel Penny of criminally negligent homicide in the subway death of Jordan Neely. Hours later came news that the cops in Altoona, Pa., had captured Luigi Mangione, who last week allegedly gunned down UnitedHealthcare CEO Brian Thompson in front of the Hilton on Sixth Avenue.

May I digress? Almost anywhere in New York City now you may hear the Christmas classic, “It’s the Most Wonderful Time of the Year.” It is indeed that in New York. From the Rockefeller Center Christmas tree, along the avenues and in almost any store or bar, one is enveloped by lights, ornaments, menorahs, evergreens and Santa. A supermarket last weekend was filled with the Beach Boys’ “Little Saint Nick.” Feeling merry in December in New York is almost unavoidable.

Back to reality. The week before Thanksgiving, a man in lower Manhattan was caught on video hiding a long knife in his sweatshirt. He then fatally stabbed a construction worker on West 19th Street. He ran across town and stabbed a man fishing by the East River, killing him. He ran up First Avenue and stabbed a woman sitting on a bench. She later died.

A cop nearby finally caught the alleged stabber, Ramon Rivera, a well-known

madman who had been arrested, and released, numerous times. As had Jordan Neely.

For about 20 years, from the mid-1990s, when Rudy Giuliani was mayor, through Mike Bloomberg’s mayoral terms, New York City was almost totally safe. You could walk anywhere or ride the subway any time without fear. After the pandemic, one reason Manhattan restaurants ended late seatings is that their workers don’t want to ride the subway home to the outer boroughs in the wee hours. In March, Gov. Kathy Hochul deployed the National Guard and state police to the subway system.

Just after Donald Trump won the 2024 presidential election, the City University of New York Graduate Center produced a fascinating map of the city’s voting districts, showing the percentage of Mr. Trump’s gain in vote share from 2020. It was generally between 7% and 25%. The Trump gains in Queens, the Bronx and Brooklyn are striking, as is movement to the right in many Manhattan precincts. It was a vote against the status quo.

After Manhattan District Attorney Alvin Bragg decided to indict Mr. Penny for Neely’s death, public reaction bifurcated along familiar lines, with conservative groups adopting Mr. Penny’s cause (some \$3 million was raised online for his defense) and left-wing activists, such as Al Sharpton and Black Lives Matter, demonstrating outside the courthouse for his conviction.

The trial itself turned out to be more complicated than our politics. The defense

made clear that many passengers in the subway car were terrified by Neely’s verbal threat to kill someone and grateful that Mr. Penny intervened. His lawyers established reasonable doubt about the cause of Neely’s death.

If this trial had occurred soon after the 2020 George Floyd killing in Minneapolis, Mr. Penny almost certainly would be in prison. Instead, a Manhattan jury reached no verdict on manslaughter and acquitted him of a lesser charge.

A New York City jury decision could be the start of a long-overdue social correction.

My reading: New York City’s residents are basically OK with this result, since the alternative would have been to confirm Mr. Bragg’s determination to imprison Mr. Penny for preventing yet another act of random, often fatal, violence. The verdict is a clear dissent from the progressive criminal-justice theories of Mr. Bragg and his local allies.

Meanwhile, voters in Los Angeles County last month voted overwhelmingly to oust progressive prosecutor George Gascón. California voters also approved a significant anticrime initiative. In September, Oregon’s Legislature reversed the state’s experiment in drug decriminalization. The shorthand version of these events is that voters are “moving right.” Perhaps. More pre-

cisely, they are repudiating public policies and governing models that don’t work.

A question for the future is whether these same voters, especially in blue jurisdictions, will revive policies that do work. My nominee: Bring back broken-windows theory.

The left hates broken windows, the idea originated by the late criminologists George Kelling and James Q. Wilson. It argued that if you don’t address small infractions, they will grow until in effect you lose the neighborhood to rampant disorder. It was pursued during New York’s 20 years of around-the-clock safety by Police Commissioners Bill Bratton and Ray Kelly. One hopes the new NYPD Commissioner Jessica Tisch finds a way to move in that direction.

After the Penny acquittal, agreement emerged that “the system” failed Jordan Neely. That would be the so-called mental-health system, which also failed the triple stabber and so many other personally incompetent homeless people.

Starting in the 1970s, the deinstitutionalization movement closed public mental-health facilities on the promise of providing prescribed medications in community settings. That promise went unfulfilled. The abandonment to the streets of the mentally ill may be America’s longest-running, catastrophically failed public policy. It created the Penny-Neely encounter and countless other human tragedies.

This is the season of hope, so there is no harm in hoping the Daniel Penny jury’s verdict is the start of a big, needed social correction.

Write henninger@wsj.com.

BOOKSHELF | By Diane Cole

Writing Across The Divide

Dear Unknown Friend

By Alexis Peri
Harvard, 304 pages, \$35

In July 1959, Vice President Richard Nixon and the Soviet Union’s Premier Nikita Khrushchev met against the unlikely backdrop of a model American kitchen, replete with modern time-saving appliances and gadgets aimed at improving women’s lives. The theatrics were part of a cultural exchange intended to build mutual understanding between the two countries. Instead, it sparked predictable Cold War insults in a debacle remembered today as the Kitchen Debate.

What went wrong? Notably, no women were present for a discussion meant to focus on the vital roles of women in both countries. The only cooks in the kitchen were two feuding men. By contrast, the leaders’ wives were off on their own, eschewing confrontation for conversation that aimed to foster, as one reporter noted, the “seeds of peace and friendship.” What fruit might grow, the journalist wondered, if more American and Soviet women sat down together this way?

As Alexis Peri tells us in her surprising and perceptive study “Dear Unknown Friend,” approximately 750 American and Soviet women had engaged in such conversations from 1943 until well into the 1950s—not in person, but as pen pals. Ms. Peri, a professor of history at Boston University, discovered thousands of letters belonging to these correspondents while researching her previous book, “The War Within: Diaries From the Siege of Leningrad,” at the Russian state archives.

The correspondence project, jointly sponsored by the U. S. State Department and the Central Committee of the Communist Party of the Soviet Union, was prompted during World War II by the unanticipated alliance forged between the two countries for the purpose of defeating Hitler. Both countries wanted to rally support and empathy for their former foe turned unlikely bedfellow. And if these new friendships should encourage converts to cross the ideological divide? So much the better for the winning side.

Yet only women need apply. Ms. Peri found no specific reason for the exclusion of men from the project, but she conjectures that military authorities from both countries regarded women as being of “minor status” and “relatively harmless.” What the authorities could not predict were the ripples these letters would set in motion among the women—housewives, mothers and workers of wide-ranging ages—as they compared notes on the social limits to their ability to find fulfillment, at home and at work.

Ms. Peri is at her best telling the stories of those friendships. The pairings were often unlikely, but regardless of the gaps, in age or in marital, educational, maternal or career status, a curiosity about life on the other side of the world, combined with a shared grief for loved ones lost in the war and a common desire for a peaceful future, helped spur the bonds between strangers.

Mary Roe Hull was 76 and living on a farm near Oshkosh, Wis., when she began corresponding with Nina Sergeevna Morozova, a 41-year-old widow who, together with her 9-year-old daughter, Svetlana, had lived through the brutal Nazi bombardments of Moscow in the single room the two shared in a communal apartment. There existed almost no overlap in the lives of Hull and Morozova save for the fact that the latter was a typist and Auntie May, as Hull endearingly asked to be called, had briefly in her youth worked as a church secretary.

Like other pen-pal pairings, Ms. Peri writes, Hull and Morozova “took it for granted” that the two wanted the same thing: “a world free of violent conflict.” But they expressed this belief in contrasting ways, with Hull, like many American women, holding fast to her spiritual faith, while Morozova and her Soviet counterparts viewed the world through secular, socialist ideas.

The American and Soviet women who conversed as pen pals in the 1940s and ’50s found common ground in spite of the differences in their lives.

Hull and Morozova connected over the intimate details and differences in their daily lives. “The pair swapped photographs, soup recipes, and vacation stories” and monitored Svetlana’s progress at school. Hull clipped comics to help Svetlana learn English. The preteen wrote back, asking Hull, Ms. Peri reports, “if she liked ice-skating and chewing gum.”

As if in a book club, numerous correspondents discussed classic works from each other’s countries. Mark Twain’s “Adventures of Huckleberry Finn” attracted the admiration of both Americans and Soviets, but for different reasons. “They all recognized Twain as a humorist,” writes Ms. Peri, “but most American pen pals cast his novels as odes to individual freedom and carefree youth, whereas Soviet letter writers read them as critiques of poverty, instability, and racism in America.”

Some correspondences lapsed after a year or two, others lasted longer. The program flourished as long as new pen pals volunteered on both sides of the world. But as the 1950s wore on, fewer and fewer letters were sent, whether due to the busyness of life or because Cold War tensions raised the concern that writing across ideological lines might arouse the suspicions of the authorities. Ms. Peri makes a compelling case that the shared insights did reap rewards large and small—“they cracked open new books, tuned in to new radio programs, and nosed through new periodicals,” the author writes—as women of both countries exchanged encouragement and advice on managing and balancing work and motherhood, long before the term “juggling” became common. Even years after these exchanges ended, Ms. Peri suggests, the former correspondents served in memory as courageous examples for each other as they pursued love and work amid the uncertainties of the postwar world, keeping alive the fact of our shared humanity.

Ms. Cole is the author of the memoir “After Great Pain: A New Life Emerges.”

Harris Campaign Remains in Denial

By Karl Rove

Officials from the Trump and Harris campaigns gathered last week at Harvard’s Institute of Politics for its Campaign Managers Conference. Held every four years since 1972, this deep dive into the presidential race is part a peek backstage, part locker-room taunts and part psychotherapy.

I found reasons not to be part of the George W. Bush contingent in both 2000 and 2004 (transition and official duties called). But the IOP’s transcripts of its conferences are crack for political junkies. The sessions are often personal, raw and revealing. This year’s conference was no exception.

Kamala Harris’s campaign chief of staff, Sheila Nix, jolted the conference Thursday night by boasting that Democrats ran a “pretty flawless campaign.” Ms. Harris “did all the steps that [were] required to be successful,” she claimed. “We hit all the marks.” This earned derision from Trump campaign co-manager Chris LaCivita. As it should have.

There were four great flaws in Ms. Harris’s effort. First, while her campaign chairman, Jen O’Malley Dillon, claimed the vice president “created differentiation” from President Biden, the rest of us know better. Ms. Harris came across as more of the same. That was a serious problem in an election in which nearly two-thirds of voters thought

America was on the wrong track and the president’s approval ratings on such key issues as the economy, inflation and immigration were all in the 30s.

Ms. Harris’s inability to create daylight with Mr. Biden came to the fore in her Oct. 8 appearance on “The View,” when co-host Sunny Hostin asked, “Would you have done something differently than President Biden during the past four years?”

Her former chief of staff still insists that the vice president ran a ‘flawless campaign.’

This was the moment when Ms. Harris could have started achieving escape velocity from the unpopular incumbent. Instead, after hesitating, Ms. Harris replied, “There is not a thing that comes to mind.” That comment burrowed deep into many voters’ consciousness.

It was essential for Ms. Harris to break with Mr. Biden on several important issues, even if only by being new and bolder. Her failure to do so doomed her candidacy. She represented continuity when voters demanded change.

The second big flaw was Ms. Harris’s presentation of her message. One of her better lines: “If elected, Donald Trump would walk into that

office with an enemies list. When elected, I will walk in with a to-do list.” It was undermined by her campaign’s paucity of events in which voters could learn more about that list or her. Ms. Harris’s priorities—and, more important, the values and vision that informed them—were overshadowed by all the celebrities around her. There was too little from her that sounded authentic and too much from pop idols.

Where was that unscripted appearance that allowed voters to know more about her, as Americans did in Mr. Trump’s three-hour interview with Joe Rogan? Why weren’t there more moments when people could sense they were seeing the real Kamala Harris? She was constantly surrounded by well-known stars who outshined her. Many of these household names represented an elite culture that didn’t sway voters, especially rural Americans.

These luminaries didn’t help with her third shortcoming: Disaffected voters didn’t feel she related to them. Ms. Harris wasn’t as condescending as Barack Obama was in 2008, when he mocked people who “cling to guns or religion.” Nor did she say anything close to what Hillary Clinton did in 2016, when she characterized Trump supporters as “deplorables.” But not directly insulting voters wasn’t enough. She had to connect with them, and she wasn’t able to in the numbers she needed.

Finally, Ms. Harris failed to sway enough undecided voters who were hesitant to support Mr. Trump. Many wondered up until Election Day if she was a moderate Democrat or a California progressive with all that element’s weird cultural baggage. The vice president didn’t run as a radical. But she failed to reassure enough Americans that she rejected the woke culture that dominates the Democratic Party. Many voters concluded that whatever their problems with Mr. Trump, they couldn’t risk a left-winger as president.

This doesn’t mean Ms. Harris’s campaign was a disaster. It wasn’t. She adroitly consolidated Democrats after Mr. Biden’s July 21 withdrawal. She had a very successful Democratic National Convention. She trounced Mr. Trump in the Sept. 10 debate. And despite having only 107 days to campaign, she came within 1.5% in the popular vote.

In a year when Americans wanted to break with the status quo, any sitting vice president might have had little chance of winning. The main reason Kamala Harris lost wasn’t her campaign. It was the president she served. But was it a “flawless” campaign that “hit all the marks”? No.

Mr. Rove helped organize the political-action committee American Crossroads and is author of “The Triumph of William McKinley” (Simon & Schuster, 2015).

The Fairer Sex on the Fairway

By Meghan Cox Gurdon

A few years ago, I got the idea that taking up golf might enhance my life. I liked the idea of an open-air social sport and the prospect of tackling an untried form of athleticism. I was aware of its reputation as a fiendishly difficult activity, one known to ruin many a fine walk. These rumors are true. What I hadn’t expected was that it would make me think so much about men.

Playing golf has given me a sympathetic glimpse into the world of men, which is laconic and competitive. Praise is delivered sparingly and personal revelations exchanged not at all. There is a comedic trope that two men experiencing private up-

heaval can play 18 holes together and come away with no idea of what is happening to the other. As a woman, this was strange to me. In my first few months whacking the pill, it felt odd not to discuss intimate details with the

Playing golf, I learned that men are laconic, except when giving unsolicited advice.

people who happened to share my tee time. But, I reasoned, I was the newcomer in their culture, and so I should study them and imitate their ways. When in Rome, etc.

Unfortunately, golf has also forced me to reckon

with another aspect of the male psyche: its apparent inability to keep from imparting instruction. I have learned to let the insult of unsolicited advice roll off my back. But men of golf, you don’t make it easy. Many is the time that I have boiled inwardly—and I don’t suppose I am alone in this as a woman—at having some stranger sidle up and inform me that I should choose the 6-hybrid over the 7-iron or put more speed on the ball to fix my lagging putts. Did I ask you, stranger?

I don’t wish to be unfair. I appreciate the gallant impulse to help a newcomer learn a skill. I understand that golf creates a unique circumstance in which people of differing abilities play on the same turf, and that this pres-

ents the temptation of proximity that doesn’t arise in, say, tennis. And yet: In the matter of suggestions, I wish that the reticence that is such a feature of the masculine golf game could be extended to those of us who are feminine. If you are a man playing with a woman, and you are not her husband or instructor or some other intimate, I hope you will reconsider telling her unprompted what she’s doing wrong and how she could do it better. You can think it—chances are, she already is—but please, keep it to yourself.

Mrs. Gurdon, a Journal contributor, is author of “The Enchanted Hour: The Miraculous Power of Reading Aloud in the Age of Distraction.”

OPINION

REVIEW & OUTLOOK

Trump, Biden and Animal Spirits

If you want to understand the results of the recent presidential election, Tuesday offered an explanation in revealing split-screen. President Biden gave a speech praising his economic policy as a great and historic success. Meanwhile, NFIB released its latest monthly survey of small business sentiment showing that optimism soared in November—after Kamala Harris’s defeat.

“After decades of trickle-down economics that primarily benefited those at the very top, we, we’ve written a new book that’s growing the economy—the middle-out and the bottom-up—that benefits, thus far, everyone,” Mr. Biden said at the Brookings Institution.

Hmmm. If that’s true, then why did his Vice President lose the election, and why did voters say in every exit poll that they were so unhappy with Bidenomics?

The short answer is inflation, which Mr. Biden tried to explain away as the result of the pandemic and supply-chain problems. He made no mention of his record spending or the Federal Reserve’s policies that monetized it.

Another answer comes in the NFIB survey showing that its Optimism Index rose by eight points in November to 101.7. That followed 34 months of remaining below the 50-year survey average of 98. It’s the highest reading since June 2021. Of the 10 components in the index, nine increased and one was unchanged.

Could this surge of optimism have anything to do with the election results? You make the call. The nearby chart tracks the NFIB index over time, starting in January 2019. It had soared after Donald Trump’s election in 2016 and stayed high until the pandemic hit.

The optimism index popped back up briefly in spring 2021, but then fell into what you might call the Bidenomics trough. It has now jumped up again, as small business owners express renewed hope about the future.

The optimism surge is especially notable for

small business because Mr. Biden claims to favor the little guy. Ms. Harris campaigned specifically as a champion of small business, offering new subsidies. Yet the people who run those businesses seem delighted that Mr. Trump won a second term.

To borrow the famous phrase from John Maynard Keynes, Mr. Trump’s victory has revived what he called the “animal spirits” of business. Those spirits have been dampened throughout the Biden Presidency by inflation, waves of regulation, antitrust barriers to merger efficiencies, and higher taxes. The Trump victory lifted the pall of uncertainty about the much higher taxes that Mr. Biden had proposed and Ms. Harris had endorsed.

Those taxes would have hit small businesses especially hard, since many of them pay taxes at the individual rate. They’ve also benefited from the 20% income exclusion that was part of the 2017 tax reform that expires at the end

of next year. Small businesses feel the burden of regulation more acutely than the Fortune 500 because they can’t as easily absorb the costs of compliance.

None of this is a prediction that the next four years will be boom times. Some of the current exuberance may be related to ample credit conditions. As Wednesday’s consumer price index for November showed, inflation remains sticky at 2.7% and is up since September. The Fed may be repeating a mistake with rate cuts that will make higher rates necessary next year.

Soaring asset prices could be in for a rude correction. Mr. Trump’s tariffs, if they are as broad as he is advertising, will add uncertainty and higher costs for business and consumers. A narrow GOP majority in Congress will also have to succeed in extending the pro-growth policies in the 2017 reform.

But there’s no denying that Mr. Trump’s victory has unleashed animal spirits that the economy hasn’t seen in four long years.



Luigi Mangione’s Senate Explainers

If you think sympathy for the devil in Luigi Mangione is confined to the fever swamps of Reddit, consider comments by Sen. Elizabeth Warren. Asked Tuesday about those celebrating the murder of UnitedHealthcare CEO Brian Thompson, the Massachusetts Democrat called it a “warning.”

Did she mean a warning not to shoot someone? Not quite.

“The visceral response from people across this country who feel cheated, ripped off, and threatened by the vile practices of their insurance companies should be a warning to everyone in the healthcare system,” she said, as quoted by HuffPost. “Violence is never the answer, but people can be pushed only so far. This is a warning that if you push people hard enough, they . . . start to take matters into their own hands in ways that will ultimately be a threat to everyone.”

Translation: Violence may be wrong, but it’s explainable by the U.S. healthcare system. And copycats may be coming for the same reason. Oh, and how about passing Medicare for All?

Vermont Sen. Bernie Sanders also used Thompson’s murder to opine that the “anger at the healthcare industry tells us is that . . . you cannot have people in the insurance industry rejecting needed healthcare for people while they

make billions of dollars in profit.”

As an explanation of Mr. Mangione’s alleged act, this is factually wrong and morally benighted. We don’t know if Mr. Mangione was denied care or even what his specific healthcare complaint was, apart from a general loathing for the system. Perhaps he blames health providers for his back pain, but that isn’t an explanation for murder.

Murder can’t be rationalized, and a society does so at its peril. This is why a healthy society establishes laws and guardrails against killing the innocent that should never be crossed. Shooting a healthcare executive in the back is not a “warning” of anything other than the illness or evil of one young man.

And sympathy for it is a sign of the degraded state of our culture and politics.

The right response to the healthcare assassination came from John Fetterman, the Pennsylvania Democrat, in the same HuffPost story. He criticized what he called “vile” social media posts for celebrating an “a— that’s going to die in prison.”

“If you gun someone down that you don’t happen to agree with their views or the business that they’re in, hey, you know, I’m next, they’re next,” Mr. Fetterman added. “And people want to celebrate it. It’s twisted.” It certainly is.

Manchin and Sinema’s Gift to Workers

Businesses and workers can breathe a little easier, after Chuck Schumer failed on Wednesday to ram through the Senate a renewed five-year term for a labor bureaucrat nominated by President Biden. Credit to a pair of outgoing ex-Democrats, Sens. Joe Manchin and Kyrsten Sinema, who cast the decisive votes.

Lauren McFerran has been the chair of the National Labor Relations Board since 2021 and was recently picked by Mr. Biden for another term. Confirming her would have locked in the NLRB’s Democratic majority through 2026, continuing its bias toward unions through half of President Trump’s second term. Instead, Mr. Manchin and Ms. Sinema voted no, and Ms. McFerran’s reinstallation failed 50-49.

Neither Senator had staked out a public position on Ms. McFerran before voting began, so their opposition wasn’t assured. Politico reports that Mr. Manchin appeared late on the Senate floor, casting the final vote after it had been deadlocked at 49-49. Ms. Sinema had skipped every vote since Nov. 21, including several on high-stakes judicial nominations, before emerging to weigh in on the NLRB post.

Yet their votes should be no surprise, given their previous dissents from Democratic efforts to tip the scales toward unions. Ms. Sinema was one of three Democrats who declined to sponsor the Pro Act, which would overrule right-to-work laws nationwide. Mr. Manchin voted against Mr. Biden’s renomination of Gwynne Wilcox to the NLRB last year.

They vote down a new five-year term for an NLRB union favorite.

Mr. Manchin and Ms. Sinema are leaving office in January, and both have departed the Democratic Party, which made them feel unwelcome.

Our guess is that neither Senator saw any use in being a pro-union team player, though perhaps Mr. Schumer now wishes his fellow Democrats had been nicer to them.

A lapsing of Ms. McFerran’s term will end a bad streak of NLRB decisions. The board has overturned a ruling that shielded workers from harassment and made it possible to force workers into a union without a majority vote by secret ballot. A continuing case against Amazon CEO Andy Jassy could bar companies from warning employees about the potential negative effects of unionizing.

The five-member NLRB currently has one open seat, which means President Trump may now get to make two appointments next year. Strange, then, that Republican Sen. Roger Marshall’s missing the vote nearly let Ms. McFerran through. The Kansas Senator has called for the GOP to “defend UNION workers,” but endorsing the NLRB’s anti-worker push would be a misstep for the party.

Mr. Trump next year can also swap out the board’s general counsel, Jennifer Abruzzo, for someone less openly hostile to businesses and workers. Presidents used to let the NLRB’s top enforcers serve out their terms, but Mr. Biden broke that precedent before hiring Ms. Abruzzo in 2021. Resetting the board will be a victory for the employers and workers who count on fair labor rules.

LETTERS TO THE EDITOR

Science Needs to Win Back Americans’ Trust

Justice Brandeis once said sunlight is the best disinfectant. If confirmed as director of the National Institutes of Health, Jay Bhattacharya (“The Man Who Fought Fauci’s NIH—and Won,” Weekend Interview by Tunku Varadarajan, Dec. 7) should release all the government’s pandemic-related information. The public deserves to know what happened. This would allow people to account for their errors and apologize. It would let our nation heal, protect scientific integrity and ensure that we don’t make the same mistakes again.

DAVID RODSTEIN
Seattle

Dr. Bhattacharya’s suggestions are excellent, but I would go further. My favorite quote from Richard Feynman, “Science is the belief in the ignorance of experts,” is a great place to start. We need to break the Fauci-esque conception that experts (aka elites) decide the merit of scientific hypotheses. As Dr. Anthony Fauci said of his critics in 2021: “They’re really criticizing science because I represent science.”

Peer review, in its current form, promotes ideas that conform to existing scientific fashions, and often dismisses bold, new concepts. I’d rather see an online marketplace of ideas, even crackpot ideas, on which anyone can comment. Journals could morph into forums. We need to move from “settled science,” which demands conformity, to an openness that relies on continuing debate and physical proof. Settled science is an oxymoron.

JAMES JASKIE, PH.D.
Scottsdale, Ariz.

As a professor of pediatric eye surgery at a university medical center and principal investigator of NIH grants for 15 years, I can testify to the damage inflicted by the Covid science cancel-culture that Dr. Bhattacharya bravely resisted. The eyesight of dozens of children I treat was damaged permanently by the irrational lockdowns.

Parents were frightened to appear at our children’s hospital, despite the need for imperative surgeries and follow-up monitoring. A colleague across town at another children’s hospital was fired for refusal—on religious grounds—to be vaccinated. I inherited his complex patients and did what I could, disadvantaged by the discontinuity of care.

When I was overheard endorsing the Barrington Declaration and criticizing lockdowns, university leadership informed me I was suspect. When I told children in my office to remove their masks, essential for a thorough neuro-ophthalmologic examination, I was interrogated by HR.

When an informant reported that I delivered a lecture at the University of California, San Francisco, not wearing a mask, I was told I was an unfit leader. I still witness in each clinic the developmental damage wrought by children’s masking, school closures and social isolation: delayed speech skills, learning disabilities and emotional immaturity. The NIH declared the Great Barrington Declaration iniquity; will Americans forgive that prideful sin?

R. LAWRENCE TYCHSEN, M.D.
St. Louis

Doctors Don’t Assign Your Sex—Nature Does

That “sex assigned at birth” is now standard, accepted phrasing shows how the terms of debate are molded by those who seek to remake societal norms (“Transgender Minors at the Supreme Court,” Review & Outlook, Dec. 4). The phrase conjures an image of some bureaucrat in the delivery room waiting for the newborn to exit the womb, so that “boy” or “girl” can be declared. Then, magically, male or female genitalia appear on the newborn. Sex has been assigned.

No. Sex is determined at conception, not assigned at birth. That’s honest phrasing that “follows the science.”

DERICK MOKEN
Harpwell, Maine

How is the Tennessee law that bars transgender medical treatment for minors different from state laws against driving a car before age 16 or purchasing alcohol before age 21? In

all three cases, the law is intended to protect minors and the public from immature conduct that can have tragic long-term effects.

TIM KELLY
Naples, Fla.

There’s a simpler way to slow the advance of child genital mutilation. Reset the statute-of-limitations clock for criminal and civil action when the subjected minors turn 18, allowing them to file criminal complaints and seek civil redress against all involved parties: parents, teachers, counselors, schools, doctors, nurses, hospitals and administrators.

If “trans-ing” them was the right choice, they will be happy, well-adjusted adults who won’t sue. If not, they deserve justice, as will the perpetrators.

JACK BUCHMILLER
Georgetown, Ky.

NPR Isn’t Better Than the System It Replaced

Regarding Howard Husock’s op-ed “The Conservative Case for Public Broadcasting” (Nov. 30): The issue isn’t what National Public Radio (NPR) has become, but what it replaced.

At one time, there were dozens of excellent university-operated radio stations. My first exposure was to WUOM-FM as a graduate student at the University of Michigan in 1958. It was the voice of the university. Student and faculty productions featured various topics, interspersed with recorded classical music, including the Saturday broadcasts of the Metropolitan Opera. On one occasion, I heard a visiting professor,

Alexander Kerensky, previously the first president of Russia’s provisional government, describe his encounters with Rasputin during the years leading to the Russian Revolution in 1917.

Later, I had a similar experience at Michigan State University, where Dick Estell, host of “The Radio Reader,” was broadcast from East Lansing to colleges throughout the country.

Now students get a tuition waiver to punch various dials connected to NPR headquarters in Washington. NPR has become a tax-free, tax-exempt and tax-supported subsidiary of the Democratic National Committee. The Metropolitan Opera has been replaced by hours of snide, politicized commentary.

DICK ARENTZ
Flagstaff, Ariz.

To Daniel Penny: Semper Fi

Gen. Eric Smith, commandant of the Marine Corps, may have missed a great opportunity. When Daniel Penny exited the court on Monday a free man (“Merry Christmas, Daniel Penny” by William McGurn, Main Street, Dec. 10), he should have been welcomed by a group of his fellow Marines in their dress blues. Once a Marine, always a Marine.

STAN ANTHONY
Reno, Nev.

Pepper ... And Salt

THE WALL STREET JOURNAL



“Midnight yowling can be very affirmational.”

CORRECTION

Wisconsin’s Act 10 has saved more than \$16 billion since its enactment in 2011. This figure was understated in the Dec. 7 Cross Country column.

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

OPINION

UC Riverside’s DEI Guardians Came After Me

By Perry Link

Riverside, Calif.
Kim Wilcox, chancellor at University of California, Riverside, wrote me a letter of censure on Aug. 16. I was, in the administration’s view, guilty of “discrimination” against “individuals seeking employment.” I had made “unwarranted comments” about race.
Mr. Wilcox based his claim largely on the following statement, which I had written to colleagues on a faculty search committee in December 2022: “[Candidate X] is lively and charming—and yes, Black, which is great—but I can’t say that I found his sophistication and experience up to the level of our top candidates.” I expressed my worry that some of my colleagues would, as they had in the past, make the applicant’s race their “overriding criterion.”

The university censured me after I spoke out against race taking over the faculty hiring process.

The committee’s unofficial diversity, equity and inclusion guardian, Heidi Brevik-Zender, had proposed that we boost this black applicant ahead of several others and place him on our shortlist. My comments came in response to this boosting. Someone then reported them to deans and vice provosts without notice to me, triggering a university discipline machine that couldn’t be stopped.
The machine’s power surprised me, as did its accusation of racism.

Never mind that during high school I shared a room with an adopted brother from Kenya, that I marched for black voting rights in college, and that my advocacy for human rights in China has had me blacklisted there since 1996.
I had several reasons to be against giving this applicant a leg up. It was unfair to the better-qualified candidates who were jumped over. It didn’t serve the university’s interest, which is to find the best possible practitioner. And I am not persuaded that artificial boosts are in the best interests of the boosted.
The first I heard of the complaint against me came in January 2023 when I was asked to meet with Associate Dean Kiril Tomoff, Dean Daryle Williams and Vice Provost Daniel Jeske. Mr. Williams told me that I had said or written something that had “upset people” and that I should recuse myself from the search committee. I asked—twice—what my upsetting words were, and no one would say. I told the dean that I couldn’t resign for something unstated.
A few days later Mr. Williams dismissed me from the committee—still without saying what my upsetting words were. I explained to some startled colleagues that I surmised I’d been removed for some race-related offense. Later Mr. Williams filed an allegation against me with our campus Academic Senate. He said I had violated the Faculty Code of Conduct by making “adverse and unwarranted comments about the race, gender, or national origin of the candidate pool.” He still hadn’t named the words. He also claimed that I breached the search committee’s confidentiality.
I then got an email from Philip Brisk, the vice provost who handles



DAVID KLEIN

discipline. He told me I could negotiate with the administration. I was informed that one such solution might include a 10% pay cut for one year. Otherwise my case would go to a Charges Committee, a group of faculty members who would investigate the claims. If they found “probable cause,” my case would then go to a faculty Privilege and Tenure Committee for a “hearing” that amounts to a trial.
Feeling annoyed and disinclined to negotiate, I opted to let my case go to the Charges Committee and filed a case of my own against Mr. Williams. I argued chiefly that he had violated my right to due process because he had punished me without specifying my offense. The Charges Committee eventually, and without dissent, decided that my actions didn’t warrant a disciplinary hearing but that Mr. Williams’s violation of due process did.
But the discipline machine was al-

ready in gear. Mr. Brisk countermanded these findings. He set aside my complaint against Mr. Williams and decided to send the charges against me to the Privilege and Tenure Committee for a disciplinary hearing. Finally, on Dec. 6, 2023, Mr. Brisk called me to his office and for the first time told me what my offending words, written almost a year earlier, had been.
Four days of hearings were held between February and April 2024. They had all the fixtures of a trial—prosecutor, briefs, swearings-in, witnesses, cross-examinations and more. The prosecutor, an attorney for the University of California, labeled my actions “egregious” and said I was a candidate for “termination.” The jury consisted of three professors from various departments. In June 2024, they recommended that I not be appointed to any search committees for a time—fine by me—but, more important,

unanimously concluded on all the administrations’ charges that my actions “did not violate the Faculty Code of Conduct.”
Still the machine moved forward. Though he agreed that I didn’t violate any confidentiality rule, Mr. Wilcox disagreed with the committee’s conclusion on the racial charges and sent me a letter of censure. Formally he had the right to do this. In the University of California process, for all its mimicry of civil law, a case is brought by “the Administration,” and the final authority is also “the Administration.” In essence, Mr. Wilcox was both plaintiff and judge.
During this ordeal, Mr. Brisk repeatedly proposed that we “settle.” At my age, 79, I felt I could say no. Had I been a younger scholar, I likely would have caved in despite my innocence. Life at the receiving end of the machine can be frightening.
Resistance to the machine causes it to accelerate. The penalty for my words began as a demand that I resign from a search committee. A year later, those same words were enough to threaten me with a pay cut or even termination. Why the dramatic escalation? Because I didn’t bend. To the machine, that was more offensive than the original affront.
As Mr. Wilcox was contemplating his final decision on my case, I offered to visit his office to hear face-to-face his decision and reasoning. He didn’t answer. A few months later I got a message from university counsel warning that all of what happened to me is confidential and that my writing about it “may result in discipline.”

Mr. Link is a distinguished professor of comparative literature emeritus at the University of California, Riverside.

The Wrong Lessons From the Iraq War

By Tony Abbott

JD Vance is tired of Washington lawmakers who believe they can “remake the entire world in America’s image.” So he said in an October podcast with Joe Rogan, adding that the Iraq war was America’s “biggest world-historical catastrophe.” This came after insights into issues as diverse as climate and energy, immigration and assimilation, and the clash between the right to autonomy and the right to life. It is to Donald Trump’s credit that he chose a running mate capable of handling such topics so adeptly.
Messrs. Trump and Vance are right that it’s past time for American allies to pay their bills. That’s true of Britain and Australia too, the nations least inclined to shirk their obligations. Americans are also right to feel underappreciated, given that the long Pax Americana has mostly been better for the world than for America itself. Still, thanks to America’s blood and treasure, the world has been freer, fairer, safer and richer for more people than at any time in history.

As a weary titan, America’s reluctance to be the main guardian of the universal decencies of mankind is understandable. But the incoming administration should understand that this would be the worst time for the indispensable nation to step aside. An axis of dictatorships—a militarist one in Moscow, an Islamist

The U.S. has made foolish mistakes, but withdrawing from the world would be the worst of them all.

one in Tehran and a communist one in Beijing—are united by a hatred of the West and a desire to undo history. Without America’s active engagement, the dictators will create a much bleaker and more dangerous world.
Consider the threats and who is prepared to resist them. Vladimir Putin wants to re-create a greater Russia—an impoverished police state across the Eurasian landmass. Xi Jin-

ping wants a restored Middle Kingdom as the world’s dominant power. Ali Khamenei wants a global caliphate, regardless of the violence and bloodshed needed to create it. Standing in their way are Ukraine, Taiwan and Israel. Yet none of these nations can battle alone. Even Israel, a highly motivated warrior state, needs American help to neutralize the Iranian nuclear program. Taiwan’s safety depends on American readiness to help defend it until it’s succeeded in turning itself into a military porcupine. And Ukraine will be ground into defeat without more American materiel, with the Baltic states Mr. Putin’s next target.
The notion that the North Atlantic Treaty Organization somehow provoked Mr. Putin’s war is absurd. Post-Soviet Eastern Europe rushed into collective security because it knew the nature of Mr. Putin’s regime. The fate of Russia’s non-NATO neighbors—such as Georgia—vindicates their judgment. While it might make sense to surrender territory for security, that is true only if real security is on offer. Any attempt to force Ukraine into a cease-fire with-

out a tripwire of, say, British and French troops on the ground, would be a surrender on the scale of Munich. As Churchill is reputed to have told Chamberlain after the 1938 agreement: “You were given the choice between war and dishonor. You chose dishonor, and you will have war.”
Mr. Vance served honorably in Iraq, but he misreads that war, and his views have implications for today’s conflicts. It wasn’t wrong to remove the monstrous Saddam regime, which breached several United Nations resolutions. The catastrophe was disbanding the Iraqi army, leaving hundreds of thousands of unemployed men with guns, and sacking the Baathist public service, so that civilian infrastructure largely collapsed.
The folly was failing to restore the monarchy—the only form of government that works in the Arab world—or failing to hand the government to the least bad of Saddam’s generals. The Iraq war was never “all about oil,” as many critics suggested. It was a commendable, if poorly executed, attempt to bring a measure of

humanity to a benighted people. I doubt the women of Afghanistan, once more imprisoned behind their veils, regarded the Western efforts as futile effrontery. The fruits of such efforts have been affirmed elsewhere. The people of Germany, Japan and South Korea are the transformed beneficiaries of the first global hegemon ever to use its power to help rather than oppress the weak.
It is a tragedy that so many Americans have perished in recent wars. But the best way to honor their memory is to be smarter about future conflicts, not to surrender the ideals for which they died. Allies can pick up the slack. Australia and others should swiftly move to spend 3% of gross domestic on their armed forces. Britain and Europe should take a stronger lead on Ukraine. The West’s military-industrial base must be rebuilt.
Effectively managing this transition is the great challenge Messrs. Trump and Vance must meet. Much hangs on their success.

Mr. Abbott served as prime minister of Australia, 2013-15.

The Standards for Public Service Have Gone to Pot

By Joseph Epstein

How many people recall the name Douglas Ginsburg? In 1987, Judge Ginsburg, then 41, was nominated by Ronald Reagan for a seat on the Supreme Court but withdrew from consideration soon after it emerged that he had smoked marijuana as a college student and professor. Judge Ginsburg retained his seat as a judge on the U.S. Circuit Court of Appeals for the District of Columbia, where he continued to serve with distinction and is still a senior judge. He has also taught at various law schools. But the Supreme Court was never to be on his résumé because of this long-ago vice, which is no longer considered one.
Had Judge Ginsburg served on the Supreme Court, Ruth Bader Ginsburg (no relation) couldn’t have done so, and feminists would have been deprived of one of their idols. Although there had long been what became known as a Jewish seat on the Su-

preme Court—occupied by such distinguished jurists as Louis Brandeis, Benjamin Cardozo, Felix Frankfurter and others—there could never have been two Ginsburgs on the Supreme Court at the same time, lest the court seem like a family business.
One can’t but wonder what Judge Ginsburg, now 78 and white-haired, thinks about some of the people recently picked for cabinet posts in the Trump administration, whose vices and accusations of flat-out crimes make his smoking marijuana look as minor as burping in public. One thinks of Matt Gaetz, who, before dropping out as the nominee for attorney general, was accused of statutory rape, sex trafficking, using drugs, and taking bribes; or of Pete Hegseth, accused of sexual assault; or of Tulsi Gabbard, thought to have unseemly connections with and sympathy for foreign bad guys. (Messrs. Gaetz and Hegseth deny the accusations.)
At the presidential level, let’s not forget Bill Clinton, who rewrote the

job description for female White House interns. Or Joe Biden, “The Big Guy,” who leveraged his political influence while vice president to enrich his family and who himself somehow ended up with three houses and a fleet of expensive automobiles all, mirabile dictu, on a relatively modest public salary.

Once a bit of marijuana smoke was enough to scuttle an appointment. How far we’ve come.

The two George Bushes and Barack Obama, though less than inspiring in their presidential accomplishments, at least steered clear of personal scandal. Mr. Trump, now twice elected president, has more than made up for his predecessors on the scandal front, having been accused of sexual harassment and assault by numerous women since the 1970s. In one case, a civil jury found Mr.

Trump liable for committing sexual abuse. Judge Ginsburg must think: We’ve come a long way, baby.
What does it say about our society that many people now holding or seeking high public office have been accused of or have actually committed crimes? Does it speak to an increased tolerance on the part of the country generally? Does it present examples of a Christian-like forgiveness for past errors? Or does it instead show a radical slackening of expectations and standards in our politicians?
In the weeks ahead, the Senate will interrogate Mr. Trump’s nominees for cabinet posts. The senators will be looking for inadequacies and hidden vices. Nowadays, who knows? I can hear the righteous senators grilling the prospective cabinet officers: “When you said this, did you really mean that?”; “How do you expect to determine that, when this is clearly the case?” Sanctimony, as always in such sessions, will ride high. All the standard cant words will be brought out. Transparency will be demanded.

Shouldn’t someone interrogate the interrogators? I, for one, would like to see a listing of the net worth of senators who have served more than two terms and representatives who have served more than five. When I look back on the senators of fairly recent decades, I can think of only one of whose utter honesty I feel confident: Paul Simon, the bow-tied Democrat of Illinois who served in the House, 1975-85, and the Senate 1985-97. When he was done, not being a lawyer, he returned to teaching journalism at Southern Illinois University.
It’s too late now to get Judge Ginsburg on the Supreme Court, even though the other Ginsburg has departed. Yet I can’t help feel that he was badly treated by history, having been nominated at a time when smoking marijuana was considered a disqualifying offense. Today just about anything short of cannibalism can land one in the presidency.

Mr. Epstein is author, most recently, of “Never Say You’ve Had a Lucky Life.”

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Macy's Blames Snafu on One Person

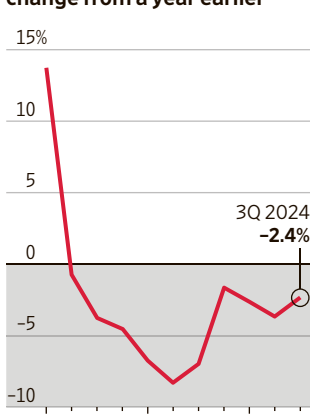
Single employee was responsible for mistake, coverup; retailer cuts targets

By SUZANNE KAPNER

Macy's has completed its investigation into accounting problems and found that a single employee's mistake—and subsequent coverup—created \$151 million in false bookkeeping entries, according to a person briefed on the probe.

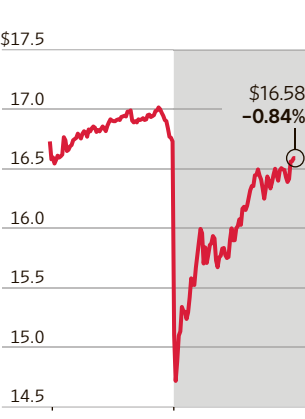
The discovery of the accounting errors prompted the retailer in November to postpone reporting its quarterly financial results for two weeks, triggering a selloff of Macy's shares. The stock dropped 0.8% Wednesday af-

Macy's quarterly net sales, change from a year earlier



Note: Latest fiscal quarter ended Nov. 2. Sources: S&P Capital IQ (sales); FactSet (share price)

Share price



ter the company cut its profit targets for the year, saying it expected shoppers to continue to pull back on discretionary

spending. The employee told investigators about having mistakenly understated the amount

of small parcel delivery expenses in late 2021, the person briefed on the probe said. Macy's has said that the employee had responsibility for small package delivery expense accounting but declined to provide further information about the employee.

To hide the error, the employee continued to intentionally make erroneous accounting entries and falsify underlying documentation until the misstatement was discovered this fall, the person briefed on the probe said. The employee, who has since been terminated, didn't act out of personal or financial gain, the person added.

Macy's declined to comment on whether it had referred the case to any law-enforcement or regulatory authorities.

Macy's said Wednesday that the employee hid roughly \$151 million of cumulative delivery expenses from the fourth quarter of 2021 through the third quarter of 2024. Macy's had previously estimated that the erroneous entries obscured between \$132 million and \$154 million in delivery expenses.

"We've concluded our investigation and are strengthening our existing controls and implementing additional changes designed to prevent this from happening again," Macy's Chief Executive Officer Tony Spring said.

Macy's didn't say how it uncovered the erroneous entries or how they went undetected by the company's auditor, **KPMG**.

Macy's paid KPMG about *Please turn to page B2*

Brokers Arrested Amid Assault Probe

By KATHERINE CLARKE AND EMILY GLAZER

Tal Alexander and Oren Alexander were young and wealthy real-estate agents with billionaire clients. Prosecutors say the brothers were working together to use their status to run a sex-trafficking scheme to drug, violently assault and rape dozens of women.

The two men, along with a third brother Alon, used the lure of luxury hotels and trips to vacation properties to entice women to isolated locations where they were gang raped, sometimes by more than one brother, according to an indictment by a grand jury that was unsealed on Wednesday.

The brothers were arrested Wednesday in Florida and are expected to be extradited to New York to face sex-trafficking charges. Tal walked into a federal courtroom with his hands and feet in shackles. His brothers were in the custody of state officials, who posted their mugshots.

U.S. Attorney Damian Williams said prosecutors interviewed dozens of women who said they were assaulted by one or more of the brothers. At a news conference in New York, Williams said the brothers weren't acting alone but declined to comment on whether anyone else was under investigation. He reiterated the call for more victims to come forward.

"This conduct, as alleged, was heinous," said Williams, the chief federal law-enforcement officer for the Southern District of New York. "We are committed to prosecuting sex trafficking no matter how powerful or wealthy or famous you may be."

Outside a federal courtroom in Miami, Joel Denaro, an attorney temporarily representing the three brothers, said his clients were facing three sex-trafficking-related charges. Soon after, a magistrate judge read out three counts against Tal. The other two brothers will likely appear in state court Thursday, Denaro said.

Isabelle Kirshner, an attorney for Alon, said her client would plead not guilty to the charges and would address the allegations "in the appropriate forum...the courtroom."

Susan R. Necheles, an attorney for Oren, said he is innocent. "The evidence will show that neither he nor his brothers ever committed a crime," she said.

Tal and Oren were star brokers at Douglas Elliman before *Please turn to page B2*

JetBlue's Turnaround Strategy: Go Upscale

By ALISON SIDER

JetBlue Airways spent years trying to take on the biggest airlines. After nearly \$3 billion in losses since 2020 and two scuttled business deals, it wants to do fewer things better.

JetBlue is installing first-class seats and opening its first airport lounges in New York and Boston, a strategy that envisions some passengers are willing to pay a premium for a nicer flying experience. The New York-based airline also is jettisoning dozens of money-losing routes across the country in an overhaul that leaves it focused on serving leisure-trip-seeking passengers in the Eastern U.S.

"This is all about getting back to our roots," said Chief Executive Joanna Geraghty, who took the helm in February.

The airline has struggled to tamp down rising costs, while bigger airlines have pulled ahead with more-upscale offerings. It also has had trouble running reliably in recent years, with its on-time performance—and reputation—dragged down by its heavy exposure to the challenging New York skies.

Geraghty assumed the CEO post weeks after a federal judge shot down JetBlue's merger with **Spirit Airlines** on antitrust grounds. JetBlue needed to move swiftly on a turnaround plan, she said, having lost "that kind of luster and mojo" with its attention on deals with other carriers.

JetBlue's new playbook of cost cuts and operating improvements will preserve its ability to remain a low-fare carrier while enhancing its high-end appeal, executives said. It expects the changes to generate an additional \$800 million to \$900 million in earnings before interest and

taxes over the next three years. Shares of the airline rose 11% Wednesday.

Analysts say JetBlue's situation isn't as dire as Spirit's, which landed in Chapter 11 bankruptcy court last month, but that its long-term prospects remain cloudy as a smaller carrier.

JetBlue is among several airlines sinking more money into tonier travel for fliers. That strategy has paid off for behemoths like **United Airlines** and **Delta Air Lines**, which have divvied up their cabins and rolled out new amenities to engender passenger loyalty. Even ultra discounters like **Frontier Airlines** and Spirit are banking on premium offerings enticing travelers.

JetBlue had a head start on launching its Mint business-class cabins a decade ago featuring lie-flat seats for long flights.

"I think we're in a much better spot than some of our [ultralow-cost carrier] brethren who are out there saying, 'Oh I have a premium product now, too,'" said Marty St. George, a longtime executive whom Geraghty recruited back this year as the airline's president.

JetBlue's new first-class seats will look similar to what other airlines offer at the front of their domestic planes. The seats, which will start to arrive in 2026, will be wider than those in the back, arranged two-by-two featuring more legroom and deeper recline.

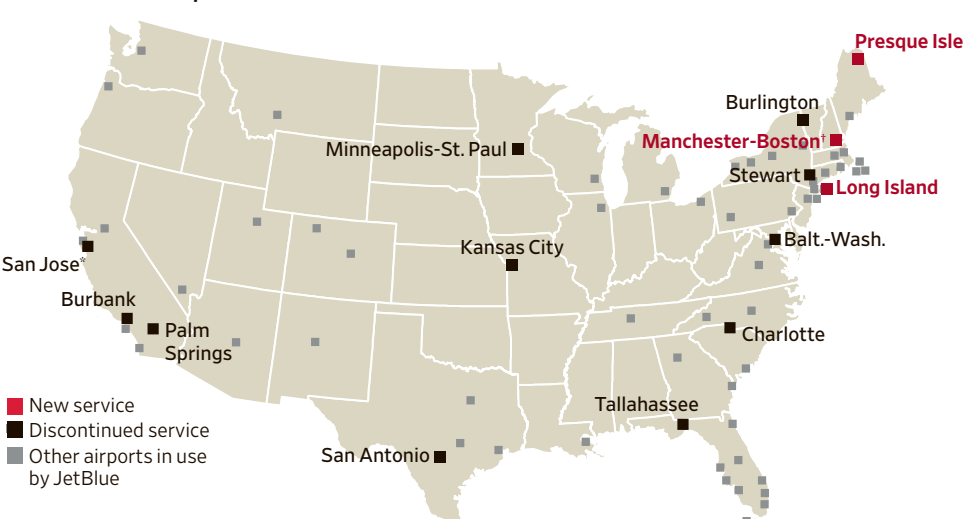
"We want it to be accessible for people who want to fly domestic first and maybe can't afford to do it on the legacy carriers," said Geraghty, who declined to give pricing details.

The changes risk JetBlue's boast that it offers the most *Please turn to page B2*

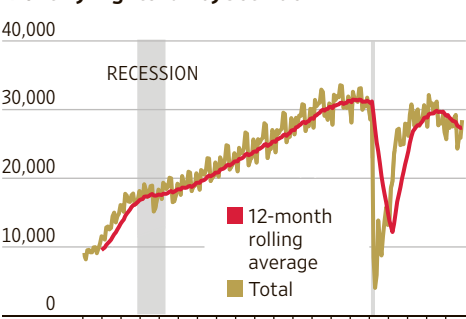


'This is all about getting back to our roots,' said JetBlue Chief Executive Joanna Geraghty.

Continental U.S. airports JetBlue discontinued service to or added in 2024

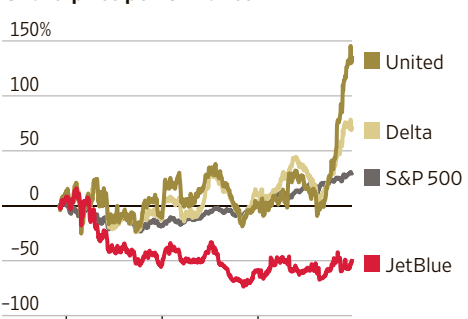


Monthly flights ran by JetBlue



*Recently announced exit from San Jose International *Starting in January to Manchester-Boston Regional Sources: the company (airports); Cirium (flights); FactSet (performance)

Share-price performance



Appeals Court Rejects Nasdaq's Diversity Targets for Boards

By ALEXANDER OSIPOVICH

A federal appeals court rejected **Nasdaq's** yearslong push to set racial and gender targets for the boards of its listed companies, dealing a major blow to one of most prominent efforts to promote diversity at U.S. companies.

The New Orleans-based Fifth U.S. Circuit Court of Appeals ruled Wednesday that the Securities and Exchange Commission had erred in 2021 when it approved two Nasdaq listing rules focused on boardroom diversity.

The court's decision followed a broad backlash against what conservatives dub "woke" policies in the political and corporate worlds, such as affirmative action in hiring and ESG—investing based on environ-

mental, social and corporate-governance factors. Companies that had earlier embraced such policies have since quietly retreated from them.

Nasdaq's diversity rules had put it at the forefront of ESG. One rule required Nasdaq-listed companies to disclose statistics about the gender and racial makeup of their boards. The other rule—which was being phased in over several years—required companies to meet certain minimum targets for diversity or explain in writing why they hadn't done so.

For most U.S. companies, the ultimate target at the end of the phase-in period was for boards to have one female director and one director who identifies as a racial mi-

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INSIDE



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Adidas confirms a raid of its German stores related to a probe on imports. **B2**



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OPEC trims its forecast for growth in oil demand for fifth straight month. **B6**

STREETWISE | By James Mackintosh

The Fate of Markets Rests On Trump's Dollar Policy

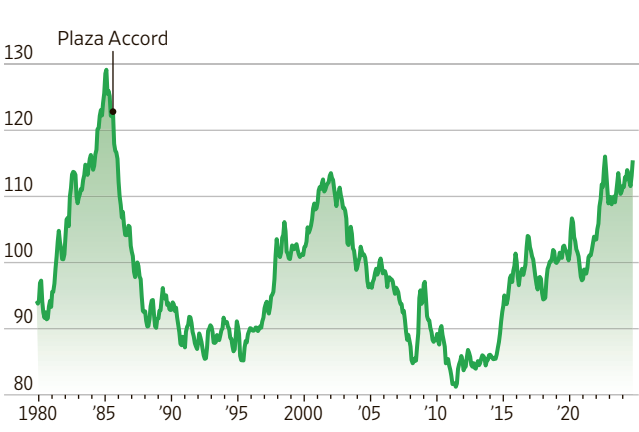


The dollar has been stronger in real terms than now in only four

months since the 1985 Plaza Accord, when the world's leading trading nations got together to devalue the greenback. The U.S. is about to get a president who thinks the U.S. has a "big currency problem" because the strong dollar hurts domestic manufacturers.

Yet the markets have been betting that Donald Trump's policies will mean an even stronger dollar, with the currency up 5% against developed trading partners and 4% against emerging ones since the start of October, when Trump's win began to be

Trade-weighted dollar index



Note: Monthly inflation-adjusted data Source: JPMorgan via LSEG

priced in.

Could the market have Trump all wrong? Start with the case for a strong dollar. The economy is roaring, even

before Trump's planned tax cuts and assault on red tape designed to improve productivity. Much of the rest of the *Please turn to page B6*

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Brokers Arrested Amid Probe

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starting their own company in 2022. A spokesman for Douglas Elliman declined to comment.

The Wall Street Journal reported in July that the Federal Bureau of Investigation was investigating the brothers after three women filed lawsuits against them and several others told the Journal they were sexually assault or raped by the brothers. The brothers denied the allegations, and their lawyers have said the civil suits were without merit.

The FBI reached out to some women and their lawyers in recent weeks to see if the women would testify, some of

the women said.
Rebecca Mandel, who had brought one the early lawsuits against Oren and Alon, said the arrest “gives hope that accountability is within reach.”

Prosecutors claim the men from around 2010 until 2021 used their positions in real estate to meet women whom they sexually assaulted, according to the indictment. The men would sometimes secretly spike their drinks and give them cocaine, mushrooms and GHB, according to the indictment. GHB is a depressant drug that is popular in clubs and also known as a date-rape drug because it can cause someone to black out.

The assertions swirled around the three brothers for roughly two decades, a Journal investigation showed, starting when they were high-school students in Miami and in New York as Oren's and Tal's careers took off at Douglas Elliman.

—Deborah Acosta contributed to this article.

TPG Founder Brought Flair to Dealmaking

By MIRIAM GOTTFRIED

Before David Bonderman became an investor, he had never taken an accounting class but had already argued in front of the Supreme Court, hitchhiked across Africa and become fluent in Arabic.

Bonderman went on to co-found private-equity firm TPG, putting his unique stamp on the fledgling buy-

OBITUARY
DAVID
BONDERMAN
1942-2024

out business and becoming a billionaire many times over. He died Wednesday at 82 years old, TPG confirmed.

A lawyer by training, Bonderman was working for businessman Robert Bass when he met Jim Coulter. TPG, which they founded in 1993, is now a public company with a \$25 billion market capitalization that manages \$239 billion in assets.

“Bondo,” as he was known, brought a problem solver’s mentality and a rock ‘n’ roll flair to deal making. When TPG got its start, firms were hosting annual meetings with political leaders and economists as special guests. TPG’s meetings featured Jimmy Buffett and Elton John.

Bonderman served on over 80 corporate and philanthropic boards throughout the course of his career, including those of Ducati, Beringer and Burger King. The U.S. government asked him to join the board of General Motors when it was trying to restructure the auto industry. He obliged, saying it was part of his civic duty.



David Bonderman

The two co-founders named their new firm Texas Pacific Group. They did leveraged buy-outs, raising money from pension funds and other institutional investors and pairing it with lots of borrowed money, to buy companies. The goal was to sell them years later for a profit. Bonderman and Coulter developed a reputation as strong investors, with marquee deals for failed Thrift American Savings & Loan and the bankrupt Continental Airlines.

Bonderman was born in Los Angeles on Nov. 27, 1942. He graduated from the University of Washington with a major in Russian studies. He went on to Harvard Law School, where he was a member of the Harvard Law Review.

Bonderman eventually moved to Washington, D.C. He served as special assistant to the U.S. Attorney General in the Civil Rights Division during the Johnson administration, litigating cases involving racial discrimination in the South.

BUSINESS & FINANCE

Some Adidas Locations in Germany Are Raided



Sportswear maker Adidas said that some of its locations were searched on Tuesday in connection with an investigation on customs and tax-import regulations.

The company’s statement confirms a report late Tuesday in Germany’s Manager Magazin that said Bavarian tax investigation department and customs officials had raided

Adidas’s headquarters and other locations in Germany.

According to an Adidas email on Wednesday, the investigation covers the period from October 2019 to August 2024 and is related to compliance with customs and tax regulations related to importing products to Germany. The company is cooperating with the authorities and providing

them with documents and information, it said.

Adidas said it has been in contact with the relevant customs authorities for several years regarding the investigation. In the email, it said it was working closely with the customs authorities on issues that “also arose due to differing interpretations of German and European law.”

The company expects no significant financial impact in connection with the investigation, it said. According to media reports, the group already has set aside provisions.

Adidas primarily produces abroad. Almost 80% of the contract manufacturers of shoes, sportswear and accessories are in Asia.

—Ulrike Dauer

Macy’s Employee Is Blamed

Continued from page B1
\$12.8 million in audit fees from 2021 through 2023.

The accounting irregularities delayed the release of Macy’s financial results during a period when investors eagerly look for clues to how retailers are performing as they head into the important year-end holiday season.

On Wednesday, Macy’s lowered its fiscal-year forecast for adjusted earnings per share to a range between \$2.25 and \$2.50 from the previous goal of between \$2.34 and \$2.69. The company said it lowered its profit guidance in part because of incremental delivery expenses from the accounting error.

Macy’s executives said sales in the current quarter have improved but they remain cautious and are bracing for steeper discounting across the industry through the rest of the holiday shopping season.

Macy’s net sales fell 2.4% to \$4.7 billion for the three months that ended Nov. 2, compared with the same pe-



The retailer is adding staffing, mainly to the shoe and handbag departments, at over 100 stores.

riod last year. Sales at stores open at least a year declined 2.4%.

At the 50 top stores where the company has been investing in extra staffing, visual displays and other enhancements, comparable-store sales grew by 1.9%, the company said.

Macy’s is now adding additional staffing, mainly to the shoe and handbag departments, to 100 more stores.

Macy’s said it raised \$66 million from asset sales in the period, more than double what it had projected. The

company has been closing and selling weaker stores to focus on its top locations. There are currently about 475 Macy’s stores.

The company has come under pressure from activist investors, who want it to do more to unlock value from its real estate.

Macy’s now expects to close 65 stores this year, up from a previous estimate of 55. Macy’s finance chief said the company is seeing “really good dealmaking,” with sale prices at or above its expectations.

Barington Capital has built a position in Macy’s and is pushing the department-store operator to make changes to boost its slumping stock, including the creation of a separate real-estate unit within the company and the possible sale or spinoff of Bloomingdale’s and Bluemercury, which cater to more upscale shoppers.

In July, Macy’s ended talks with two investors—Arkhouse Management and Brigade Capital Management—that had offered to buy the company for about \$6.9 billion.

JetBlue Is Going Upscale

Continued from page B1
legroom in coach as it rear-ranges cabins to fit two or three first-class rows. Executives said the seat pitch in JetBlue’s economy cabin will remain “at or above” what larger airlines offer.

Shrinking routes

New York-based JetBlue started flying in 2000, quickly winning customers over with the proposition that inexpensive doesn’t have to mean low quality. It combined bargain ticket prices with comforts like seat-back screens that showed live TV, roomy seating and trendy snacks like blue potato chips. It was the first major airline to offer free Wi-Fi.

But it has been boxed in. With around 5% of domestic passenger traffic, it sits between ultra discounters catering to the most cost-conscious fliers and big carriers that dominate the market for business travel.

It tried to solve that problem by linking with other airlines. In 2020 it struck up an alliance with American Airlines, agreeing to coordinate



The carrier aims to keep its fares low while enhancing appeal.

schedules and sell seats on each others’ flights in New York and Boston. And in 2022, it won a bidding war for Spirit in a move that then-CEO Robin Hayes said would supercharge the airline’s growth. Government lawyers successfully challenged both deals, saying they were anticompetitive.

JetBlue is now jettisoning its ambitions to be a nationwide alternative to larger airlines—exiting 16 cities and culling more than 50 routes. It has deferred receiving nearly four dozen new planes, and a Pratt & Whitney engine defect is keeping some planes grounded.

JetBlue is doubling down on service to East Coast leisure destinations. It is adding flights from Manchester, N.H., and New York airports in Albany, Buffalo, Long Island and Syracuse to Florida. The airline also is adding routes from San Juan, Puerto Rico.

“If we can’t get national scale, by God, we’re going to get regional scale,” Geraghty said.

The airline isn’t giving up on flying to Europe—a move it

said fits with its aim to serve vacationers. On Tuesday it announced new flights from Boston to Madrid and Edinburgh for next year.

Some industry analysts

have questioned whether the airline can shrink its way to profits, and balance the investments that its premium ambitions require with the urgent need to cut costs.

“I think JetBlue has a pathway to success, but it is a narrow slalom trail,” said Samuel Engel, senior vice president at consulting firm ICF.

Tyesha Best, who heads the union that represents JetBlue’s flight attendants, said the airline’s efforts to rein in costs have, in some cases, come at the expense of passengers’ experience—like switching to cold food on some trans-Atlantic flights.

But Geraghty has said the new meals, which affect only a handful of flights, are still better than most airplane food. A spokesman said the airline is monitoring the customer response.

And the airline’s changes appear to be working, executives said. A key customer satisfaction metric is up by double digits. A larger share of JetBlue’s flights are arriving on time this year compared with last year, according to government figures released Wednesday. Its losses have narrowed, and its share price has climbed more than 35% this year through Wednesday’s close.

“We have something different that customers really do love, and we’ve got to make sure we’re there to compete with the big guys,” Geraghty said.

BUSINESS NEWS

Sotheby's Cuts Jobs Amid Struggles

Auction house just got \$1 billion funding boost, but the art market is sagging

By KELLY CROW

Sotheby's is laying off more than 100 people, the latest chapter in its effort to right its finances after receiving \$1 billion earlier this fall in a joint deal involving its highly leveraged owner, Patrick Drahi, and an Abu Dhabi sovereign-wealth fund. The layoffs represent roughly 6% of its 1,800-person workforce. Since the majority of the funds supplied by the Abu Dhabi firm, ADQ, were used to pay down the auction

house's debt, Sotheby's said the market's ongoing challenges compelled it to take a harder look at its operations and reduce its global workforce by year's end. "We've taken a careful look at our business and staffing levels to perform well and grow going forward," said a Sotheby's spokeswoman. The cuts cap a gloomy year for the art market overall. Auction sales during the first half of the year fell by nearly one-quarter across the world's chief auction houses. Galleries around the world also have shuttered or scaled back their lavish art-fair parties. The mood perked up during last month's major auctions in New York that included the \$6.2 million sale of *that* banana, Maurizio Cattelan's "Co-

median," but this week's layoffs indicate the market isn't out of the woods entirely. Over the past year, Sotheby's also has spent tens of millions of dollars on building projects around the world, including unveiling a lavish new hub in Hong Kong and closing an estimated \$100 million deal to transform the Breuer building into its new New York headquarters. In an industry that is still somewhat clubby and bespoke, the decision to let go of dozens of workers at once is rattling—particularly on the heels of that \$1 billion infusion that was intended to signal a financial reboot. Sotheby's previously let go roughly 50 people from its London offices last summer. The last time Sotheby's New

York laid off dozens of staff, in 2014, then-chief executive Bill Ruprecht held a staff meeting where he and executives explained to workers why the company had to pare back, according to staff who attended the meeting. As layoffs began last week at Sotheby's, chief executive Charles Stewart left New York for two days to meet with the company's new shareholders and speak at an event in Abu Dhabi, so he relied on human resource staffers to call their colleagues into meetings one by one to offer them severance packages. Some people only found out what was happening after they saw people crying at their desks, a staff member said. Stewart flew back late Tuesday but isn't directly handling the layoff discussions

with staff. Another staff member said the layoffs appear to be spread widely throughout the company, from longtime specialists who have spent decades there to junior and midlevel workers who handle art evaluations, client strategy and technology. Some seasoned salespeople may be offered a chance to move to advisory roles. Some regional offices, including in Moscow, are closing as well. No massive shake-ups appear to be in the works at Sotheby's rivals. In a statement, a **Christie's** spokesman said that the house has "no staffing changes of note planned," though he added that "we will continue to review our global resourcing needs to ensure we remain adaptable."

Patterson Set to Be Acquired By Health Investor

By DENNY JACOB

Patterson Cos. agreed to be acquired by healthcare investment firm **Patient Square Capital** in a deal valued around \$4.1 billion. The dental and animal healthcare company said its shareholders will receive \$31.35 a share in cash, a roughly 49% premium to its 30-calendar-day, volume-weighted average price ending Dec. 4, the last trading day before it announced an evaluation of strategic alternatives. The value of the deal includes the refinancing of Patterson's receivables facilities.

Patterson shares closed Tuesday at \$23.11, with the stock down about 19% from the start of the year. Trading resumed Wednesday at 7:30 a.m. ET after an earlier halt ahead of the disclosure. Shares closed up 36% at \$31.40. Patterson's board, excluding Chief Executive Don Zurbay—given his position as a management director—unanimously approved the transaction. It is expected to close in the fourth quarter of Patterson's fiscal 2025, at which time the company will go private. The merger agreement includes a 40-day "go-shop" period that permits Patterson's board and its advisers to actively solicit alternative acquisition proposals. Patient Square had about \$11 billion in assets as of Sept. 30. The company's portfolio includes companies such as Access TeleCare and Apollo Therapeutics, according to its website.

Zara Owner Inditex Reports Increase in Sales

By ANDREA FIGUERAS

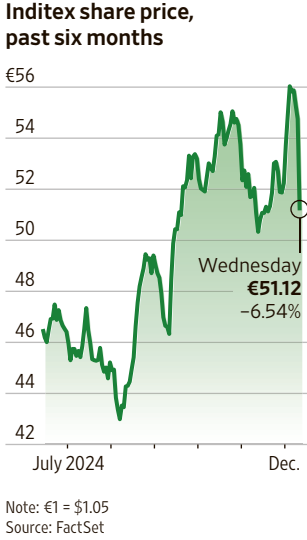
Zara parent **Inditex** reported an increase in sales at the start of its final quarter, as its fall and winter collections delivered against a backdrop of intense competition from low-cost retailers like Temu and Shein. The Spanish fashion group—also home to brands such as Massimo Dutti, Pull & Bear and Bershka—said Wednesday that store and online sales grew 9% at constant exchange rates from Nov. 1 to Dec. 9 compared with the same period a year earlier. Current trading, which reflects the beginning of the festive period, seems relatively positive given difficult weather and a tough consumer backdrop, Quilter Cheviot analyst Mamta Valechha said in a note. However, sales growth was at the lower end of expectations of between 9% and 10%, Valechha said. The growth rate in current operations was lower than the 10.5% that Inditex recorded in



Inditex and rivals face competition from low-cost names.

the first nine months of the fiscal year. That expansion was driven by positive performances both online and in stores, and brought sales at constant currency to €27.42 billion, or \$28.87 billion. Jefferies analysts said in a research note that while the company's growth was impressive, investors likely expected better results.

For the third quarter, the group booked sales of €9.36 billion and operating profit of €2.13 billion. This came in below expectations of €9.54 billion and €2.28 billion, respectively, according to Jefferies. Shares ended lower by more than 6% in European trading on Wednesday after shedding as much as 7.7% earlier in the session.



Finance Chief Ignacio Fernandez said during an earnings call that the impacts on logistics and sales from the flash floods that recently hit the Valencia region in southeastern Spain were very limited. Only three stores were affected and are now back to business, the CFO said.

Inditex and rivals, like Sweden's H&M, are facing fierce competition from low-cost names, including Temu and Shein. The Spanish group said earlier this year that it would expand its logistics capacity and streamline its physical and digital spaces as it jockeys for position against low-cost competitors. The company sees further growth opportunities and continues to focus on improving the customer experience, Chief Executive Oscar Garcia Maceiras said during the same earnings call. The company is digitalizing stores and boosting their integration with online platforms. It launched shops in 45 markets during the reporting period. The group reiterated its expectations for the current fiscal year to the end of January. It aims to deliver a stable gross margin, plus or minus half a percentage point from the 57.8% it achieved in the prior fiscal year, and continues to expect a 3% hit to sales from currency effects.



A New Documentary From WSJ Opinion

Go inside the tenure of the shortest-governing British Prime Minister in a new documentary from WSJ Opinion, "The Prime Minister vs. The Blob." The film, made in collaboration with Palladium Pictures, features an interview with Liz Truss, where she shares the story in her own words, and perspectives from Tory and Labour party critics.

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TECHNOLOGY & BUSINESS

Crypto Sector Presses for Banking Access

Industry has ally in Trump as it seeks to repair relationships with big lenders

By ANGEL AU-YEUNG

The crypto industry is hoping for a fresh start with the banking industry. Many banks backed away from crypto companies and their founders after the catastrophic blowups of FTX and other crypto firms in 2022. Two banks that had been serving the industry collapsed, and crypto founders struggled to find new ones willing to take their deposits or lend to them. Banking regulators issued warnings, and then a string of suits against crypto companies such as **Coinbase**, **Kraken** and **Binance** hammered home the message to stay away. Donald Trump's election win has spurred a rally in crypto-

currency prices and enthusiasm. Trump pledged to create a national bitcoin stockpile and form a council to set regulatory policy. Founders and others inside the crypto industry are hoping for new regulators who champion crypto assets at banks and a change to the policy that urges banks to consider a client's reputation. Last week, Trump said venture capitalist David Sacks would become the new White House crypto czar. Shortly after the announcement, Sacks posted on X that that this banking issue "needs to be looked at." The question is whether banks will engage. Banks have still been closing accounts and refusing to bank crypto companies and their founders this year, according to industry insiders. Nic Carter, founding partner of venture firm **Castle Island Ventures**, said every U.S. company in his early-stage startup



Venture capitalist Nic Carter says banks fear regulatory attention if they do business with crypto companies.

portfolio has had issues finding a banking partner. Castle Island Ventures had issues, too, and when Carter finally did get someone, his bankers told him to not publicly disclose the partnership for fear of catching regulatory attention. "They do not want the Eye of Sauron descending upon

them," Carter said—a reference to the omniscience of the villain in "The Lord of the Rings." Trump allies Marc Andreessen and Elon Musk have brought renewed attention to the issue in recent weeks. Andreessen told Joe Rogan's podcast in November that he knew of 30 tech founders,

many in crypto, who had their bank accounts closed in the past few years. "This is one of the reasons why we ended up supporting Trump," Andreessen said on the episode. Many accuse the regulators of targeting the crypto industry in 2022 by ordering banks to shut off accounts. Regulators usually don't tell banks they can't do business with customers operating legitimate businesses. Instead, they will categorize customers as higher-risk through formal public statements. Similar concerns have long led banks to reject clients in industries such as guns, marijuana and pornography. In January 2023, regulators from the Federal Reserve, Federal Deposit Insurance Corp. and Office of the Comptroller of the Currency issued warnings to banks that they were concerned about their crypto ties. The controversy has caught

the eye of Congress, where the House Financial Services and Senate Banking committees are both now asking questions about banking access. "Legal businesses in the United States, in this great country, should have the freedom to bank and have financial services," said Rep. French Hill (R., Ark.) at a hearing. Some crypto believers acknowledge there is a reputation cleanup left to do on their own side if banks are to change. Alex Gladstein, chief strategy officer at the Human Rights Foundation, works with human rights activists to use bitcoin in case authoritarian governments cut off their access to traditional banks. He knows banks have legitimate questions. "Crypto scams are a huge issue. There's a lot of fraud—everything from FTX to people printing meme coins," he said. "There needs to be nuance in the conversation."

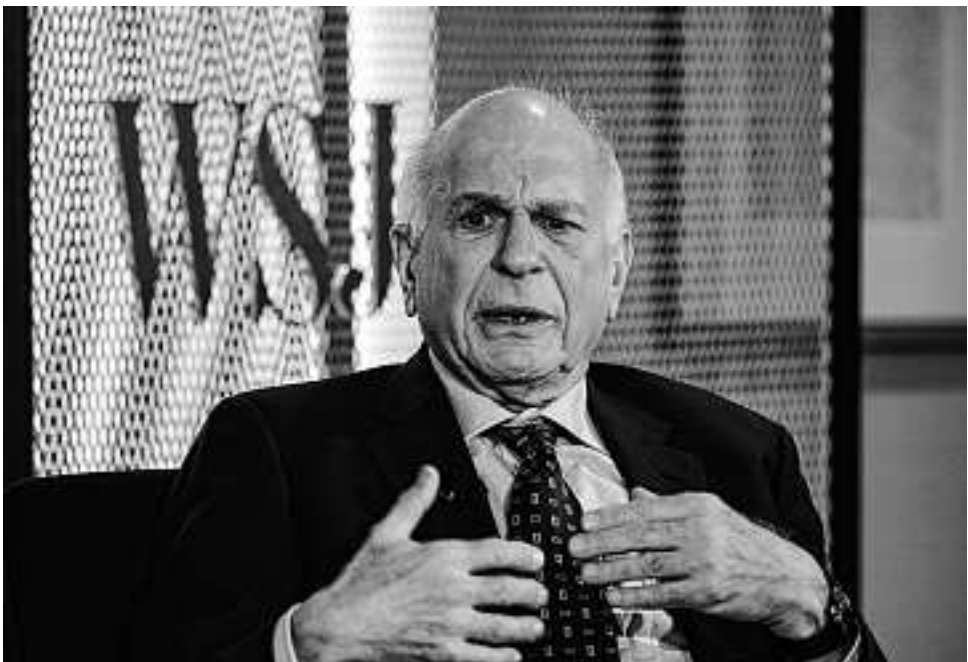
'Long Thinking' Is Seen As Key to AI's Next Move

By STEVEN ROSENBUH

Nvidia's chief executive made a passing reference late in the company's most recent earnings call that deserves more attention than it got—even if it was understandably overshadowed by \$35.1 billion in quarterly revenue, driven 94% higher by customers' ravenous demand for AI chips. "We're in the beginnings of this generative AI revolution as we all know," Jensen Huang said on the call. "And we're at the beginning of a new generation of foundation models that are able to do reasoning and able to do long thinking." "Long thinking" didn't make it into the zeitgeist when OpenAI's ChatGPT first stunned the world two years ago with rapid replies to questions about almost anything. But it has the potential to reduce or eliminate the errors that frequently peppered those responses. The idea is just what it sounds like, at least at the highest level: Long-thinking AI models are designed to take more time to "think over" the results they generate for us. They will be intelligent enough to give us updates on their progress and ask us for feedback along the way. That can mean spending a

few more seconds on a problem—or much, much longer, as Huang indicated in another telling remark last June. "In many cases, as you know, we're now working on artificial intelligence applications that run for 100 days," he said at the Computex trade show in Taipei. As the models' reasoning ability develops, AI is expected to evolve far beyond the current tech that works on our behalf in customer service or automation, or the even more sophisticated agents that are just beginning to appear. OpenAI's long-thinking capabilities advanced in September with the launch of its o-series models, which it said are designed to spend more time thinking before they respond, reasoning through complex tasks and solving "harder problems than previous models in science, coding, and math." Catherine Brownstein, an assistant professor at Boston Children's Hospital and Harvard Medical School who researches extremely rare diseases, said OpenAI's new reasoning capabilities are accelerating her work. "I use it frequently to dramatically cut down on the not-so-fun parts of my work, like

summarizing yet another study that might or might not be relevant to the question I'm asking," Brownstein said. "I've also been able to make connections I probably wouldn't have been able to do, due to o1's ability to distill complex genetic concepts into accessible explanations." The idea of long thinking builds on a dichotomy in human thought that the late Daniel Kahneman referred to as System 1 and System 2. "System 1 operates automatically and quickly, with little or no effort and no sense of voluntary control," the Nobel Prize-winning psychologist wrote in his book "Thinking, Fast and Slow." System 2 "allocates attention to the effortful mental activities that demand it, including complex computations." You can guess what dominates AI right now. "The AI that we are currently building is basically like System 1," cognitive scientist Gary Marcus says. The inherent limitations in that approach are part of why Marcus believes society needs AI guardrails to avoid a "Sorcerer's Apprentice-style mess." Long thinking is an effort to bring AI into System 2. The reasoning capability of



The late Daniel Kahneman, seen in 2016, referred to different kinds of human thought.

the new models is still in the early stages, but is on track to make significant advancements next year, according to Srinivas Narayanan, vice president of engineering at OpenAI. "We're going to have AI systems that can talk more fluently with us, that can also visualize the real world," Narayanan said. "And this combination of reasoning and multimodal capabilities, I think, is going to enable us to build more powerful agentic applications next year." Software-as-a-service pioneer **Salesforce** continues to ramp up investment in its Atlas Reasoning Engine, the brain behind the AI agents that became generally avail-

able in October, according to Silvio Savarese, the company's chief scientist and executive vice president of AI research. "We're powering agents, and our own Agentforce, toward System 2-type reasoning, enabling AI to deliver deeper insights, drive sophisticated actions, and create meaningful impact across business functions," Savarese said. The rise of applications built on System 2 models could help drive a return on the massive investment going into AI. Sequoia Capital partner David Cahn says Nvidia infrastructure needs to collectively generate \$600 billion in lifetime revenue to justify companies' spending on those

systems over the course of just one year—and it wasn't anywhere near on track to hit that mark soon. But reasoning models simultaneously stand to boost demand for that AI infrastructure, including chips, software and data centers. They require an increase in what is known as inference, or the kind of computing that trained AI models do when they respond to users' prompts. Inference also is an area where Nvidia platforms shine. As Nvidia said last month on its call with investors, "Inference compute scales exponentially with long thinking." In other words, long thinking is part of the long game for the economics of AI.

Marketers Prepare to Navigate Omnicom-IPG Merger

As **Omnicom Group** moves forward with its acquisition of **Interpublic Group**, marketing executives say clients of the two advertising holding companies might experience turbulence, but they also could see some benefits from increased scale.

By Megan Graham, Katie Deighton and Patrick Coffee

Omnicom and Interpublic executives said their combination, which values IPG at more than \$13 billion and creates a new leader in the industry, should give their clients a "comprehensive understanding of consumer behaviors and transactions," and the resources to do better marketing. Although the two companies work for some big-spending rivals—IPG counts T-Mobile as a client, for example, while Omnicom works with competing telecom AT&T—most marketing executives aren't particularly concerned about conflicts. Still, the merger also will undoubtedly prompt some headaches as the companies combine. Chief marketing officers' first priority is ensuring agency executives are still focused on their business, rather than "spending 30 hours a week on integration meetings," said Linda Boff, chief executive of marketing agency Said Differently and previously the longtime head of marketing for General Electric.

"Something on this scale will be a huge distraction," said Shiv Singh, a former chief marketing officer of mortgage broker LendingTree and a veteran of marketing posts at companies including Expedia, Visa and PepsiCo. "Every CMO will worry about getting the attention they deserve." An Omnicom spokeswoman said the company has been careful to avoid disruption or distractions at its agencies and client teams. Only a small team of corporate employees is involved in the transaction while agency leaders remain focused on their clients, she said.

Tracking the talent

The combined company, which will keep the Omnicom name, is likely to choose a handful of agencies to throw the bulk of resources behind, similar to the consolidation that has been going on for years inside holding companies. "I think what will happen is this new merged entity will choose a few jewels of the crown, and that's where all the energy and focus and mojo and talent will be shifted to, and then they'll use the others as conflict shops or specialty shops," said Ken Robinson, co-founder and managing partner of agency search consulting firm Ark Advisors. Clients worried about distractions or the elimination of their agency brands might consider working with other holding companies as the combined Omnicom's kinks are worked

out. That could mean business goes to other ad holding companies like **Publicis Groupe** or **WPP**, or to smaller independent players, some industry leaders said. "The winners in this kind of transaction could end up being the newco's biggest rivals who would use the deal to try to steal clients and talent," MoffettNathanson research analysts said in a note Sunday. Omnicom Chairman and Chief Executive John Wren argued that clients will want to stick around to see through the merger, in part because conducting a review for a new agency is complex. "Could it happen? Yes," Wren said of client defections on an investor call about the deal Monday morning. "Will it happen? Yes. But I think people would be shortsighted in doing that." The deal also will shake up the homes of some of the industry's top talent.

To achieve the \$750 million in annual savings predicted in Monday's announcement, Omnicom and IPG will likely part with some high-level executives who have developed close relationships with clients, Singh said. Omnicom executives said cost synergies are expected to come from eliminating duplicative spending with vendors,

combining the companies' real estate footprints and shared service centers, among other sources. Wren argued Monday that the merger will give the combined company the resources needed to "create pretty incredible job opportunities." "People may choose to change their careers, but I'm not worried about any of our senior people doing that because I think both cultures, both leaders here are sensitive to making certain that we provide career opportunities for the best and the brightest," he said. Any redundancies that are created by the merger could

widen the talent pool for in-house marketing departments, in which marketers employ their own creative and media workers to do their advertising and other tasks, according to a CMO of a Fortune 500 company. Another executive said the agency model is increasingly obsolete, given that advertisers can now easily work directly with the handful of big media players still operating. "I'm surprised that agencies still exist at all anymore," said Joy Howard, CMO at second-hand electronics marketplace Back Market and the former CMO at speaker-maker Sonos and ride-hailing company Lyft,

who stopped working with agencies years ago. "I'm not surprised, however, that they would consolidate themselves in an effort to stay competitive."

Greater scale

If the Omnicom-IPG deal goes through, the combined company will supplant WPP's GroupM as the largest global media buyer and gain new leverage with ad sellers in the process, according to Converge, a market research firm. Any increased buying power the merger could offer would be welcome, as would the companies' combined technology resources, including emerging artificial intelligence capabilities, some marketers said. "Scale does matter, global scale does matter, efficiency does matter, and innovation does matter," said Doug Sweeny, the CMO of wearable tech company Oura Health, which last year hired IPG's Mediahub as its media agency. "Building out their AI, which can impact business in a way that we're not entirely clear about, as a larger entity together will make them more formidable to pressures on their moat." However, concentrated agency power might expedite a shift toward principal-based buying, in which agencies buy ad inventory and resell it to clients at a markup, according to Ruben Schreurs, group chief executive of media investment analysis firm Ebiquity. Because agencies rarely re-

veal the details of these transactions, CMOs can struggle to determine how effectively they are balancing clients' interests with maximizing their own revenue, Schreurs said. Some marketers choose not to apply the principal-based approach to their media investments because of concerns about a lack of transparency, Schreurs said. But the new entity's size and influence will allow it to sign more competitive deals with media owners and motivate marketers to trade transparency for savings, he said.

Shifting power

For large global clients seeking an advertising partner with similar reach, the Omnicom-IPG tie-up will mean a substantial reduction in options, especially when clients want to avoid working with agencies that already serve a major competitor. But marketing remains an industry based on relationships, which means CMOs will retain their influence even if they have one less big network to choose from, according to Boff, the former GE marketing chief. Agencies will have to work harder than ever to avoid ruffling clients' feathers as existing relationships become the primary way they can differentiate themselves from competitors that offer nearly identical services, Boff said. "This is consolidation that's going to lead to more commoditization, I'm afraid," she said.

Nissan Is Shuffling Senior Management

Executive moves are part of automaker's turnaround efforts following weak sales

By KOSAKU NARIOKA

Nissan Motor is shuffling senior management as part of efforts to turn itself around after posting weak sales in recent months.

The Japanese automaker said Wednesday that Jérémie Papin, currently chairperson of

the management committee for Americas, will become its new chief financial officer.

CFO Stephen Ma has been appointed chairperson of the management committee for China, Nissan said.

Ma will continue to report to Chief Executive Makoto Uchida and focus on shaping the future strategy for the region and improving local operations, the company said.

Jeep's former chief executive, Christian Meunier, is joining Nissan and will become chairperson of the manage-

ment committee for Americas, it said.

"These leadership appointments will bring the necessary experience and urgency to the countermeasures we are taking to get the company back on track," Uchida said.

Last month, Nissan revealed restructuring plans that include cutting 9,000 jobs globally and reducing its global production capacity by a fifth. It lowered vehicle-sales forecasts for all major markets, particularly in China and North America, two of its biggest markets.



Jérémie Papin will become the company's new chief financial officer.

Nasdaq Diversity Bid Rejected

Continued from page B1

nority or as lesbian, gay, bisexual, transgender or queer.

In its ruling, the Fifth Circuit sided with two conservative groups that sued the SEC for approving Nasdaq's proposed diversity rules in 2021. The groups argued that Nasdaq's diversity targets amounted to an unlawful

quota. They sued the SEC in its capacity as the stock exchange's regulator.

The SEC "has intruded into territory far outside its ordinary domain," Judge Andrew Oldham wrote in the ruling, writing on behalf of a majority of the Fifth Circuit.

A spokeswoman for the SEC said the regulator was reviewing its options and would determine its next steps, leaving the door open to a potential long-shot appeal to the Supreme Court.

Nasdaq said: "We maintain that the rule simplified and standardized disclosure requirements to the benefit of both corporates and inves-

tors. That said, we respect the Court's decision and do not intend to seek further review."

The Nasdaq rules vacated by Wednesday's ruling "strip people of their individuality and force companies to classify them based on gender, race, ethnicity, and sexuality," said Sheng Li, litigation counsel for the New Civil Liberties Alliance, one of the groups that sued over the rules.

The appeals court "correctly recognized that neither SEC nor Nasdaq has any business regulating the composition of corporate boards along these controversial de-

mographic dimensions," Li added.

Nasdaq had denied that its diversity targets were a mandatory quota, citing the provision that let companies provide written explanations if they didn't meet the targets.

The exchange had argued that its diversity rules benefited investors, pointing to studies that show greater boardroom diversity is associated with better financial performance.

The court battle drew interest from prominent players in business and politics, reflecting national fault lines over affirmative action. A co-

alition of Nasdaq-listed companies including **Airbnb**, **Microsoft** and **Starbucks** submitted a brief in support of the SEC and Nasdaq, as did the American Civil Liberties Union and NAACP Legal Defense and Educational Fund. On the other side, the Republican attorneys general of two dozen states filed a brief supporting the lawsuit and blasting Nasdaq's rules as unconstitutional.

Nasdaq proposed the initial version of its diversity rules in December 2020. The proposal came half a year after a wave of protests against racism and police brutality swept the U.S., spurred by

the murder of George Floyd. Nasdaq has said it was considering the plan long before the protests.

At the time, ESG was among the biggest buzzwords on Wall Street. Money managers marketed ESG funds to investors, attracting billions of dollars, and **BlackRock**, the world's largest asset manager, said it would use its shareholdings to push company boards to support climate-friendly policies.

Since then, a conservative backlash has led BlackRock to scale back its policy ambitions, while investor enthusiasm for ESG funds has cooled.

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BANKRUPTCIES

Dated as of November 16, 2024
Notice of (I) Combined Hearing, (II) Prepackaged Case under Chapter 11 of the Bankruptcy Code, (III) Combined Hearing on the Disclosure Statement, Confirmation of the "Prepackaged" Chapter 11 Plan, and Related Matters, and (III) Objection Deadlines
-and-
Summary of Prepackaged Chapter 11 Plan
THE BANKRUPTCY COURT HAS GRANTED THE SOLICITATION PROCEDURES ORDER AUTHORIZING THE DEBTOR TO SOLICIT VOTES TO ACCEPT OR REJECT THE PLAN FROM "NON-ELIGIBLE" HOLDERS OF CLASS 3 UNSECURED NOTES CLAIMS, CLASS 5 EXISTING EQUITY INTERESTS, AND CLASS 8 EXISTING EQUITY AWARDS.
HOLDERS OF SUCH CLAIMS AND EQUITY INTERESTS HAVE UNTIL DECEMBER 30, 2024 AT 4:00 P.M. (PREVAILING CENTRAL TIME) TO VOTE ON THE PLAN BY FOLLOWING THE INSTRUCTIONS ON THEIR BALLOTS.

To Whom It May Concern:
On November 13, 2024 (the "**Petition Date**"), Vroom, Inc. ("**Vroom**" or the "**Debtor**") commenced a case (the "**Chapter 11 Case**") under Chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**"). On the Petition Date, the Debtor filed the *Prepackaged Plan of Reorganization for Vroom, Inc.* under Chapter 11 of the Bankruptcy Code, dated November 12, 2024 (Docket No. 7) (as may be amended, modified, or supplemented from time to time, the "**Plan**"). As set forth below, copies of the Plan, Disclosure Statement, Restructuring Support Agreement (as defined below), and related documents are available on the following website maintained by the Debtor's claims, balloting, and noticing agent, Kurtzman Carson Consultants, LLC d/b/a Verita Global (the "**Solicitation Agent**"), in connection with the Chapter 11 Case: <https://www.veritaglobal.net/vrm>.

The Plan implements the terms of a Restructuring Support Agreement, dated as of November 12, 2024 (as may be amended, modified or supplemented, the "**Restructuring Support Agreement**"), which the Debtor entered into with beneficial holders of approximately 97.6% of the Debtor's 0.750% unsecured convertible senior notes due 2026 (the "**Consenting Noteholders**") and holders of approximately 5.9% of Existing Equity Interests (the "**Consenting Equity Interest Holders**"), and collectively, the "**Consenting Parties**"). The Restructuring Support Agreement is the result of extensive good faith and arm's length negotiations among the Debtor and the Consenting Noteholders.

The restructuring provided for in the Plan will leave the Debtor's business substantially intact while eliminating approximately \$280.5 million of funded debt obligations, strengthening the Debtor's balance sheet and enhancing financial flexibility going forward. **Importantly, the Plan provides for the satisfaction of all trade and other non-funded debt claims in full, in the ordinary course of business.** The Debtor will continue to operate in the normal course and its business operations by the Restructuring Support Agreement. The Debtor will have adequate liquidity to meet its financial obligations to vendors and suppliers, and expects to continue making payments to these parties without interruption.

This notice sets forth information regarding the Plan and the treatment of Claims and Equity Interests, and provides the deadline regarding the Plan and the Disclosure Statement, and certain other relevant information. **Any information set forth herein is qualified in its entirety by the terms of the Plan. In the event of any inconsistency or conflict between this summary and the terms of the Plan, the terms of the Plan shall control and govern.**

Key Terms of the Plan. The Plan provides, among other things, for the following:

- The Capital structure of the Reorganized Debtor upon the Plan Effective Date shall consist of the new common stock to be issued by the Reorganized Debtor on the Plan Effective Date (the "**New Common Stock**"), distributed to (a) the Holders of Unsecured Notes Claims and (b) the Holders of Existing Equity Interests, and resulting in *Pro Forma* ownership percentages of (i) 92.94% of the New Common Stock held by the Holders of Unsecured Notes Claims and (j) 7.06% of the New Common Stock held by Holders of Existing Equity Interests, in each case subject to dilution by (i) the New Warrants, (ii) the MIP Equity, and (iii) the Post-Effective Date Equity Awards.
- The Reorganized Debtor shall not have any secured or unsecured funded debt upon the Plan Effective Date.
- On the Plan Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, certificates, and other documents evidencing Unsecured Notes Claims, Existing Equity Interests, Existing Equity Awards shall be canceled and the obligations of the Debtor thereunder (or in any way related thereto) shall be deemed satisfied in full and discharged.
- On the Plan Effective Date, the New Board shall amend and restate and increase the shares available for issuance under the 2020 Incentive Award Plan, and thereafter grant new awards in order to implement the management incentive plan (the "**MIP**") on the terms and conditions set forth below and in the term sheet attached as Annex A to Exhibit 2 to the RSA (the "**MIP Term Sheet**").
- Ten percent (10%) of the Fully-Diluted New Common Stock as of immediately following the Plan Effective Date shall be reserved for the issuance of restricted stock units with respect to New Common Stock (collectively, the "**RSU Awards**") to employees of the Reorganized Debtor. The RSU Awards shall be granted promptly following the Plan Effective Date, with the allocation of such grants to be determined in good faith by the New Board in consultation with the Reorganized Debtor's CEO.
- Five percent (5%) of the Fully-Diluted New Common Stock as of immediately following the Plan Effective Date shall be reserved for the issuance of stock options to purchase New Common Stock to management employees of the Reorganized Debtor (the "**ESO Grants**," and together with the RSU Awards, the "**MIP Equity**").
- The Chapter 11 Case will be funded from available unencumbered cash on hand.

The following chart summarizes the classification of Claims and Equity Interests set forth in the Plan and indicates whether each such Class is entitled to vote on the Plan:

Class	Claims and Equity Interests	Status	Voting Rights
1.	Other Priority Claims	Unimpaired	Presumed to Accept
2.	Secured Claims	Unimpaired	Presumed to Accept
3.	Unsecured Notes Claims	Impaired	Entitled to Vote
4.	General Unsecured Claims	Unimpaired	Presumed to Accept
5.	SD(b)(2) Claims	Unimpaired	Presumed to Accept
6.	Intercompany Claims	Unimpaired	Presumed to Accept
7.	Existing Equity Interests	Impaired	Entitled to Vote
8.	Existing Equity Awards	Impaired	Entitled to Vote

Key Dates and Information Regarding Confirmation of the Plan. On November 12, 2024, the Debtor commenced solicitation of votes on the Plan from certain Holders of Class 3 Unsecured Notes Claims, in accordance with section 1125 of the Bankruptcy Code and within the meaning of section 1126 of the Bankruptcy Code. After the Petition Date, pursuant to the Order (I) Scheduling Combined Hearing on (A) Adequacy of Disclosure Statement and (B) Confirmation of Plan, (II) Filing Deadline to Object to Disclosure Statement and Plan, (III) Approving (A) Solicitation Procedures, (B) Form and Manner of Notice of Commencement, Combined Hearing, and Objection Period, and (C) Notice of Voting Status and Opt Out Opportunity, (IV) Conditionally Approving Disclosure Statement, (V) Conditionally (A) Directing the United States Trustee Not to Convene Section 341 Meeting of Creditors and (B) Waiving Requirement of Filing Statements of Financial Affairs of Schedules of Assets and Liabilities, and (VI) Granting Related Relief (Docket No. 33) (the "**Solicitation Procedures Order**"), the Debtor solicited votes to accept or reject the Plan from the remaining Holders of Class 3 Unsecured Notes Claims, as well as Holders of Class 7 Existing Equity Interests and Class 8 Existing Equity Awards (each, a "**Voting Class**"). The voting deadline is **December 30, 2024 at 4:00 p.m. (Prevailing Central Time) (the "Voting Deadline").**

The Debtor expects to meet the requirements for confirmation of the Plan and to emerge from bankruptcy shortly after filing.

A combined hearing to consider approval of the Disclosure Statement and any objections thereto and to consider confirmation of the Plan and any objection thereto will be held before the Honorable Christopher M. Lopez, United States Bankruptcy Judge, in Courtroom 401 of the United States Bankruptcy Court for the Southern District of Texas, 515 Rusk Street, Houston, TX 77002, on January 8, 2025 at 10:00 a.m. (Prevailing Central Time) or as soon thereafter as counsel may be heard (filing a combined hearing). The Combined Hearing may be adjourned from time to time without further notice other than an announcement of the adjourned date or dates in open court or the filing of a notice or hearing agenda of the Chapter 11 Case, which would be available on the Solicitation Agent's website at <https://www.veritaglobal.net/vrm> (the "**Case Website**"). The Plan may be modified, if necessary, subject to section 1127 of the Bankruptcy Code, prior to, during, or as a result of the Combined Hearing, without further notice to parties in interest.

Any responses or objections to the adequacy of the Disclosure Statement and/or confirmation of the Plan must (i) be in writing; (ii) conform to the applicable Bankruptcy Rules and the Bankruptcy Local Rules; (iii) set forth the name of the objecting party, the basis for the objection, and the specific grounds therefor; and (iv) be filed with the Clerk of the Bankruptcy Court no later than 4:00 p.m. (Prevailing Central Time) on December 30, 2024 (the "**Objection Deadline**"). Any objections that fail to comply with the requirements set forth in the Solicitation Procedures Order may not be considered and may be overruled.

Where May Interested Parties Obtain Copies of the Plan and Disclosure Statement? Copies of the Plan, Disclosure Statement, Restructuring Support Agreement, and related documents may be obtained free of charge: (i) by contacting the Solicitation Agent by phone at (866) 967-1785 (USA or Canada) or (310) 751-2685 (international), or (2) through the Case Website (<https://www.veritaglobal.net/vrm>).

All pleadings filed in the Chapter 11 Case (i) may be inspected at the office of the Clerk of the Bankruptcy Court for the Southern District of Texas, P.O. Box 61010, Houston, Texas 77208 (the "**Clerk's Office**") and (ii) will be available at (a) the Solicitation Agent's website (<https://www.veritaglobal.net/vrm>), (b) the PACER website (<http://pacer.psc.uscourts.gov>), and (c) the PACER website at <http://pacer.psc.uscourts.gov> and (b) on the Case Website.

PLEASE NOTE that the staff of the Clerk's Office, the United States Trustee, the Debtor's proposed restructuring counsel, and the Solicitation Agent cannot give legal advice. Please consult a lawyer to assist in determining your rights.

Meeting of Creditors Pursuant to Section 341. The Bankruptcy Court has ordered that the U.S. Trustee shall NOT schedule a meeting of creditors pursuant to section 341 of the Bankruptcy Code before January 13, 2025, and if the Plan is approved and the Chapter 11 Case is confirmed, the requirement to schedule such a meeting shall be waived.

Key Terms Relating to Assumption of Executive Contracts and Unexpired Leases. ARTICLE VI OF THE PLAN CONTAINS THE FOLLOWING PROVISIONS: SECTION 365 OF THE BANKRUPTCY CODE, WHICH PROVIDES THAT THE DEBTOR MAY REJECT OR ASSUME EXECUTORY CONTRACTS AND/OR UNEXPIRED LEASES AND IS ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING ARTICLE VI, AS TO ITS RIGHTS REGARDING SUCH CONTRACTS.

The text of certain executive contract and unexpired lease provisions of the Plan are set forth below for your convenience, but you are not to be bound by the Plan, and you are advised to consult with your attorney regarding the Disclosure Statement and the Plan for a complete description of such provisions.

Assumption or Rejection of Executive Contracts and Unexpired Leases. On the Effective Date, all Executive Contracts and Unexpired Leases of the Debtor will be assumed by the Debtor in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, except for those Executive Contracts and Unexpired Leases that, in each case:

- (i) have been assumed or rejected by the Debtor prior to the Plan Effective Date;
 - (ii) are the subject of a motion to reject filed by the Debtor pending on the Effective Date;
 - (iii) are identified as rejected Executive Contracts and Unexpired Leases by the Debtor on the Schedule of Rejected Executive Contracts and Unexpired Leases to be filed in the Plan Supplement, which may be amended by the Debtor up to and through the Effective Date to add or remove Executive Contracts and Unexpired Leases to the Plan Supplement, and certain other relevant information. Any change of contract or lease to be assumed or rejected by the Debtor pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.
 - (iv) are rejected or terminated pursuant to the terms of the Plan.
- Without amendment or altering any prior order of the Bankruptcy Court approving the assumption or rejection of any Executive Contract or Unexpired Lease, the Combined Order shall constitute an order of the Bankruptcy Court approving such assumption or rejection of Executive Contracts and Unexpired Leases set forth in the Schedule of Rejected Executive Contracts and Unexpired Leases pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.
- To the extent any provision in any Executive Contract or Unexpired Lease assumed or assumed or assigned (as applicable) pursuant to the Plan or any other provision of the Bankruptcy Code, in connection with the Plan Supplement or (i) the Plan Supplement, or (ii) the Plan Supplement, or (iii) the Plan Supplement, or (iv) the Plan Supplement, or (v) the Plan Supplement, or (vi) the Plan Supplement, or (vii) the Plan Supplement, or (viii) the Plan Supplement, or (ix) the Plan Supplement, or (x) the Plan Supplement, or (xi) the Plan Supplement, or (xii) the Plan Supplement, or (xiii) the Plan Supplement, or (xiv) the Plan Supplement, or (xv) the Plan Supplement, or (xvi) the Plan Supplement, or (xvii) the Plan Supplement, or (xviii) the Plan Supplement, or (xix) the Plan Supplement, or (xx) the Plan Supplement, or (xxi) the Plan Supplement, or (xxii) the Plan Supplement, or (xxiii) the Plan Supplement, or (xxiv) the Plan Supplement, or (xxv) the Plan Supplement, or (xxvi) the Plan 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BUSINESS & FINANCE

OPEC Trims Its Forecast For Growth in Oil Demand

Fifth consecutive month of reductions reflects bearish data for third quarter

By Giulia Petroni

The Organization of the Petroleum Exporting Countries cut its forecast for oil-demand growth for the fifth consecutive month after further postponing plans to increase output amid softer prices and market concerns over weaker global consumption.

The Vienna-based cartel now expects demand to grow by 1.61 million barrels a day this year and 1.45 million barrels a day next year, from previous estimates of 1.82 million and 1.54 million barrels a day, respectively. Estimates are roughly 28% and 22% lower compared with July.

The trim mainly reflects bearish data for the third quarter, but the group's overall forecast remains significantly more optimistic than others in the industry, as growth is still seen above the historical average of 1.4 million barrels a day before the pandemic.

Total world demand is estimated to reach around 103.8 million barrels a day and 105.3 million barrels a day on average in the respective periods.

The cartel further lowered



A tanker readies to leave China's port of Qingdao last month.

its forecast for Chinese demand growth to 430,000 barrels a day this year from previous expectations of 450,000 barrels a day, after consumption contracted in October. Growth is still estimated at 310,000 barrels a day next year, OPEC said, as fiscal and monetary stimulus measures should support the country's economy.

Last week, the OPEC+ alliance—which pumps more than half the world's crude oil—further extended voluntary production cuts of 2.2 million barrels a day until the end of March, with producers then set to return the full amount to the market over a period of 18

months. The planned production increase—originally set to start in October 2024 and run through September 2025—had already been delayed twice.

The group led by Saudi Arabia and Russia also extended cuts of 2 million barrels a day and 1.65 million barrels a day by one year until the end of 2026.

The move suggested the group is prioritizing price-support efforts over market share, as lifting production would risk tipping global markets into a surplus and further weaken prices.

Strong supply from the Americas and weak demand

growth in top crude importer China have fueled fears of an oversupplied market next year, putting significant pressure on prices. But political turmoil in the Middle East after the fall of Syrian President Bashar al-Assad and positive signals from China after the country vowed to boost stimulus measures have provided some support this week.

OPEC raised its forecast for supply growth from countries not participating in the Declaration of Cooperation, or DoC, to 1.3 million barrels a day from 1.2 million barrels a day for 2024, driven by the U.S. and Canada.

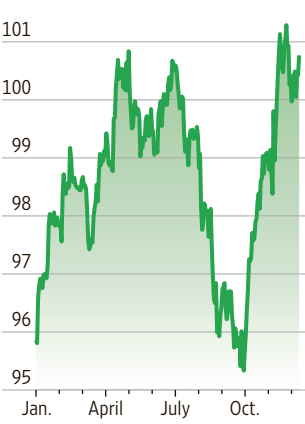
The DoC, the cartel's formal name for OPEC+, was formed in 2016 and comprises the 12 OPEC members and 10 non-members, of which Russia is the largest producer.

Meanwhile, OPEC lifted its U.S. economic-growth estimates to 2.8% for this year and 2.2% the next, from previous expectations of 2.7% and 2.1%, but said projections could be affected by new policy measures under the Trump administration, such as trade tariffs.

Estimates for global economic growth were kept at 3.1% for this year and 3% the next.

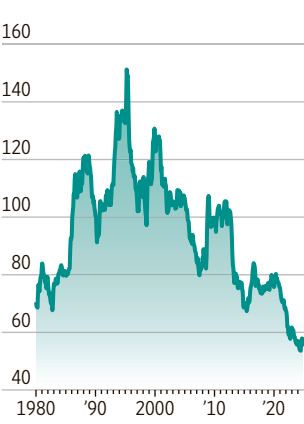
The International Energy Agency, another major energy market forecaster, is due to release its monthly oil report on Thursday.

WSJ dollar index (nominal)



*Monthly inflation-adjusted data IMF index through September, then JPMorgan index Sources: Dow Jones Market Data (dollar); LSEG (yen)

Trade-weighted yen index*



Markets' Fate Rests On Dollar

Continued from page B1

world is struggling, even before the tariffs Trump has been talking about for years. Trump wants to protect the dollar's reserve currency status, a status that increases demand for dollars elsewhere. And he wants to boost oil-and-gas production, something likely to further increase energy exports.

This seems like an open-and-shut case. Stronger growth should mean a stronger currency. Higher productivity, at least in the traded goods sector, ought to mean a stronger currency. Naturally, the dollar is strong.

The case for a weaker currency is harder to make. First up, Trump is a self-declared low-interest-rate guy who argued as recently as this summer that the dollar needs to be weaker to help U.S. manufacturing.

threatening 25% tariffs on Canada and Mexico if they didn't do more to stop illegal migration and drug smuggling. (Both countries' leaders called or visited immediately, suggesting the threat was taken seriously.)

If tariffs are an alternative to sanctions in enforcing American policies, not just about trade, they are up for negotiation and might not last long—or even be introduced. The dollar could weaken.

The third argument is that the dollar needs to weaken only against some currencies—especially the yen and yuan—and those were the currencies Trump focused on in his speech about the overly strong currency in the summer.

Since everyone including the Bank of Japan agrees that the yen, in particular, is far too weak, this should be fixable without necessarily adjusting the dollar much against other currencies.

The best case I see for a weaker dollar is that it is already so strong that it is vulnerable to surprises. If Japan's economy can generate internal demand and allow rate rises while Europe finds a way to boost productivity, much of the narrative around the strong dollar would dissipate.

If, on top of that, tariffs are used more selectively than expected and the budget deficit is reduced, the dollar should pull back significantly.

Exxon Mobil Targets 10% Annual Profit Growth

By Dean Seal

Exxon Mobil said it plans to grow its earnings at a compound annual growth rate of 10% and boost spending on capital projects through 2030.

The biggest U.S. oil company laid out an extensive six-year strategic plan on Wednesday

that targets an additional \$20 billion in potential earnings growth and \$30 billion in cash-flow potential.

The Spring, Texas, company said it also aims to unlock an additional \$7 billion in structural cost savings through 2030 by simplifying its business processes, optimizing supply

chains and modernizing its information-technology and data-management systems.

Exxon is earmarking \$27 billion to \$29 billion for capital expenditures in 2025, including the first full year of contributions from Pioneer Natural Resources, which Exxon agreed to buy for nearly \$60 billion last

year. The company has guided for \$28 billion in capital spending for 2024. Exxon said it expects to spend \$28 billion to \$33 billion a year from 2026 through 2030.

The company added that it currently expects to repurchase \$20 billion of its shares next year.

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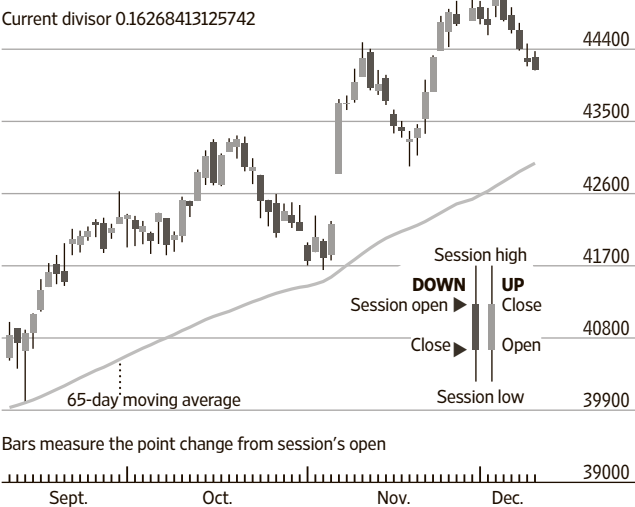
MARKETS DIGEST

EQUITIES

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44148.56 ▼99.27, or 0.22%
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Trailing P/E ratio 27.72 26.85
P/E estimate * 22.91 19.87
Dividend yield 1.82 1.98
All-time high 45014.04, 12/04/24



Bars measure the point change from session's open

*Weekly P/E data based on as-reported earnings from Birlinyi Associates Inc.; †Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD	% chg 3-yr. ann.
Dow Jones										
Industrial Average	44376.18	44135.74	44148.56	-99.27	-0.22	45014.04	37082.00	19.0	17.1	7.1
Transportation Avg	17055.35	16837.41	16845.43	-94.51	-0.56	17754.38	14781.56	7.9	6.0	0.9
Utility Average	1015.03	1002.39	1003.93	-6.90	-0.68	1079.88	829.38	10.7	13.9	2.4
Total Stock Market	60769.15	60485.38	60674.34	499.36	0.83	60836.59	46849.48	29.1	27.0	8.1
Barron's 400	1331.88	1324.37	1327.24	9.33	0.71	1356.99	1039.19	27.4	23.8	7.0
Nasdaq Stock Market										
Nasdaq Composite	20055.93	19830.64	20034.89	347.65	1.77	20034.89	14510.30	36.0	33.5	8.6
Nasdaq-100	21784.71	21533.89	21763.98	395.80	1.85	21763.98	16282.01	31.4	29.3	10.0
S&P										
500 Index	6092.59	6060.15	6084.19	49.28	0.82	6090.27	4688.68	29.3	27.6	8.9
MidCap 400	3322.20	3301.62	3313.03	21.21	0.64	3390.26	2691.79	22.4	19.1	6.0
SmallCap 600	1518.89	1505.91	1510.82	8.64	0.58	1544.66	1241.62	19.4	14.6	3.1
Other Indexes										
Russell 2000	2407.74	2386.37	2394.16	11.38	0.48	2442.03	1913.17	22.9	18.1	2.7
NYSE Composite	19946.68	19877.12	19891.03	9.14	0.05	20272.04	16522.83	20.1	18.0	5.7
Value Line	648.31	644.39	646.42	2.03	0.32	656.04	566.64	12.0	8.8	-0.7
NYSE Arca Biotech	6032.29	5971.83	5997.50	-1.80	-0.03	6154.34	4861.76	13.9	10.7	4.5
NYSE Arca Pharma	973.99	967.45	969.77	-4.22	-0.43	1140.17	882.28	7.9	6.6	7.6
KBW Bank	134.17	132.81	133.00	-0.18	-0.13	138.78	91.80	44.7	38.5	-0.1
PHLX ^S Gold/Silver	157.38	152.77	157.31	5.32	3.50	175.74	102.94	30.0	25.1	8.2
PHLX ^S Oil Service	77.81	75.59	77.13	1.46	1.93	95.25	72.67	-3.1	-8.0	11.8
PHLX ^S Semiconductor	5055.25	4940.06	5027.80	133.10	2.72	5904.54	3908.85	26.0	20.4	8.7
Cboe Volatility	14.43	13.52	13.58	-0.60	-4.23	38.57	11.86	11.4	9.1	-10.1

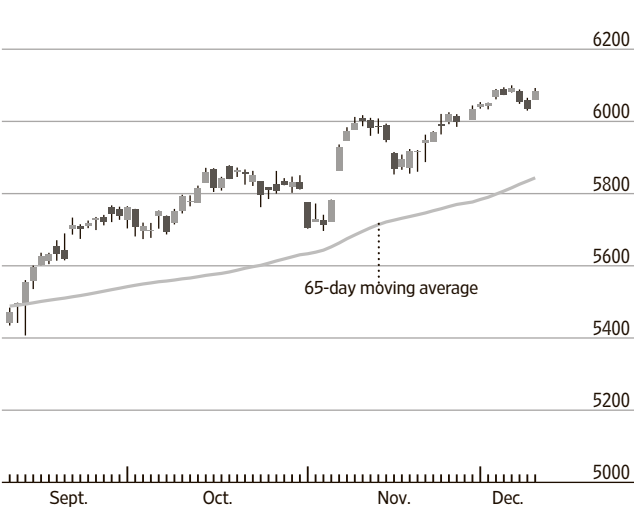
^SNasdaq PHLX

Sources: FactSet; Dow Jones Market Data

S&P 500 Index

6084.19 ▲49.28, or 0.82%
High, low, open and close for each trading day of the past three months.

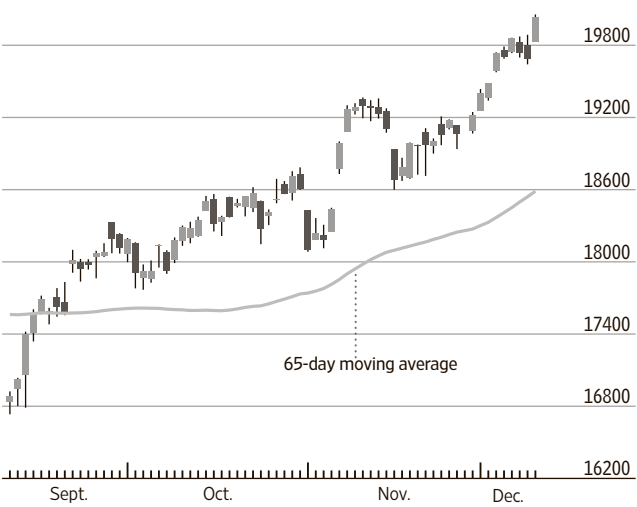
Last Year ago
Trailing P/E ratio * 25.41 21.74
P/E estimate * 22.54 20.41
Dividend yield * 1.22 1.57
All-time high 6090.27, 12/06/24



Nasdaq Composite Index

20034.89 ▲347.65, or 1.77%
High, low, open and close for each trading day of the past three months.

Last Year ago
Trailing P/E ratio ** 33.92 28.35
P/E estimate ** 28.27 27.34
Dividend yield ** 0.75 0.82
All-time high: 20034.89, 12/11/24



Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
Lucid Group	LCID	32,727.2	2.43	-0.0002	-0.01	2.44	2.41
Coca-Cola	KO	8,467.5	62.68	0.04	0.06	72.47	62.50
NVIDIA	NVDA	8,197.7	139.10	-0.21	-0.15	148.15	133.79
Merck	MRK	7,933.9	99.79	0.04	0.04	118.45	99.60
Cisco Systems	CSCO	7,658.2	58.67	0.08	0.14	58.74	50.54
AT&T	T	7,074.1	23.47	-0.01	-0.04	23.50	23.44
ExxonMobil	XOM	7,016.1	112.00	0.08	0.07	117.94	111.50
Archer Aviation	ACHR	6,711.8	7.31	-0.08	-1.08	7.42	7.27

Percentage gainers...

Zentalis Pharmaceuticals	ZNTL	100.8	3.87	0.37	10.57	3.88	3.45
Quantum-Si	QSI	665.4	2.08	0.16	8.33	2.22	1.90
Alphatec Holdings	ATEC	482.4	10.25	0.56	5.78	10.25	9.69
Titan International	TWI	62.5	8.42	0.41	5.12	8.42	8.00
Primo Brands	PRMB	519.3	33.33	1.59	5.01	33.33	31.74

...And losers

Adobe	ADBE	2,380.2	502.39	-47.54	-8.64	569.78	473.97
Equinox Gold	EQX	167.7	6.00	-0.41	-6.40	6.42	6.00
Ryanair Holdings ADR	RYAAY	136.7	43.70	-2.30	-5.00	46.00	43.70
American Financial Group	AFG	74.8	133.00	-6.98	-4.99	139.98	133.00
Silexion Therapeutics	SLXN	194.2	3.32	-0.16	-4.60	3.48	3.25

Trading Diary

Volume, Advancers, Decliners
NYSE NYSE Amer.

Total volume*	1,086,198,463	17,202,511
Adv. volume*	524,963,683	10,113,162
Decl. volume*	549,489,248	6,697,330
Issues traded	2,866	303
Advances	1,480	160
Declines	1,299	130
Unchanged	87	13
New highs	112	7
New lows	48	9
Closing Arms ¹	1.21	0.92
Block trades ¹	4,924	203

	Nasdaq	NYSE Arca
Total volume*	6,639,728,866	251,248,936
Adv. volume*	3,927,587,624	159,833,975
Decl. volume*	2,533,437,951	88,041,877
Issues traded	4,473	2,056
Advances	2,285	1,374
Declines	2,029	639
Unchanged	159	43
New highs	210	121
New lows	138	23
Closing Arms ¹	0.73	1.32
Block trades ¹	42,935	1,038

*Primary market NYSE, NYSE American, NYSE Arca only.
¹(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	871.39	4.98	0.57	19.9
	MSCI ACWI ex-USA	336.94	0.05	0.01	6.4
	MSCI World	3842.39	25.63	0.67	21.2
	MSCI Emerging Markets	1108.43	-3.28	-0.30	8.3
	MSCI AC Americas	2295.83	19.60	0.86	26.6
Canada	S&P/TSX Comp	25657.70	153.37	0.60	22.4
Latin Amer.	MSCI EM Latin America	2041.49	23.38	1.16	-23.3
Brazil	Bovespa	129593.31	1364.82	1.06	-3.4
Chile	S&P IPSA	3632.27	6.18	0.17	4.8
Mexico	S&P/BMV IPC	51284.21	-93.07	-0.18	-10.6
EMEA	STOXX Europe 600	519.95	1.46	0.28	8.6
	Euro STOXX	512.61	1.16	0.23	8.1
	Bel-20	4239.01	-7.23	-0.17	14.3
	OMX Copenhagen 20	2449.62	13.43	0.55	7.3
	CAC 40	7423.40	28.62	0.39	-1.6
	DAX	20399.16	70.00	0.34	21.8
	FTSE 100	2336.33	-16.15	-0.69	25.3
	Tel Aviv	34731.31	206.61	0.60	14.4
	FTSE MIB	896.14	2.72	0.30	13.9
	AEX	896.14	2.72	0.30	13.9
	Oslo Bors All-Share	1662.26	-0.25	-0.02	9.4
	FTSE/JSE All-Share	87115.95	-155.10	-0.18	13.3
	IBEX 35	11789.30	-176.20	-1.47	16.7
	OMX Stockholm	989.62	-1.31	-0.13	9.6
	Swiss Market	11681.87	39.48	0.34	4.9
Asia-Pacific	BIST 100	10058.47	-40.56	-0.40	34.6
	FTSE 100	8301.62	21.26	0.26	7.3
	FTSE 250	20973.45	-0.49	-0.00	6.5
	MSCI AC Asia Pacific	186.19	-0.60	-0.32	9.9
	S&P/ASX 200	8353.60	-39.37	-0.47	10.0
	Shanghai Composite	3432.49	9.83	0.29	15.4
	Hang Seng	20155.05	-156.23	-0.77	18.2
	BSE Sensex	81526.14	16.09	0.02	12.9
	NIKKEI 225	39372.23	4.65	0.01	17.7
	Straits Times	3792.82	-20.73	-0.54	17.1
	KOSPI	2442.51	24.67	1.02	-8.0
	TAIEX	22903.63	-221.45	-0.96	27.7
	SET	1443.05	-4.48	-0.31	1.9

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	High	Low	% chg
Candel Therapeutics	CADL	7.75	3.14	68.11	14.60	1.02	551.3
OS Therapies	OSTX	3.67	1.17	46.80	4.90	1.58	...
Stitch Fix Cl A	SFIX	6.64	2.04	44.35	6.99	2.06	53.3
MIND Technology	MIND	6.02	1.79	42.32	6.98	3.05	2.4
XCHG ADR	XCH	26.05	7.28	38.79	30.47	6.40	...
Patterson Cos	PDCO	31.40	8.29	35.87	31.43	19.45	17.3
Frequency Electronics	FEIM	16.70	3.91	30.57	17.86	8.62	67.0
Silexion Therapeutics	SLXN	3.48	0.76	27.94	122.02	1.86	-96.5
Skillsort	SKIL	18.44	3.72	25.27	19.95	5.09	10.8
FIGS	FIGS	6.24	1.11	21.64	7.98	4.30	-11.6
Mobilicom ADR	MOB	2.77	0.49	21.49	3.01	0.71	63.9
Jupiter Neurosciences	JUNS	11.50	2.00	21.05	17.77	3.86	...
Exagen	XGN	5.12	0.89	20.92	5.25	1.30	225.8
Maris-Tech	MTEK	3.11	0.52	20.08	3.14	1.01	190.7
Agrify	AGFY	32.00	5.33	19.99	84.44	2.71	77.8

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low	% chg
Rigetti Computing	RGTI	308,418	922.7	7.38	13.71	7.96	0.66	...
SEALSO	LAES	220,214	10360.9	1.15	101.40	3.95	0.29	...
Amplitech Group	AMPG	189,819	149363.7	1.93	94.54	2.55	0.64	...
NVIDIA	NVDA	181,885	-25.6	139.31	3.14	152.89	47.32	...
Tesla	TSLA	102,162	16.5	424.77	5.93	424.88	138.80	...
Candel Therapeutics	CADL	100,458	26175.1	7.75	68.11	14.60	1.02	...
Palantir Technologies	PLTR	88,130	20.6	72.51	2.29	80.91	15.66	...
Canoo	GOEV	86,012	1047.7	0.13	-23.53	7.08	0.12	...
XTI Aerospace	XTIA	85,798	98.7	0.04	...	11.50	0.04	...
D-Wave Quantum	QBST	85,587	417.8	4.12	-11.97	5.38	0.68	...

* Volumes of 100,000 shares or more are rounded to the nearest thousand

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Percentage Losers

Company	Symbol	— Latest Session —			52-Week		
		Close	Net chg	% chg	High	Low	% chg
Samfine Creation	SFHH	3.05	-18.04	-85.54	24.00	2.85	
Q32 Bio	QTTB	5.95	-18.46	-75.62	53.79	5.80	-40.7
ADC Therapeutics	ADCT	2.22	-1.26	-36.21	6.04	1.01	32.1
Mars Acquisition	MARX	7.24	-3.62	-33.23	12.18	6.50	-31.7
AnaptyisBio	ANAB	15.51	-7.58	-32.83	41.31	14.20	-15.1
ImmunityBio	IBRX	3.15	-1.49	-32.11	10.53	3.06	-19.8
Lightwave Logic	LWLG	1.97	-0.69	-25.85	5.69	1.76	-61.2
Huize Holding ADR	HUIZ	3.10	-0.99	-24.21	10.58	2.15	-28.0
Wang & Lee Group	WLGS	2.80	-0.75	-21.13	5.57	0.44	459.9
VCI Global	VCIG	1.69	-0.43	-20.28	142.10	1.38	-98.5
Dave & Buster's	PLAY	29.41	-7.39	-20.08	69.82	29.07	-39.1
Enanta Pharmaceuticals	ENTA	7.00	-1.64	-18.98	17.80	6.90	-27.8
SYLA Technologies ADR	SYT	1.67	-0.38	-18.68	8.74	1.43	-60.2
Chanson Intl Hldg	CHSN	6.62	-1.48	-18.27	18.65	1.10	-54.3
Defiance Dly Tgt 2x Sh	SMST	4.98	-1.08	-17.82	118.40	3.47	

Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.						
Dec	4.2210	4.2585	4.1845	4.2140	-0.0095	1,745
March'25	4.2735	4.3245	4.2315	4.2635	-0.0085	125,419
Gold (CMX)-100 troy oz.; \$ per troy oz.						
Dec	2701.80	2733.80	2693.10	2733.80	36.20	1,138
Jan'25	2708.80	2743.80	2700.30	2741.50	35.90	2,160
Feb	2721.20	2759.70	2719.10	2756.70	38.30	368,854
April	2742.30	2778.50	2739.00	2776.60	37.20	53,009
June	2764.40	2799.80	2760.10	2797.90	36.90	34,722
Aug	2787.60	2818.20	2781.00	2817.70	36.70	12,076
Palladium (NYM) - 50 troy oz.; \$ per troy oz.						
Dec	991.50	997.00	991.50	1002.70	28.10	7
March'25	978.00	1014.00	968.00	1012.50	30.90	15,244
Platinum (NYM)-50 troy oz.; \$ per troy oz.						
Dec	924.80	938.00	▼ 924.80	947.00	1.70	1
Jan'25	924.20	955.70	940.70	950.80	1.70	66,477
Silver (CMX)-5,000 troy oz.; \$ per troy oz.						
Dec	32.340	32.475	32.205	32.562	0.199	835
March'25	32.660	33.140	32.410	32.967	0.220	123,261
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.						
Jan	68.50	70.53	68.44	70.29	1.70	207,468
Feb	68.15	70.08	68.12	69.87	1.60	244,276
March	67.94	69.70	67.92	69.52	1.47	189,212
April	67.78	69.42	67.77	69.26	1.36	88,977
June	67.55	69.00	67.54	68.84	1.18	166,706
Dec	66.49	67.60	66.49	67.46	0.88	154,288

Cash Prices | wsj.com/market-data/commodities

Wednesday, December 11, 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.

Energy		Grains and Feeds		Fats and Oils	
Coal,C,Aplc.1,2500Btu.1.2502-r,w	76.250	Bran,wheat middlings, KC-u,w	136	Coffee,Colombian, NY-y	3.5679
Coal,Pwdr,RvRbns,8800Btu.0.8502-r,w	14.200	Corn,No.2 yellow,Cent IL-bp,u	4.2200	Eggs,large white,Chicago-u	3.7650
Metals		Corn gluten feed,Midwest-u,w	121.2	Flour,hard winter KC-p	15.85
Gold, per troy oz		Corn gluten meal,Midwest-u,w	459.7	Hams,17-20 lbs,Mid-US fob-u	n.a.
Engelhard industrial	2705.00	Cottonseed meal-u,w	315	Hogs,lowa-So. Minnesota-u	82.81
Handy & Harman base	2705.45	Hominy feed,Cent IL-u,w	112	Pork bellies,12-14 lb MidUS-u	1.3654
Handy & Harman fabricated	3003.05	Meat-bonemeal 50% pro Mnpls-u,w	313	Pork loins,13-19 lb MidUS-u	0.9873
LBMA Gold Price AM	*2670.45	Ons.No.2 milling,Mnpls-u	n.a.	Steers,Tex.-Okla. Choice-u	191.00
LBMA Gold Price PM	*2689.60	Rice, Long Grain Milled, No. 2 AR-u,w	35.25	Steers,feeder,Okla. City-u,w	296.25
Kruggerand,wholesale-e	2824.60	SoybeanMeal,Cent IL,rail,ton48%-u,w	308.25	Fats and Oils	
Maple Leaf-e	2851.76	Soybeans,No.1 yllw IL-bpu	9.7100	Deegum,corn oil, crude wtd. avg.-u,w	n.a.
American Eagle-e	2851.76	Wheat,Spring14%-pro Mnpls-u	8.0700	Grease,choice white,Chicago-h	0.4100
Mexican peso-e	3282.63	Wheat,No.2 soft red,St.Louis-u	5.7075	Lard,Chicago-u	n.a.
Austria crown-e	2665.18	Wheat- Hard- KC (USDA) \$ per bu-u	5.6725	Soybean oil,crude;CentIL IL-u,w	0.4306
Austria phil-e	2851.76	Wheat,No.1soft white,Portld,OR-u	6.0250	Tallow,bleach;Chicago-h	0.4350
Silver, troy oz.		Food		Tallow,edible,Chicago-u	n.a.
Engelhard industrial	31.9800	Beef,carcass equiv. index choice 1-3,600-900 lbs.-u	293.24	KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 12/10	
Handy & Harman base	32.1410	select 1-3,600-900 lbs.-u	260.64	Source: Dow Jones Market Data	
Handy & Harman fabricated	40.1760	Broilers, National comp wtd. avg.-u,w	1.3016		
LBMA spot price (U.S.\$ equivalent)	*25.0000	Butter,AA Chicago-d	2.5275		
Coins,wholesale \$1,000 face-a	24572	Cheddar cheese bbl,Chicago-d	167.50		
Other metals		Cheddar cheese,bk,Chicago-d	175.00		
LBMA Platinum Price PM	*939.0	Milk,Nonfat dry,Chicago lb.-d	138.25		
LBMA Palladium Price PM	*969.0	Coffee,Brazilian,Comp-y	3.4022		
Platinum,Engelhard industrial	942.0				
Palladium,Engelhard industrial	981.0				
Aluminum, LME, \$ per metric ton	*2553.0				
Copper,Cotmex spot	4.2140				
Iron Ore, 62% Fe CFR China-s	*105.8				
Steel, HRC USA, FOB Midwest Mill-s	*690.0				
Battery/EV metals					
BMI Lithium Carbonate, EXW China ~99.2%-v,w	10500				
BMI Lithium Hydroxide, EXW China ~56.5%-v,w	9350				
BMI Cobalt sulphate, EXW China >20.5%-v,w	3623				
BMI Nickel Sulphate, EXW China ~22%-v,m	3512				
BMI Flake Graphite, FOB China ~100 Mesh, 94-95%-v,m	435				
Fibers and Textiles					
Burlap,10-oz 40-inch NY yd-n,w	0.8400				
Cotton,1 1/16 std lw-mdMphs-u	0.6665				
Cotlook 'A' Index-t	*80.10				
Hides,hvy native steers piece fob-u	n.a.				
Wool,64s,Staple, Terr del-u,w	n.a.				

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

December 11, 2024

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

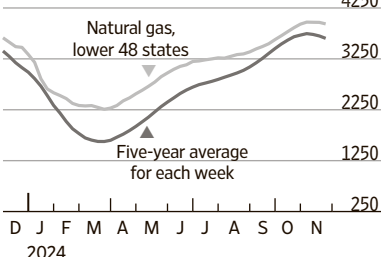
Inflation				Federal funds				Commercial paper (AA financial)			
Nov. index	Chg From (%)			Effective rate				90 days			
level	Oct. 24	Nov. 23		High	4.5800	4.5800	5.3400	4.5800	4.50	n.a.	5.39
All items	315.493	-0.05	2.7	Low	4.5500	4.5500	5.3300	4.5500	4.64	4.64	5.40
Core	321.947	0.06	3.3	Bid	4.5700	4.5700	5.3300	4.4700			
				Offer	4.6000	4.5800	5.3600	4.5800			
International rates				Treasury bill auction				Secured Overnight Financing Rate			
	Latest	Week ago	-52-Week-- High Low	4 weeks	4.400	4.450	5.325	4.400			
Prime rates				13 weeks	4.300	4.400	5.260	4.300			
U.S.	7.75	7.75	8.50	26 weeks	4.200	4.305	5.190	4.200			
Canada	5.95	5.95	7.20								
Japan	1.625	1.625	1.625								
Policy Rates				Other short-term rates				DTCC GCF Repo Index			
Euro zone	3.40	3.40	4.50	Latest	Week ago	-52-Week-- high low		Treasury	4.643	70.050	5.504
Switzerland	1.50	1.50	2.25					MBS	4.685	72.650	5.689
Britain	4.75	4.75	5.25								
Australia	4.35	4.35	4.35								
Overnight repurchase				Call money				Freddie Mac			
U.S.	4.66	4.63	5.48	Latest	Week ago	-52-Week-- high low		30-year fixed	6.69	6.81	7.03
								15-year fixed	5.96	6.10	6.29
U.S. government rates				Notes on data: U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective November 8, 2024. Other prime rates aren't directly comparable; lending practices vary widely by location; Discount rate is effective November 8, 2024. Secured Overnight Financing Rate is as of December 10, 2024. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal funds rates are Tullett Prebon rates as of 5:30 p.m. ET.							
Discount	4.75	4.75	5.50					Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.			

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended December 6. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Inventories, 000s barrels							Imports, 000s barrels per day						
	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg	
Crude oil and petroleum prod	1,236,386	...	1,237	1,259	1,240	1,261	7,529	...	8,769	8,493	8,317	8,194	
Crude oil excluding SPR	421,950	-1,000	423	441	426	445	5,984	...	7,290	6,517	6,760	6,227	
Gasoline	219,689	...	215	224	214	231	464	...	511	715	496	588	
Finished gasoline	16,528	600	14	15	15	20	102	...	78	117	77	78	
Reformulated	21	...	0	0	0	0	0	...	0	0	0	0	
Conventional	16,507	...	14	15	15	20	102	...	78	117	77	78	
Blend components	203,161	...	200	209	199	211	363	...	432	598	419	510	
Natural gas (bcf)	3,937	...	4	4	4	3	
Kerosene-type							jet fuel						
Distillates	41,907	...	42	37	42	37	160	...	75	84	129	117	
Heating oil	121,335	1,000	118	114	117	127	154	...	116	205	134	262	
Diesel	6,119	...	6	7	6	8	0	...	2	2	2	1	
Residual fuel oil	115,215	...	112	107	111	59	154	...	115	203	133	261	
Other oils	23,703	...	23	27	23	29	156	...	88	159	111	148	
Net crude, petroleum products, incl. SPR	292,101	...	298	299	299	287	485	...	577	683	558	698	
	1,628,917	...	1,629	1,611	1,631	1,781	-2,476	...	-3,008	-1,831	-2,697	-1,368	

Weekly Demand, 000s barrels per day							Natural gas storage						
	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg	Billions of cubic feet; weekly totals						
Total petroleum product	20,158	...	19,968	21,079	20,092	20,520							
Finished													
motor gasoline	8,810	...	8,738	8,859	8,618	8,756							
Kerosene-type													
jet fuel	1,841	...	1,610	1,871	1,737	1,454							
Distillates	3,450	...	3,398	3,770	3,585	4,010							
Residual fuel oil	133	...	402	236	291	270							
Propane/propylene	1,683	...	825	1,200	1,233	...							
Other oils	4,241	...	4,997	5,142	4,628	...							

Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions. Sources: FactSet; Dow Jones Market Data; U.S. Energy Information Administration; Dow Jones Newswires

COMMODITIES

	Open	Contract High hi lo	Low	Settle	Chg	Open interest
March'25	42.96	43.46	42.45	42.71	-22	194,581
Rough Rice (CBT)-2,000 cwt.; \$ per cwt.						
Jan	15.08	15.13	15.01	15.04	-05	7,328
March	15.19	15.21	15.11	15.14	-05	2,710
Wheat (CBT)-5,000 bu.; cents per bu.						
Dec	544.00	552.50	544.00	543.50	1.50	19

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are consolidated from trades reported by various market centers, including securities exchanges, Finra, electronic communications networks and other broker-dealers. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:

† New 52-week high; † New 52-week low; **dd**-Indicates loss in the most recent four quarters.

Stock tables reflect composite regular trading as of 4 p.m. ET and changes in the official closing prices through 4 p.m. ET the previous day.

Wednesday, Dec. 11, 2024							
Stock	Sym	Close	Chg	Stock	Sym	Close	Chg
A B C							
AAON	AAON	132.36	3.19	Brookfield	BRK	60.05	0.90
AECOM	ACM	127.07	0.30	Brookfield	BIP	33.85	0.65
AES	AES	58.15	2.41	Brookfield	BEP	29.89	0.67
Aflac	AFL	104.21	0.01	Brookfield	BNT	60.00	0.05
AGNC Inv	AGNC	64.11	0.01	Brookfield	BDR	172.16	1.42
Agilent	AGI	139.40	0.00	Brookfield	BFA	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFB	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFC	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFD	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFE	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFG	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFH	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFI	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFJ	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFK	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFL	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFM	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFN	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFO	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFP	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFQ	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFR	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFS	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFT	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFU	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFV	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFW	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFX	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BFY	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BHZ	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIA	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIB	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIC	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BID	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIE	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIF	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIG	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BII	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIL	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIM	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIN	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIO	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIP	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIS	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIT	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIV	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIX	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BIZ	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJA	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJB	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJC	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJD	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJE	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJF	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJG	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJI	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJJ	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJK	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJL	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJM	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJN	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJO	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJP	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJQ	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJR	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJS	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BJT	44.28	-0.21
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Ally	ALLY	100.25	0.00	Brookfield	BLR	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BLS	44.28	-0.21
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Ally	ALLY	100.25	0.00	Brookfield	BLU	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BLV	44.28	-0.21
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Ally	ALLY	100.25	0.00	Brookfield	BMC	44.28	-0.21
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Ally	ALLY	100.25	0.00	Brookfield	BME	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BMF	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BMG	44.28	-0.21
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Ally	ALLY	100.25	0.00	Brookfield	BMR	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BMS	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BMT	44.28	-0.21
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Ally	ALLY	100.25	0.00	Brookfield	BWZ	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BXA	44.28	-0.21
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Ally	ALLY	100.25	0.00	Brookfield	BXC	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BXD	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BXE	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BXF	44.28	-0.21
Ally	ALLY	100.25	0.00	Brookfield	BXG	44.28	-0.21
Ally	ALLY						

MARKETS

Nasdaq Crosses 20000 Mark, Boosted by New Inflation Data

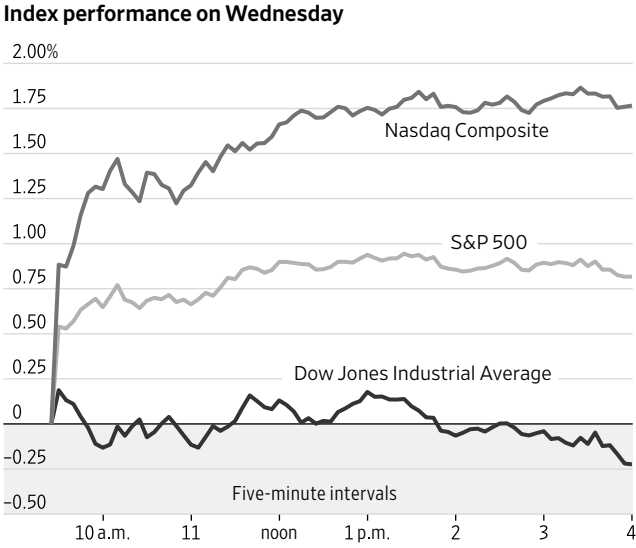
The Nasdaq Composite crossed 20000 for the first time Wednesday, lifted by the AI rally and new inflation data that bolstered expectations the Federal Reserve will cut interest rates next week. Relieved investors flocked to tech stocks. Shares in **Alphabet**, the parent company of Google, rose 5.5% to a record \$195.40, while consumer staples like **McDonalds** slipped 1.5%.

Bets on AI and big tech stocks have supercharged the stock market in 2024, with the S&P 500 returning nearly 28% year-to-date. The index is on pace for back-to-back annual jumps of more than 20% for the first time since a four-year stretch that ended in 1998. Shares in semiconductor supplier **Broadcom** rose 6.6% following reports that it was working with **Apple** on AI software.

The Dow Jones Industrial Average edged lower, as healthcare stocks flagged. The industrials lost about 99 points, or 0.2%, to 44148.56.

Federal lawmakers are preparing to break up pharmacy-benefit managers.

Healthcare “is under bipartisan scrutiny which is pretty horrendous,” said Jay Hatfield, chief executive at Infrastructure Capital Advisors.



The moves came after the latest reading of the consumer-price index showed that prices rose 2.7% in the 12 months through November. That was right in line with consensus expectations and up from a 2.6% rate as of October.

Core prices, which exclude volatile food and energy costs, were up 3.3%, also matching forecasts, the report from the U.S. Bureau of Labor Statistics showed.

While price pressures remain somewhat elevated, investors have grown more confident in recent weeks that

central bankers will continue to lower rates.

On Wednesday, interest-rate futures showed traders now view a cut of a quarter-percentage point next week as a near certainty.

Investors are thinking “It’s going to be fine so let’s go to the easy trade, which is AI, tech, and rotate a little bit out of the staples,” Hatfield said.

The S&P 500 and Nasdaq Composite rose on Wednesday, buoyed by the inflation report.

The Nasdaq led gains, finishing with a 1.8% gain. The S&P 500 rose 0.8%.

Elsewhere:

◆ **Benchmark Treasury yields retreated after the data, then rebounded to close at 4.270%. On Tuesday, the 10-year yield settled at 4.219%.**

◆ **The yuan slipped after it was reported that China is considering letting the yuan weaken as it braces for higher U.S. tariffs.**

◆ **Bitcoin topped \$100,000.**

◆ **Indexes in Seoul and Shanghai rose, but Hong Kong’s benchmark fell. The Stoxx Europe 600 rose slightly.**

—Heather Gillers and Caitlin McCabe

AUCTION RESULTS

Here are the results of Wednesday’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.

17-WEEK BILLS	
Applications	\$181,160,831,300
Accepted bids	\$64,217,915,300
* noncompetitively	\$603,648,700
* foreign noncompetitively	\$75,000,000
Auction price (rate)	98.598444 (4.240%)
Coupon equivalent	4.360%
Bids at clearing yield accepted	11.61%
Cusip number	912797N26
The bills, dated Dec. 17, 2024, mature on April 15, 2025.	

NINE-YEAR, 11-MONTH NOTES	
Applications	\$105,448,411,600
Accepted bids	\$39,279,340,000
* noncompetitively	\$71,378,700
* foreign noncompetitively	\$0
Auction price (rate)	100.114150 (4.235%)
Interest rate	4.250%
Bids at clearing yield accepted	33.39%
Cusip number	91282CLW9
The notes, dated Dec. 16, 2024, mature on Nov. 15, 2034.	

STOCK SPOTLIGHT

Hershey
Snacks company Mondelez poured cold water on speculation that it was considering a takeover bid for the candy maker. Hershey stock fell 5.4%, while Mondelez rallied 2.2%.

Cigna, CVS Health and UnitedHealth
Lawmakers are set to legislate to break up pharmacy-benefit managers. CVS lost 6.2%, while Cigna and UnitedHealth both declined 5.6%.

Broadcom
Shares of the semiconductor supplier rose 6.6% after reports that it was working with Apple on artificial-intelligence software. The two firms have a continuing partnership.

General Motors
The automaker scrapped its Cruise robotaxi program after nearly a decade, and \$10 billion of development. Shares dropped 1.3%.

Walgreens Boots Alliance
Shares surged Tuesday on the news that the pharmacy chain was in talks to sell itself to a private-equity firm. The stock handed back some gains Wednesday, declining 5.6%.

GE Vernova
The power company launched a dividend, plus a \$6 billion stock buyback program, and raised its longer-term outlook. Shares of the

company, which was spun off from GE this year, rose 5%.

Dave & Buster’s Entertainment
Shares sank 20% after the arcade-restaurant operator reported a significantly wider quarterly loss and said its chief executive resigned.

GameStop
The videogame retailer swung to a quarterly profit, aided by lower expenses. The shares, which are a favorite among meme-stock investors, gained 7.6%.

Macy’s
Shares of the company slipped 0.8% after the department-store chain reported a decline in quarterly net income and sales. The report was delayed after Macy’s discovered an employee had hidden expenses over several years, generating \$151 million in false bookkeeping entries.

THURSDAY’S EVENTS:

The Swiss National Bank is due to issue an interest-rate decision at 3:30 a.m. ET, followed by the European Central Bank at 8:15 a.m.

The U.S. producer price index for November is due at 8:30 a.m. ET

EARNINGS EXPECTED:

Broadcom
Costco

HEARD ON THE STREET

Booming Leveraged Funds Can Incinerate Your Money

Variants soon might include long-short funds resembling pro-wrestling matches

There is great appeal in the notion of a simple investment product that can reliably provide double or triple the returns of a popular stock or index. The results have been disappointing, vaporizing billions of dollars, but Wall Street keeps finding plenty of eager buyers.

Leveraged exchange-traded funds are having a moment about two years after the first leveraged single-stock ETFs were introduced in the U.S. They typically use derivatives to seek magnified gains. That will magnify losses. Through November, the size of these funds in the U.S. grew 46% this year to about \$137 billion, according to Morningstar Direct. About \$20 billion of them were single-stock funds, up 11-fold year to date.

The biggest leveraged ETF, at \$25 billion, is the **ProShares UltraPro QQQ**. The fund’s manager says it seeks “daily investment results, before fees and expenses, that correspond to three times (3x) the daily performance of the Nasdaq-100 Index.”

The crucial word there is “daily.” An investor who naively skipped over that nuance and held the fund for longer may have been disappointed with its relative performance. Through last month, the Nasdaq-100 gained 32% during the previous three years. But the fund was up only 1%.

The daily results often don’t go according to plan, either. On many days this year, the fund’s performance has been significantly less than or greater than three times the index’s move. The reason: Nobody’s perfect. Every day the fund’s holdings go up or down in



Two single-stock leveraged exchange-traded funds target the popular technology stock MicroStrategy. Company co-founder Michael Saylor.

value, while the fund’s managers must keep its daily leverage at a constant level. This requires lots of complex trading, buying more when the index goes up and selling when it goes down.

Leveraged ETFs aren’t new, and their foibles are well known to old hands. The noted fund manager Ted Seides in a 2010 paper, titled “The Surprising Cost of Volatility,” highlighted the performance during the financial crisis of two leveraged ETFs tied to the Russell 2000 index of small stocks.

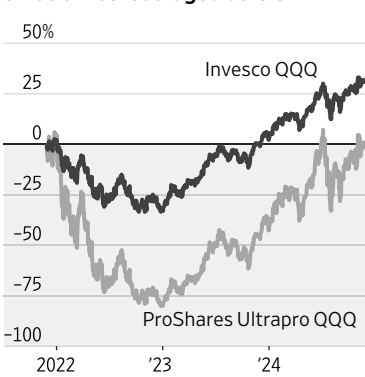
The Russell 2000 fell 16% from the start of 2008 to the end of 2009. One might think someone who was betting the index would go down during that same period would have profited nicely. Yet investors in a leveraged ETF called the Russell 2000 Ultra Short 2x lost 51%. That was almost as bad as the Russell 2000 Ultra Long 2x, which fell 53%, or more than triple the index’s decline.

The drag mainly was due to the underlying holdings’ volatility. “In markets that are more volatile than directional, the repeated process of rebalancing the ETF follows a pattern of buying high and selling low that takes a toll on asset value over time,” Seides wrote.

The appetite for leveraged ETFs has grown nonetheless. Popular single-stock leveraged ETFs include two funds targeting 2x daily returns in the bitcoin-buying machine **MicroStrategy**. After investors noticed they frequently were missing their daily targets, the funds’ managers explained they couldn’t get enough swap contracts from their prime brokers and had turned to less effective ways of getting daily leverage, including the options market. Skeptics have pointed out that a 51% one-day drop in MicroStrategy’s stock price could wipe out the funds.

In a research note last month,

Performance of Nasdaq 100 ETF and three times leveraged version



Note: Through Nov. 29
Source: FactSet

Victor Haghani and James White of the investment firm Elm Wealth wrote that “even with the fullest disclosure possible, we struggle to find cases where these ETFs, particularly those based on single stocks, would make sense as investment vehicles for investors with typical risk preferences.”

A jump-the-shark moment for the ETF industry could be approaching. Like a pro-wrestling promoter pairing a heel or a good guy against a jabroni in a steel-cage match, Tidal Investments has filed plans with the Securities and Exchange Commission for a lineup of eight leveraged ETFs called Battleshares, each pitting a popular disrupter against a company it is disrupting. One fund would have a leveraged-long position in **Tesla** about twice as big as a short position in Ford. Another would be long **Amazon.com** and short **Macy’s** in the same way. And so on.

Unlike other leveraged ETFs, the proposed Battleshares funds make no pretense of seeking “daily” performance, stating instead that each ETF “seeks long-term capital appreciation.” As with other leveraged ETFs, the constant rebalancing required as the stocks go up or down is likely to drag on returns.

White, the chief executive of Elm Wealth, at The Wall Street Journal’s request estimated how the proposed Battleshares pairings would have performed if they had maintained 2x daily leverage over time.

For the three years through Nov. 30, one might naively have expected a 26% compounded annual return simply by netting Amazon’s 2x long performance against Macy’s 1x short performance. (On a compounded basis, Amazon grew 6% a year, while Macy’s fell 14% a year.) However, in a leveraged ETF structure, White estimated the trade would have lost 5% a year, including management fees and finance costs. That mainly was because of the stocks’ volatility and the constant rebalancing needed to maintain the 2x daily leverage.

Likewise, over the same period, netting Tesla’s performance against Ford’s would have suggested a possible compounded annual return of 4%. In a 2x leveraged ETF structure, White estimated the pairs trade would have lost 28% a year.

While it may be brilliant marketing, these aren’t investments for the serious-minded. They likely will be more fun to watch than to own.

—Jonathan Weil

Kiss Goodbye to Speculation Over a Mondelez Takeover of Hershey

A deal between **Mondelez International** and **Hershey** never looked likely.

Now Mondelez has all but confirmed it won’t happen.

Hershey shares soared on Monday after Bloomberg reported that Oreo owner Mondelez had made a preliminary approach to Hershey for a deal.

But Hershey is controlled by a trust, which makes it a difficult takeover target.

Additionally, Mondelez actually tried to acquire Hershey back in 2016 and was rebuffed.

Since then, Hershey stock has actually outperformed Mondelez, despite the fact that Hershey’s sales have been struggling lately.

All this made a deal look unattractive for Mondelez.

On Wednesday, Mondelez effectively put the speculation to an end by announcing a \$9 billion stock

buyback.

This accomplishes two goals at once: It signals that the company doesn’t intend to allocate much capital to a big acquisition while also casting a vote of confidence in its own stock, which is down around 12% so far this year.

To make things even clearer, Mondelez said in a statement that the company is committed to “an acquisition strategy that is focused on bolt-on assets,” a mergers-and-acquisitions term for smaller deals that enhance a company’s portfolio, rather than transformational megasized mergers like a takeover of Hershey.

Mondelez shares closed up 2.2% on Wednesday.

Hershey stock had already declined 3.3% on Tuesday as takeover mania faded and closed down another 5.4% Wednesday.

—Aaron Back



Mondelez said in a statement that it is committed to ‘an acquisition strategy that is focused on bolt-on assets.’

HEARD^{ON}THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Avoid Taxes Like the Rich and Famous

Technology such as AI widens access to strategies, including the launch of funds that explicitly seek to defer payments

The buzzword on Wall Street is to “democratize” everything that was once exclusively for sophisticated investors, be it hedge-fund strategies, options trading or private markets. It was only a matter of time until the list included tax avoidance.

This is the time of year when legal ways to avoid paying income tax are top of mind. Income taxes are levied on interest from bonds and bank deposits, as well as on preferred dividends and the sale of investments for a gain. Qualified dividends and long-term capital gains get a lower rate. Even if you receive cash from your fund and invest it right back, you owe the tax man.

This creates funkiness in markets. The famous Santa Claus rally is likely the rebound from what is known as tax-loss harvesting in early December, when investors sell their unprofitable securities to offset broader gains in their portfolios.

If it seems like a lot of work for scant gain, think again: A 2020 paper estimated an extra annual return of 1.1% from tax-loss harvesting with U.S. blue-chip stocks. For someone investing \$10,000 in a taxable brokerage account now, it could mean having \$235,000 in 30 years’ time instead of \$175,000.

The second approach is to defer tax payments as much as possible, allowing money to compound for longer. It is a crucial reason why the highest-income households often pay less tax than middle-class ones, according to the Tax Policy Center.

To invest in the S&P 500, for example, the rich might eschew mutual funds and use direct indexing—that is, owning the stocks in the index individually so the underperforming ones can be disposed of even if the market does well. **Parametric Portfolio Associ-**

ates pioneered this strategy in the 1990s.

Still, stocks tend to go up, so eventually there are no losers to sell. For a few years now, quantitative-investment shops such as **AQR Capital Management** and **Quantinno Capital Management** have offered better, more complex products that combine long and short bets on stocks.

Traditionally, it only made sense to dabble in such products if you had savings in the many millions of dollars. But tax-optimizing solutions are booming as a wave of innovations reduce barriers to entry.

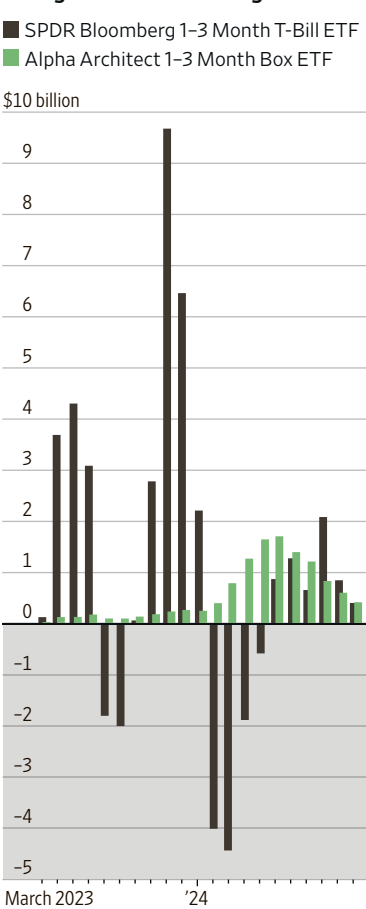
Take **Vanguard**, which in 2021 bought direct-indexing specialist Just Invest, and is deploying this capability for accounts with as little as \$250,000. Two decades ago, replicating an index while assessing the tax situation daily to sell and reinvest—all while not violating the wash-sale rule that prevents tax-loss harvesting if a similar security is purchased shortly after—required an unworkable number of staff hours. Now it can be done by a computer algorithm.

Schwab’s direct-indexing strategies have an even lower minimum: \$100,000.

Similarly, today’s mass-affluent wealth platforms such as Betterment and Wealthfront offer automated tax optimization. These can involve direct indexing, daily tax-loss harvesting using advanced mathematical models, or timing fund purchases around cash distributions. And they do the simple things that humans lose track of, such as placing bonds and high-dividend stocks in tax-sheltered 401(k)s and individual retirement accounts, while using taxable accounts for exchange-traded funds.

Indeed, the rise to dominance of ETFs over the past 30 years has already given the masses a tax-

Assets under management, rolling three-month change



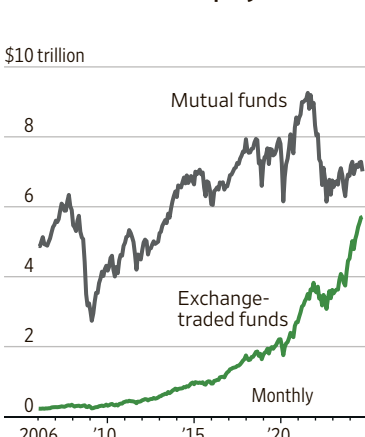
*Through Dec. 5
Sources: FactSet (AUM); Investment Company Institute (equity funds); Morningstar Direct (*tax* reference)

friendly product. Unlike mutual funds, they don’t need to sell assets whenever shareholders want their money back. They are underpinned by banks that swap ETF shares for a basket of the underlying securities.

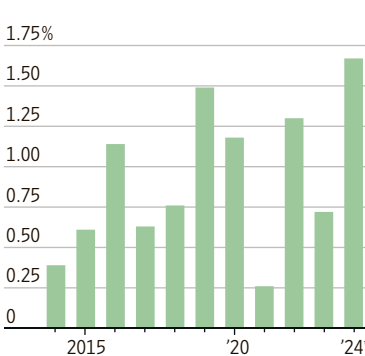
And if you just dumped a stock for tax-harvesting purposes, an ETF is a great, diversified way to reinvest that cash.

Asset-management firms are in-

Total assets in U.S. equity funds



Percentage of launches of U.S.-domiciled mutual funds and exchange-traded funds that reference ‘tax’ in their names



creasingly converting their funds, including actively managed ones, into ETFs. **BlackRock**, the world leader, did so for the first time last month with its International Dividend Fund.

Smaller competitors are unveiling explicitly tax-busting products: In 2022, Pennsylvania-based Alpha Architect launched an ETF under the ticker BOXX. The fund uses option strategies to build an alter-

native to short-term Treasury bills without paying out interest income, though it has still been occasionally compelled to distribute cash. High rates have made it a popular product: In 2024, it has increased its assets more than the largest similar Treasury bill ETF, which is run by **State Street Global Advisors**.

Alpha also is taking part in the coming launch of the **Cambria Tax Aware ETF**, or TAX, announced in October. A more-complicated proposition, it allows investors who seed the fund with their own in-kind contributions to benefit from a loophole similar to one used by the wealthy to defer capital-gains tax on real estate. The benefit is a more-diversified portfolio, but they initially own the hodgepodge of stocks they and others use to seed the fund. Taxes are still due eventually.

Another hitch is that such ETFs need to keep to a clear investment mandate filed with the Securities and Exchange Commission. That will get easier with scale, so it seems inevitable that the top investment platforms will soon start marketing similar products to their direct-indexing clients.

“We are exploring some of these solutions,” said Brent Beardsley, Vanguard’s head of adviser solutions. He also is looking into making long/short loss harvesting more accessible.

Generative artificial intelligence is set to lower costs further, both for launching products and for building AI agents that customize savers’ tax needs.

Technology could eventually allow the average Joe to optimize his tax bill with nearly the finesse of the yacht and private-jet crowd. The big unknown is what Uncle Sam might do about it when the numbers get uncomfortably big.

—Jon Sindreu



Bali, Indonesia

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