

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

◆ **The SEC's official X account** was hacked when the agency posted that it had approved exchange-traded funds holding bitcoin, forcing Chair Gary Gensler and the regulator to disavow the erroneous post. **A1**

◆ **China's overseas auto sales** surged to a record last year, on track to surpass Japan as the world's biggest car exporter and marking a tectonic shift for the global industry. **A1**

◆ **Companies are**, on average, planning for salary increases of 4% in 2024, according to a December survey of more than 1,800 employers by advisory firm Willis Towers Watson. **A1**

◆ **Boeing's chief executive** said the company needs to acknowledge its mistake as the aircraft maker reels from a door-plug failure that has resulted in roughly 170 of its planes being grounded and spooked its customers. **A2**

◆ **U.S. stocks ended mixed**, with the S&P 500 and Dow industrials losing 0.1% and 0.4%, respectively, and the Nasdaq gaining 0.1%. **B11**

◆ **Bal Harbour Shops** in Florida's Miami-Dade County, a premier luxury mall featuring high-end brands, is getting into the affordable-housing business. **B1**

◆ **X introduced** three new shows as the platform seeks to attract more users and move attention away from controversies over owner Elon Musk's own posts. **B1**

◆ **Walmart plans** to offer drone delivery to most of the Dallas-Fort Worth area this year, expanding its effort to provide the option to some customers in several states. **B3**

### World-Wide

◆ **Defense Secretary Lloyd Austin** is being treated for complications due to prostate cancer, an ailment that Biden learned about eight days after the Pentagon chief was rushed to the hospital, officials said. **A5**

◆ **Nearly every part** of the U.S. was facing severe weather this week, with forecasters warning a second powerful storm was expected to hit over the weekend. **A3**

◆ **An Israeli delegation** arrived in Cairo in an effort to revive hostage talks, Egyptian officials said, as U.S. Secretary of State Blinken held meetings in Israel aimed at preventing the war in Gaza from escalating into a regional conflict. **A7**

◆ **Macron appointed** 34-year-old Gabriel Attal to helm a new government as prime minister, making him the youngest prime minister in the history of France's modern republic. **A8**

◆ **Senate Minority Leader Mitch McConnell** said Congress would have to take up a stopgap spending measure to keep the government open as work continues on full-year fiscal 2024 legislation. **A6**

◆ **U.S. lawmakers** negotiating a bipartisan deal that could include about \$100 billion in tax breaks for businesses and families have their eyes on a troubled pandemic-era tax credit. **A5**

◆ **A House committee** requested documentation from Harvard in its investigation into anti-Jewish activity at the university and the steps Harvard has taken to address it. **A3**

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## Judges Signal Skepticism of Trump's Immunity



**ON APPEAL:** Donald Trump leaves a news conference in Washington after attending a hearing where judges appeared skeptical of arguments that the former president is immune from prosecution on charges he plotted to overturn the 2020 election. **A4**

## China Surges to Top in Car Exports

Russia helps Beijing to notch record overseas sales, on track to pass Japan

By SELINA CHENG

China's overseas auto sales surged to a record last year, on track to surpass Japan as the world's biggest car exporter

and marking a tectonic shift for the global industry.

While China has become acknowledged as a world leader in electric vehicles, traditional gasoline-powered autos were the main driver of the increase, with demand surging especially in Russia. Chinese carmakers seized the void left in the country by the departure of Western carmakers following the war in Ukraine, selling

at least five times as many vehicles in Russia last year than the 160,000 it sold in 2022, according to the China Passenger Car Association.

The association on Tuesday estimated 5.26 million made-in-China vehicles were sold overseas last year and said that would likely be almost a million more than exports of made-in-Japan cars. Japan shipped just under four million

vehicles abroad during the first 11 months of 2023, according to the country's most recent official data.

Exporting gasoline-powered cars to markets such as Russia and Mexico, where demand remains resilient for such vehicles, has helped automakers that have been slow to ride the electric wave in China and are grappling with excess output

## SEC Says Hack Led To False Post on Bitcoin

Prices briefly surge after agency's X account spreads hoax of ETF approval

By PAUL KIERNAN AND ALEXANDER OSIPOVICH

The Securities and Exchange Commission's official X account was hacked when the agency posted Tuesday that it had approved exchange-traded funds holding bitcoin, forcing Chair Gary Gensler and the regulator to disavow the erroneous post.

Bitcoin briefly jumped over \$1,000, to near \$48,000, before Gensler said on the social-media network that the message after 4 p.m. was "unauthorized" and that the SEC "has not approved the listing and trading of spot bitcoin exchange-traded products." The agency later posted that its account was "compromised."

"It's a hack," a spokeswoman for the SEC said.

Bitcoin has more than doubled since last January, in part on the expectation that approval would fuel further purchases of digital currencies.

A decision on the funds is expected Wednesday. For now, everyday investors who want

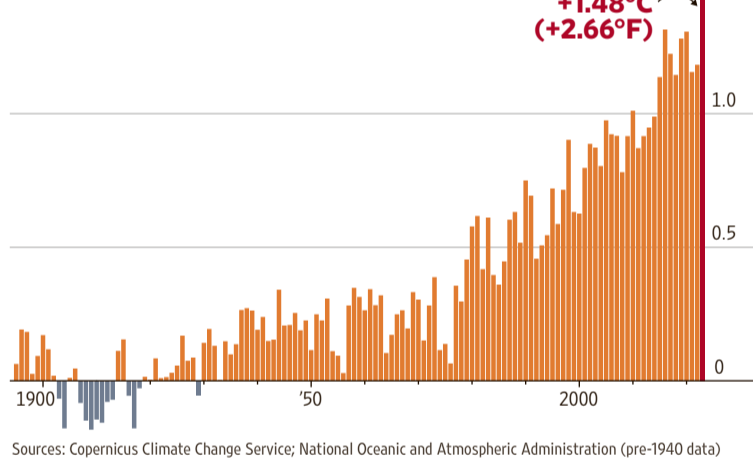
Please turn to page A2

◆ **Four scenarios for spot bitcoin ETF approvals...** B11

## Heat Keeps Climbing

Global temperatures for 2023 were the hottest since record-keeping began in the mid-1800s, the European Union's Copernicus Climate Change Service said, confirming months of speculation. **A3**

Global average temperature anomalies, compared with preindustrial levels (1850-1900)



Sources: Copernicus Climate Change Service; National Oceanic and Atmospheric Administration (pre-1940 data)

## Companies Avoid Mentioning ESG, The Latest No-No

By CHIP CUTTER AND EMILY GLAZER

Many companies no longer utter these three letters: E-S-G.

Following years of simmering investor backlash, political pressure and legal threats over environmental, social and governance efforts, a number of business leaders are avoiding the once widely used acronym for such initiatives.

On earnings calls, many chief executives now employ new approaches. Some companies, including Coca-Cola, are rebranding corporate reports and committees, stripping ESG from titles. Advisers are coaching executives on alternative ways to describe their efforts, proposing terms like "responsible business." On

Wall Street, meanwhile, some firms are closing once-popular ESG funds as interest fades.

The shift in messaging reflects a reality: "ESG is complicated," said Daryl Brewster, a former Kraft Foods and Nabisco executive who now heads Chief Executives for Corporate Purpose, a nonprofit of more than 200 companies focused on social impact.

The movement to bake accountability into business decisions stretches back centuries; the term ESG gained momentum after the United Nations used it about 20 years ago. Over time, the effort became divisive—derided by some state officials as "woke capitalism" and criticized by others for putting too much

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## Businesses Plan Less Generous Pay Raises

By RAY A. SMITH

After a few years of hefty pay increases, U.S. workers can expect solid but not spectacular raises in 2024.

On average, companies are planning for salary increases of 4% in 2024, according to a December survey of more than 1,800 employers by advisory firm Willis Towers Watson. That is down from the 4.4% raises that businesses handed out in 2023, yet significantly higher than the average 3% increases that marked pre-pandemic years.

A cooling job market and easing inflation are giving companies cover to moderate pay increases as they try to lure and retain workers. Businesses have already cut or slowed hiring for many professional, white-collar jobs.

Still, many business leaders said they continue to face pressure to hold on to talent by giving competitive raises. That means paychecks, on the whole, are likely to outpace inflation in the coming year—providing some financial relief after rising prices zapped recent pay gains.

"We still are in a tighter labor market than we were pre-pandemic," said Lauren Mason, a senior principal at benefits

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## How France Fumbled Its Ties to Africa

A backlash in former colonies has upended efforts to fight terrorism

By GABRIELE STEINHAUSER AND NOEMIE BISSERBE

Shortly after a military coup in the West African country of Mali, senior U.S. officials traveled to Paris for a discreet meeting with French counterparts, who presented them with a list of names.

In an ornate office in the Élysée Palace, President Emmanuel Macron's top Africa diplomats proposed four prominent Malian politicians as potential successors to the

country's ousted pro-French leader, a person familiar with the meeting said.

The Malian military had toppled President Ibrahim Boubacar Keïta in August 2020 following months of protests against him and his links to the country's former colonial power. The French officials suggested they could still engineer a new civilian government, the person said, and wanted American backing for their prime contenders during talks with the

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## Work-From-Home Era Spawns 'Pillow Talk' Insider Trading

Lawyers say recent cases have arisen from daily routine of couples working remotely

By CORINNE RAMEY

Steven Teixeira's use of his girlfriend's laptop began innocently enough when she asked him to keep an eye on her work email while she went to fitness classes and

As they weathered the pandemic from their apartment

in Queens, N.Y., he gave in to temptation. His sweetheart worked as an executive assistant at Morgan Stanley, and her calendar invites included meetings about planned mergers and acquisitions that involved the investment bank.

Teixeira, a compliance executive at



Security breach

Please turn to page A10

**Salesforce.**  
**#1 CRM.**  
Ranked #1 for CRM Applications based on IDC 2023H1 Revenue Market Share Worldwide.

2023 H1	22.1%	5.7%	4.7%	3.8%	3.5%
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Source: IDC, Worldwide Semiannual Software Tracker, November 2023.

salesforce.com/number1CRM

CRM market includes the following IDC-defined functional markets: Sales Force Productivity and Management, Marketing Campaign Management, Customer Service, Contact Center, Advertising, and Digital Commerce Applications. © 2024 Salesforce, Inc. All rights reserved. Various trademarks held by their respective owners.

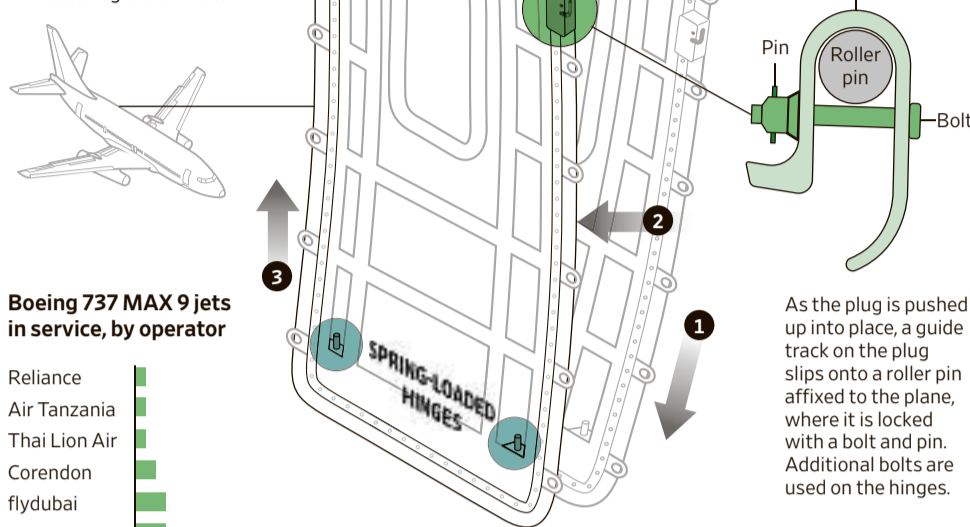
# U.S. NEWS

## CEO Says Boeing Needs to Admit Mistake

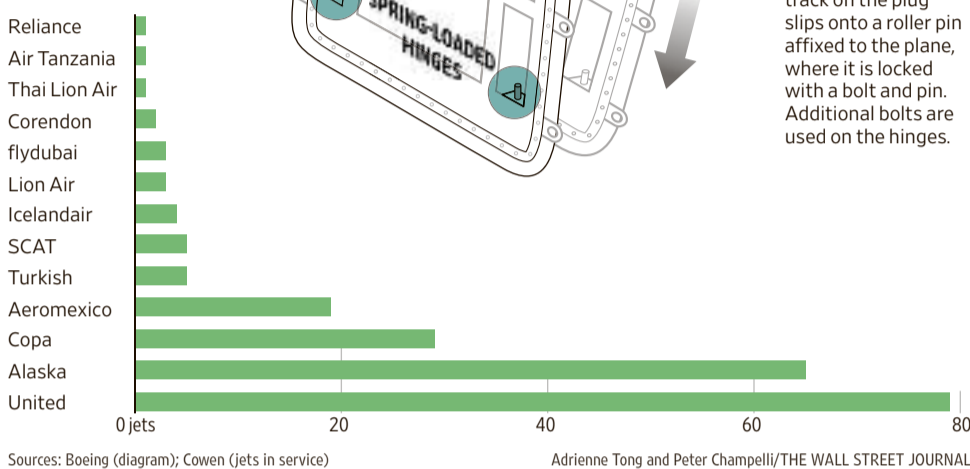
Investigators are looking at the fastening system used to secure a plug for an unused door that blew off an Alaska Airlines plane during flight.

Door plugs are secured by

- 1 Pushing the plug down on spring-loaded hinges
- 2 Closing the plug
- 3 Pushing the plug up into place on guide tracks and securing it with bolts



Boeing 737 MAX 9 jets in service, by operator



Sources: Boeing (diagram); Cowen (Jets in service) Adrienne Tong and Peter Champelli/THE WALL STREET JOURNAL

Calhoun tells staff jet maker has to address fallout from grounding of planes

By Andrew Tangel

Boeing Chief Executive David Calhoun said the company needs to acknowledge its mistake as the aircraft maker reels from a door-plug failure that has resulted in roughly 170 of its planes being grounded and spooked its customers.

"We are going to approach this—No. 1—acknowledging our mistake," Calhoun said Tuesday in an address to employees just days after the incident on an Alaska Airlines flight. "We're going to approach it with 100% and complete transparency every step of the way."

Calhoun didn't specify what mistake he was referring to, and other executives who spoke cautioned against speculation. Boeing declined to elaborate. The Wall Street Journal reviewed audio of their remarks at an all-hands meeting at the 737 factory in Renton, Wash.

Regulators have grounded about 170 Boeing 737 MAX 9 planes since Saturday after a door-plug detached from a MAX 9 jet at 16,000 feet, leaving the plane flying with a gaping hole. United Airlines and Alaska Airlines said they



Boeing CEO David Calhoun

have found other MAX 9 planes with loose parts as they check the grounded fleet.

Boeing executives said airlines are shaken by the incident. "Moments like this shake them to the bone, just like it shook me," Calhoun said in the meeting. "They have confidence in all of us—they do—and they will again."

Calhoun said Boeing engineers are poring over information in search of clues of what went wrong.

Officials at the National Transportation Safety Board are still investigating the cause of the incident and have said it is too soon to determine whether a manufacturing flaw might have led to the Alaska plane's blowout. On Monday, they said that four bolts designed to keep the door plug from moving off the stops

were missing, adding that they would work to determine whether the bolts had ever even been installed.

Calhoun, a former Boeing chairman and General Electric executive, took over as Boeing's CEO at the start of 2020 when the company was enmeshed in a prior crisis over a smaller version of the plane. The MAX 8 was grounded for about two years after a pair of crashes in 2018 and 2019 that killed 346 people. Those accidents were blamed on a faulty flight-control system that sent the planes into fatal nosedives and not related to door plugs.

After the earlier MAX crashes, Boeing faced criticism from U.S. lawmakers and regulators over disclosures related to the aircraft's certification. The Justice Department tried a former Boeing pilot on charges he misled the FAA. A jury acquitted him.

In the wake of Friday's incident, Boeing executives have scrambled to reassure airlines about the safety of its planes and are working to develop an inspection process so that grounded planes can be cleared for service. The Federal Aviation Administration said Tuesday that Boeing was revising its instructions and the regulator still hasn't signed off on the process so the planes will remain grounded.

—Sharon Terlep contributed to this article.

## Blowout Reveals Cockpit Door Vulnerability on Jet

By Nancy Keates and Benjamin Katz

After an emergency exit-sized hole opened in the side of Alaska Airlines Flight 1282 at 16,000 feet, a separate chaotic episode erupted when the cockpit door mysteriously flew open.

That meant the pilots were subjected to the deafening wind and noise from the back of the plane—and it also made the cockpit accessible to anyone inclined to try to force their way in.

What the flight crew didn't know at the time, federal investigators said Monday, was that it was supposed to happen that way. Boeing had designed the cockpit door to open during a rapid decompression incident, they said. The company just hadn't said so in the manual.

Even veteran aviation-safety experts and former regulators said they weren't aware of this design feature. Some said it appears to expose a security flaw that now must be addressed.

"There was a lot of energy put into getting those doors secured so they only open from the pilots' side," said Ray White, a former regional director of the Transportation Security Administration. "To find out that they blow out in an emergency, boy that is a vulnerability."

The aircraft's cockpit is de-

signed to open in circumstances akin to that experienced Friday night by the Alaska Airlines jet, according to the National Transportation Safety Board. The agency's chair, Jennifer Homendy, said in a briefing Monday that Boeing is going to make changes to the manual, with the expectation that they would translate into procedures and information for the flight attendants and the cockpit crew.

Boeing declined to comment.

After the 9/11 attacks, officials with regulators including the TSA and Federal Aviation Administration worked with aircraft makers to determine how to secure cockpits and prevent unauthorized actors from potentially accessing the flight controls. An exception was developed where in very rare cases of extreme and rapid depressurization of either the cockpit or cabin, the cockpit door would open to allow enough air to flow between the two areas of the aircraft.

Regulators determined that the risk of bad actors successfully breaching the cockpit under those conditions posed a reasonably small risk to flight safety.

An FAA representative didn't respond to a request for comment.

A spokeswoman for the European Union Aviation Safety Agency said it was aware of



The Alaska Airlines plane in Portland, Ore., on Monday.

the feature, designed "to prevent the loss of the aircraft," in its certification process. She added that the "risks of potential manipulation through bad actors have been adequately considered."

EASA would wait for the detailed report of the investigation into the Alaska Airlines accident before determining whether to take any action in connection with the door, the spokeswoman said.

The surprise opening of the cockpit door is among the de-

tails that have led investigators at the NTSB to conclude the incident was even more chaotic and challenging for the crew than initially thought.

And it also shows how the ramifications from the incident are still being revealed.

"They'll have to go back and revisit the whole security piece of this," White said. "Once you put it out in the public domain and the bad guys now know that's a potential area they can exploit, then

I think you have to take some additional steps now."

In her description of the accident late on Monday, Homendy said after the hole in the fuselage opened, flight attendants in the back of the plane couldn't see what was going on in the aisles. Those in the front of the plane could barely hear.

The captain and the first officer described a loud environment. They had some pressurization changes in their ears.

"It was very loud and windy," Homendy said. "They had trouble hearing each other, they had trouble hearing air-traffic control and they had trouble communicating during the event."

A laminated checklist with steps on what to do in major events flew out of the cockpit, and the captain lost a portion of her headset. While a flight attendant scrambled to close the door, the pilots fought to hear each other and air-traffic control.

They were able to use a bound handbook to go through the emergency checklist.

As a result, the crew was left fighting a crisis with little to go on and huge challenges to communication.

Andy Blackwell, a London-based aviation consultant and former head of security for Virgin Atlantic, said he wasn't aware of the design feature that caused the cockpit door to open. He said he believes security upgrades will be required.

"The flight deck is sacrosanct, if that's breached sadly we know what can happen," he said.

### Watch a Video

Scan this code for a video on the probe into how a jet door plug loosened.

### CORRECTIONS & AMPLIFICATIONS

**The Trading Diary tables** on the Markets Digest pages published on Dec. 30, Jan. 3 and Jan. 4 contained incorrect data for the new highs and the new lows for the previous days' trading at NYSE, Nasdaq, NYSE American and NYSE Arca. Corrected tables can be

found at [WSJ.com/Corrections](https://www.wsj.com/Corrections).

**Scott Smith** is director of advice relationships at Cerulli Associates. A Journal Report article on Monday about separately managed accounts incorrectly said he is senior director of marketing.

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

## SEC Blames Hacker for False Post

Continued from Page One to buy and sell digital currencies using traditional brokerages must use futures-based bitcoin ETFs, which use derivatives contracts to provide exposure to bitcoin price moves, or products traded in the lightly regulated over-the-counter market.

An SEC spokeswoman said that an unknown party had accessed the agency's X account for a brief period after 4 p.m. The SEC will work with law enforcement to investigate the episode and pursue "next steps relating to both the unauthorized access and any related misconduct," she added. Bitcoin prices fell below \$46,000 after the SEC corrected the record.

Crypto investors have been eagerly anticipating an SEC green light for spot bitcoin ETFs from big asset managers such as BlackRock and Fidelity Investments, after a more than



Securities and Exchange Commission Chair Gary Gensler

decadelong wait. Analysts said approval is highly likely after a flurry of activity in which SEC staff, ETF issuers and exchanges hashed out technical details for the funds' operations in recent weeks.

Wednesday is the deadline for the SEC to approve or reject the listing of just one fund, a joint venture from Cathie Wood's ARK Investment Management and crypto asset manager 21Shares. But several competing funds are

also in the final stages of the process, and ETF executives expect multiple approvals to come at once, so one fund doesn't gain a first-mover advantage. Fund managers have slashed their fees and launched advertising campaigns in anticipation that the ETFs will start trading.

The hoax post was an embarrassment for Gensler, highlighting the shenanigans that still take place routinely in the crypto markets even as they are

increasingly embraced by Wall Street and drawn into the world of financial regulation.

Concerns about market manipulation and other forms of misconduct in crypto have long deterred the SEC from approving bitcoin ETFs.

"I think this is one of the most egregious and probably criminal attempts at market manipulation that has been seen in a very, very long time," said Dennis Kelleher, president of Better Markets, a group that advocates for tighter financial regulations. "There's a real potential for somebody to have made a very, very large amount of illegal profits."

People close to the agency say Gensler reversed himself to allow the products after asset manager Grayscale won a court ruling in a lawsuit last year that required the SEC to reconsider its rationale for denying a spot ETF.

In October, a false X post on a news site about the SEC approving BlackRock's spot bitcoin ETF application caused the cryptocurrency to spike 10%. It reversed after BlackRock said there hadn't been a decision on its application.

—Vicky Ge Huang and David Marino-Nachison contributed to this article.

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U.S. NEWS

Last Year's Global Temperature Set a Record

By ERIC MILLER

The record global temperatures that spawned heavy rainfall, disastrous floods and raging wildfires in 2023 will likely continue in 2024, according to the European Union's Copernicus Climate Change Service.

The service is the first analysis to declare—after months of speculation—that 2023 was the hottest year since record-keeping began in the mid-1800s.

2023's global average temperature, the study found, was 14.98 degrees Celsius, or 58.96 degrees Fahrenheit.

That average was 1.48 degrees C, or 2.66 degrees F, hotter than the preindustrial baseline, creeping ever closer to the 1.5 degrees C threshold the world's nations have agreed to keep warming below to avoid the worst effects of climate change.

"The extremes we have observed over the last few months provide a dramatic testimony of how far we now are from the climate in which our civilization developed," said Carlo Buontempo, director of the Copernicus service.

The record temperatures were caused by rising greenhouse gas emissions and by the ocean releasing heat to the atmosphere for the past three years during the La Niña ocean circulation pattern, according to the Copernicus report.

"We had the suppression for three years in a row," said Sarah Kapnick, NOAA's chief scientist. "And then suddenly all this heat was released through these marine heat waves around the world."

Not every storm or heat wave is caused by climate change, and not every city, state or country hit record temperatures in 2023. However, climate scientists say that rising global temperatures increase the likelihood of more periods of heavy rainfall, more heat waves more droughts and more wildfires.

The Copernicus report found that each month from June to December in 2023 was

warmer than the same month in any previous year. It is likely that a 12-month period ending in January or February 2024 will exceed 1.5 degrees C above the preindustrial levels, according to the report.

Across the continental U.S., 2023 ranked as the fifth warmest year since records began in 1895, according to NOAA's National Centers for Environmental Information. Texas, Louisiana, Massachusetts, Mississippi and New Hampshire recorded their hottest average year, while Maryland and Florida reached their highest maximum temperatures.

As the temperatures rose in 2023, wildfires fueled by heat and drought drove thousands of people from their homes and spewed harmful smoke hundreds of miles from the flames.

In August, dry weather and strong winds from Hurricane Dora fueled the deadliest U.S. fire in over a century, killing 100 people and destroying much of the historic town of Lahaina on the Hawaiian island of Maui.

In Canada, wildfires scorched more than 45 million acres from May to October, above the previous record of 17.5 million acres, according to Canadian government figures. A total of 240,000 residents from nearly 300 communities were evacuated during the wildfire season.

"The warmer the atmosphere, the more efficient the atmosphere is in sucking the moisture out of dead vegetation on the forest floor," said Michael Flannigan, professor of wildland fire at Thompson Rivers University in British Columbia. "The drier the fuel, the easier it is for a fire to start and spread."

Smoke from Canada's wildfires drifted south across the Northeastern U.S. and Midwest this past summer.

Extreme heat fueled fires in northern and central Greece, killing at least 21 people, and burning 312 square miles in late August and early September, the biggest wildfire this century in Europe.

Powerful rain events also created havoc across many parts of the globe.

A warmer atmosphere holds more water vapor, seeding stronger rain storms, according to Jonathan M. Winter, associate professor of geography at Dartmouth College.

"We have a warmer ocean, so that can give storms more fuel, more water vapor and more liquid to work with" as the ocean water evaporates into the atmosphere, Winter said.

Between Dec. 26, 2022, and Jan. 17, 2023, San Francisco received 17.6 inches of rain, while nearby Oakland set a 23-day rainfall record with 18.3 inches. The storms destroyed homes and businesses and cost the lives of 17 people across California, according to a Jan. 11 statement by Gov. Gavin Newsom.

On April 12, Fort Lauderdale, Fla., was drenched with 25 inches of rain, flooding streets and homes and closing the city's airport.

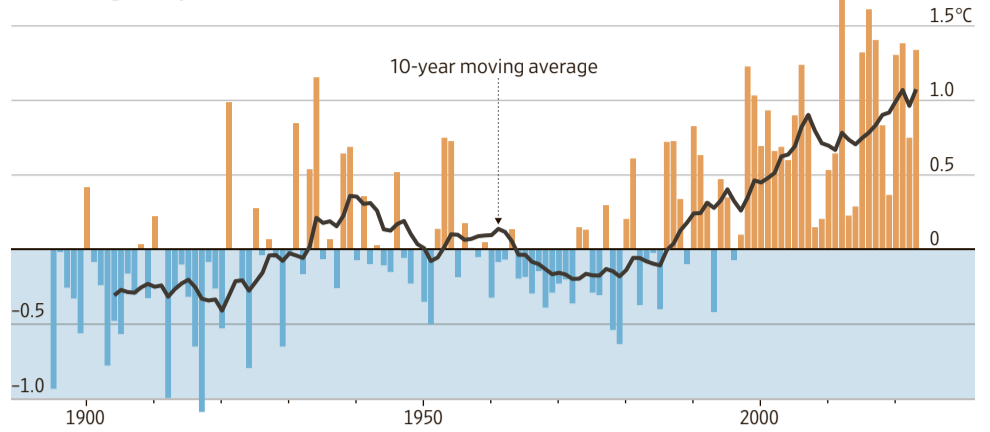
In mid-July, catastrophic flooding occurred across much of Vermont, washing out roads and bridges, putting the capital of Montpelier under several feet of water and damaging thousands of homes and businesses, according to NOAA. The highest 48-hour rainfall total was 9.20 inches in Calais, Vt.

In September, Storm Daniel swept through Greece, Bulgaria and Turkey before hitting northeastern Libya. Al-Bayda, Libya, recorded 16.3 inches of rainfall in 24 hours.

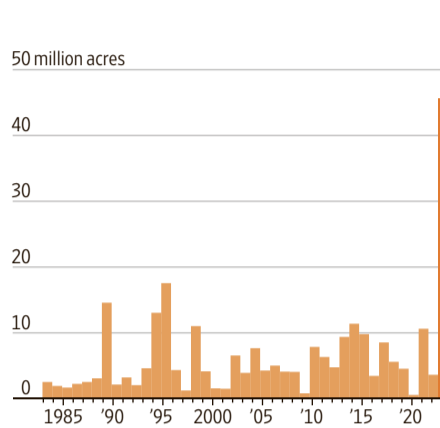
On Dec. 18 and 19, parts of New England, including Maine, received as much as 8 inches of rain that caused severe flooding, damage and power outages and killed five people across the Northeast.

If El Niño, the pattern that causes the eastern Pacific Ocean to warm, continues as expected, global atmospheric temperatures will likely remain well above normal in 2024, according to Kristopher Karnauskas, associate professor of atmospheric and oceanic sciences at the University of Colorado, Boulder.

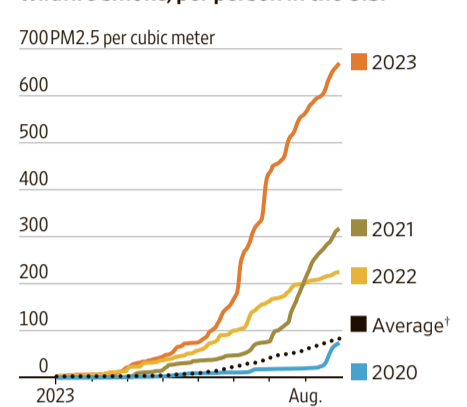
U.S. average temperature anomalies\*



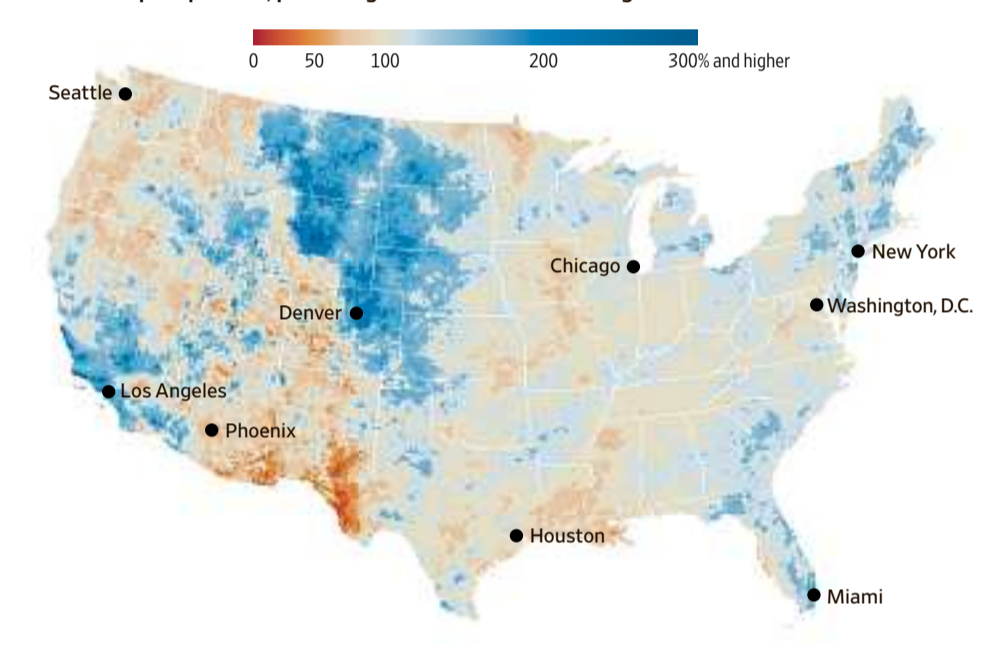
Canadian area burned in wildfires



Cumulative exposure to fine particles from wildfire smoke, per person in the U.S.



2023 annual precipitation, percentage of the 1981-2010 average



\*For contiguous U.S., relative to 20th-century average (1951-2019). Sources: National Oceanic and Atmospheric Administration (U.S. temperature); Canadian Interagency Forest Fire Center (wildfires); Stanford's Environment Change and Human Outcomes Lab (smoke exposure); National Weather Service (2023 precipitation)

Severe Storms Hit U.S. With Blizzards, Floods, Winds

By SURYATAPA BHATTACHARYA AND GARETH VIPERS

Nearly every part of the U.S. was facing severe weather this week, with forecasters warning a second powerful storm was expected to hit over the weekend.

A series of powerful weather systems brought blizzards, heavy rain and winds overnight, affecting everywhere from the central and southern Plains to the Midwest, the South, the West Coast and the Northeast.

At one point Tuesday afternoon, parts of every U.S. state were under a weather warning, watch or advisory, according to the National Weather Service.

Bands of heavy snow along with fast-moving winds are expected to cause power outages and dangerous driving conditions in parts of the Great Lakes Tuesday night.

"Over the next 24 hours, we expect to see anywhere between 6 and 10 inches of snow from eastern New Mexico and northern Texas all the way up to parts of Wisconsin and northern Michigan," Bob Oravec, a meteorologist at the NWS, said Tuesday.

The National Weather Service office in Kansas City, Mo.,

said a nearby city had already received 10.8 inches of snow and a further 1.16 inches of rain, which it said was the area's typical precipitation for the whole month.

The storms aren't expected to let up soon. Heavy snow and strong winds are expected again in the Midwest by Friday and Saturday, according to the weather service.

Eastern states are expected to bear the brunt of heavy rains through Wednesday. "There's a real risk of flooding in bigger urban areas from Washington, D.C., up to New York City and Boston," Oravec added.

The National Weather Service said in a Tuesday forecast that the highest chances of flash flooding were in the far

western Carolinas and from northern and central Virginia through southern New York and into Connecticut and Rhode Island.

Already-saturated ground across much of the region makes flooding more likely, and a second storm expected to hit late Friday could bring more misery for residents going into the weekend.

In Northeast areas where there is snow, a rapid thaw was expected, increasing the flooding risk from snowmelt. The weather could be comparable to the events of January 1996, said AccuWeather meteorologist Dan Pydynowski, when massive amounts of snow melted quickly and caused devastating flooding.

In New York, Gov. Kathy Hochul urged residents to prepare for possible flooding and power outages throughout the state. Wind gusts of 50 to 60 mph across New York City and Long Island and western and central New York were expected, she said. The governors of New Jersey and North Carolina declared states of emergency on Monday.

More than 196 million people across the U.S. were under a wind warning or advisory Tuesday. The strong winds raised the chances of power outages, which can be especially devastating amid other storm conditions.

More than 169,000 people in North Carolina and over 106,000 in Pennsylvania were without power Tuesday night, according to Poweroutage.us. Significant outages were also reported in New York, Virginia and South Carolina.

Florida Gov. Ron DeSantis on Tuesday declared a state of emergency for 49 of the state's 67 counties. Heavy winds have battered parts of the state, and authorities continue to assess damage from what may have been a tornado in the area of Panama City Beach, in the Florida Panhandle, according to AccuWeather's Dan DePodwin.

On the West Coast, blizzard warnings were in effect through Wednesday for more than 100,000 people, with heavy snow and strong winds expected. Some parts of the West could see intense bursts of up to 2 inches of snow an hour, along with wind gusts of more than 50 mph, the National Weather Service said.

By Wednesday, temperatures are forecast to be as much as 25 degrees below normal in large parts of the West, including farther down into California, Utah and Arizona, according to the National Weather Service.

In the northern Rockies and Plains, highs will likely be in the single digits, or even negative, on Thursday and Friday, the National Weather Service said, with wind chills expected to drop perceived temperatures even lower.



Storm damage was visible around Panama City Beach, Fla., early Tuesday.

House Panel Wants Documents From Harvard in Antisemitism Probe

By DOUGLAS BELKIN

A House committee on Tuesday requested a laundry list of documentation from Harvard University in its investigation into anti-Jewish activity at the school and the steps Harvard has taken to address it.

The committee gave the school two weeks to produce documentation related to Jewish students and antisemitism, including internal emails and text messages between board members, proof of disciplinary actions for harassment of Jewish students, and informa-

tion on all foreign donations and funding, namely from Qatari sources.

The nine-page letter, sent by the same committee that in December called then-Harvard President Claudine Gay to testify about the school's response to antisemitism, cites "grave concerns regarding the inadequacy of Harvard's response to the anti-Semitism on its campus."

The letter is the latest salvo in a series of inquiries and backlash that have resulted in the resignations of Gay and University of Pennsylvania President Liz Magill related to

how elite schools are dealing with antisemitism on their campuses in the aftermath of the Israel-Hamas war.

Despite Gay's departure, "Harvard's institutional failures regarding antisemitism extend well beyond one leader," the committee wrote.

The letter is signed by Rep. Virginia Foxx (R., N.C.), chairwoman of the Committee on Education and the Workforce. It is addressed to Penny Pritzker, the senior fellow at the Harvard Corporation, and Alan Garber, Harvard's interim president.

A spokesperson for Harvard

said the university is reviewing Foxx's letter and will be in touch with the committee regarding the request.

The committee's request includes "all reports of antisemitic acts or incidents and related documents and communications since January 1, 2021." It enumerates two dozen categories of requested information, including the results of any disciplinary processes involving the targeting of Jews, Zionists or Israelis; reports of allegations of hate crimes or disruption of access to safe learning environments; and any legal or financial set-

tlements by Harvard in response to complaints of discrimination, harassment or violations of free speech.

The committee also wants data showing Jewish enrollment numbers at Harvard College and the university's graduate and professional schools since 2003. In addition, it asks for documents related to any attempt by the schools "to understand the reasons for any such changes or trends."

The request also seeks meeting minutes and informal communications such as texts or other electronic messages from the Harvard Corporation

and Board of Overseers, the university's top two governing bodies, as well as posts by Harvard students and faculty targeting Jews on social media.

In the letter, Foxx quoted a report about the 2021-22 school year by the AMCHA Initiative, a nonprofit that documents antisemitism on college campuses, which found that among 109 campuses surveyed, with 25 incidents Harvard had the highest rate of threats to Jewish identity.

◆ Article on Ackman's wife roils Business Insider..... B1

U.S. NEWS



Former President Donald Trump, shown seated at lower right in this courtroom sketch, and special counsel Jack Smith, lower left, attended Tuesday's hearing.

# Man Falsely Labeled as Informant Sentenced

By Jan Wolfe

WASHINGTON—A judge imposed a sentence of probation and community service on Ray Epps, an Arizona man who participated in the 2021 U.S. Capitol riot and became the target of a false conspiracy theory that he was a federal informant.

At a hearing Tuesday, a federal judge said Epps, a onetime supporter of former President Donald Trump, had already paid dearly for his criminal conduct on Jan. 6, 2021, and the six-month prison sentence suggested by the Justice Department was unnecessary.

U.S. District Judge James Boasberg sentenced Epps, who pleaded guilty to a misdemeanor charge in September, to one year of probation and 100 hours of community service.

"Jan. 6 violence was not generated by the FBI. It was generated by people like me who supported President Trump and listened to his lies," Epps told the judge during the hearing.

Epps, who has said he fears for his safety because of threats from Trump supporters, didn't attend the hearing in person, instead dialing in with teleconferencing software. Epps and his wife are "living in a trailer in hiding, in the woods," his lawyer said during the hearing.

Epps filed a defamation lawsuit last year against Fox News and its former host Tucker Carlson. Fox News has asked a Delaware judge to dismiss the case on free-speech grounds, saying the network simply reported on a public debate about Epps's role in the Capitol breach.

"Fox, and particularly Mr. Carlson, commenced a years-long campaign spreading falsehoods about Epps," his lawyer said in a July 2023 complaint. "Those lies have destroyed Ray's and Robyn's lives," referring to Epps's wife.

"You've had to live like a fugitive because of lies," Boasberg told Epps, saying the public hounding of Epps warrants a lighter sentence for him than defendants facing similar charges. The judge also credited Epps for turning himself into the FBI two days af-



Ray Epps

ter the riot. Of the hundreds of people convicted of involvement in the Jan. 6, 2021, attack, more have been sentenced to some incarceration than to home detention or probation.

Trump happened to be at the same courthouse on Monday, attending an appellate argument in a different courtroom over whether he is immune from prosecution for his acts on Jan. 6, 2021.

Epps, a former member of a right-wing militia group called the Oath Keepers, became a fixation among Trump's allies, including members of Congress, in the months after the Capitol riot. Video footage surfaced from the day before of him urging fellow Trump supporters to storm into the Capitol the following day. Some in the crowd nearby, who heard his call to breach the Capitol, called him a "fed."

On the day of the riot, Epps was among the first rioters to breach police barricades. He briefly whispered to a rioter, Ryan Samsel, moments before Samsel ignited the first rush on the barricades.

The Justice Department has denied that Epps was an undercover agent, and Boasberg said there was no evidence of that claim.

# Trump Immunity Bid Meets Skepticism

Appeals court judges signal they would reject effort to avoid prosecution

By C. RYAN BARBER AND SADIE GURMAN

WASHINGTON—The legal reckoning for Donald Trump entered a critical stretch Tuesday as a Washington federal appeals court signaled it would reject the former president's claim that he is immune from prosecution on charges he plotted to overturn the 2020 election.

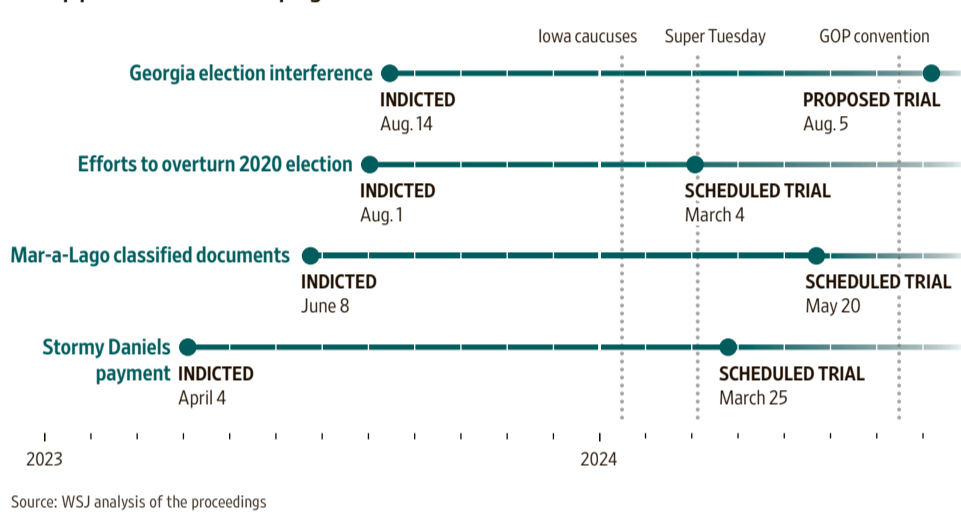
Trump was present in the courtroom mere blocks from the Capitol and is expected to sit in on a hearing Thursday in his civil-fraud case in New York, with the Iowa caucuses less than a week away. Though Trump isn't required to be there, his presence in court reflected how his legal defense has merged with his presidential ambitions as he seeks to capitalize on a torrent of criminal jeopardy and cast himself as the target of politicized prosecutions.

His approach appears to be resonating, at least among Republican stalwarts. He enters the GOP primary season with a prohibitive lead in the polls and a 2024 calendar filled with opportunities for more legal sparring, including at the Supreme Court.

"What you're about to see in a whole variety of different cases are some very direct challenges to some basic ideas we have about the rule of law and whether or not people who assume high office retain personal responsibility and accountability for wrongdoing," said Frank Bowman, a professor emeritus at the University of Missouri. "This is foundational stuff."

At a press conference after the hearing, Trump said denying him immunity would cause "bedlam in the country." During the hearing he sat silently next to a phalanx of lawyers, staring straight ahead without expression. He took occasional notes on a yellow legal pad,

Trump prosecutions in campaign season



Source: WSJ analysis of the proceedings

## Ex-President Sees Downturn, Wants It on Biden's Watch

Former President Donald Trump said that he expects the economy to crash, despite diminishing signs the U.S. is heading for a recession, and that he hopes the downturn comes during the next year, before he would take office if he won another term in November.

"And when there's a crash, I hope it's going to

be during these next 12 months, because I don't want to be Herbert Hoover," Trump said during an online interview with Lou Dobbs that aired Monday. Trump's comments came amid rising optimism that the economy can achieve a so-called soft landing and avoid a recession. Employers hired at a solid pace in

December, capping a year of steady gains, and inflation has slowed down.

White House press secretary Karine Jean-Pierre criticized Trump for predicting economic peril. "When it comes to a commander-in-chief's duty, they're not supposed to wish for an economic downturn," she said.

—Catherine Lucey

passing it back and forth to his team. Special counsel Jack Smith, who brought the charges against the former president, was seated in the front row across the aisle.

For Trump and his legal team, the arguments before a three-judge panel of the U.S. Court of Appeals for the D.C. Circuit came with high stakes. His success or failure, and the timing of any decision, could dictate when his federal election-interference trial begins—or whether it proceeds at all.

During oral arguments Tuesday morning, the D.C. Circuit panel signaled strong skepticism toward Trump's immunity argument.

"I think it's paradoxical to say that his constitutional duty to 'take care that the laws be faithfully executed' allows him to violate criminal

law," said Judge Karen LeCraft Henderson, an appointee of President George H.W. Bush, a Republican.

Standing before the judges, Trump lawyer D. John Sauer urged the D.C. Circuit to toss the case, arguing that a former president can't face criminal prosecution for "official acts" unless first impeached by the House and convicted by the Senate. The judges appeared struck at times by the sweep of his immunity claim.

At one point, when asked hypothetically if a president could face prosecution for ordering the elite SEAL Team Six to assassinate a political rival, Sauer said such a case could proceed only "if he were impeached and convicted first."

Sauer opened his arguments by asserting that, if the

courts authorized the prosecution of a former president for official acts, it would open a "Pandora's box" of politically charged recrimination "from which this nation may never recover."

Later, when a lawyer for Smith's office came before the panel, Henderson raised a question centered on the claim that a ruling against Trump would usher in an era of politically charged prosecutions.

"How do we write an opinion that would stop the floodgates?" she asked.

James Pearce, a lawyer on Smith's team, pushed back against that notion of a floodgate opening. Trump's prosecution in the election-interference case, he said, "doesn't reflect that we're going to see a sea-change of vindictive tit-for-tat prosecutions in the future."

# Georgia Prosecutor Is Subpoenaed in Colleague's Divorce

ATLANTA—Fulton County District Attorney Fani Willis has been subpoenaed to testify in a colleague's divorce proceeding, according to a court filing, a development that could shed light on

By Mariah Timms, Jan Wolfe and Cameron McWhirter

claims Willis and the colleague carried out an improper romantic relationship as they prosecuted former President Donald Trump and others.

In a court filing reviewed by The Wall Street Journal, a process server said he showed up at Willis's office in Atlanta on Monday morning with a subpoena seeking her testimony in the Cobb County divorce case of Nathan Wade, a lawyer she hired as a special prosecutor in the Trump case,

and his wife, Joycelyn Wade. The process server said he left the subpoena, filed by Joycelyn Wade's lawyer, with Willis's executive assistant.

A Willis spokesman declined to comment Tuesday about the subpoena, but he previously said the prosecution would be responding in a court filing to the allegations of an improper relationship with Wade.

Willis's office hadn't filed a response as of Tuesday afternoon.

Nathan Wade didn't respond to a request for comment left on the voicemail at his law office. A lawyer for Joycelyn Wade didn't provide a comment.

The subpoena was served Monday just hours before one of Trump's co-defendants filed a motion laying out allegations of misconduct by Willis and Nathan Wade, includ-

ing of an "improper, clandestine personal relationship during the pendency of this case."

According to that motion, from a lawyer representing former Trump campaign official Mike Roman, the alleged relationship between Willis and Wade resulted "in the special prosecutor, and, in turn, the district attorney, profiting significantly from this prosecution at the expense of the taxpayers."

The motion, filed by Roman's lawyer, Ashleigh Merchant, asked a judge to disqualify Willis from the case, also questioning the validity of the racketeering charges she brought against Trump and other defendants last year. Roman served as the director of Election Day operations for Trump's 2020 campaign.

Merchant said sealed re-

didn't include details on the topics of questioning Willis may face.

The filing by Roman's attorney stunned the legal and political community of Atlanta. Legal academics and others closely watching the case said the allegations, if true, could alter who would continue the prosecution's case or how the case may proceed.

Willis last year charged Trump and 18 others, including his former advisers Rudy Giuliani and Mark Meadows, with participating in a criminal enterprise to subvert President Biden's 2020 victory.

They all pleaded not guilty, but four co-defendants have since notched plea deals with Willis's office, including former Trump legal advisers Sidney Powell and Jenna Ellis.

Judge McAfee hasn't set a trial date.

The subpoena document

## U.S. NEWS

# Prostate-Cancer Treatment Led to Austin Hospitalization

By NANCY A. YOUSSEF  
AND CATHERINE LUCEY

WASHINGTON—Defense Secretary Lloyd Austin is being treated for complications due to prostate cancer, a condition that wasn't disclosed to President Biden until Tuesday, more than a week after the Pentagon chief was rushed to the hospital, officials said.

Under pressure from the administration and members of Congress, the Pentagon on Tuesday released details on the nature of Austin's medical condition and procedures. Austin didn't inform Biden of the diagnosis when the two spoke on Saturday, said National Security Council spokesman John Kirby.

"He was not informed until this morning that the root cause of that hospitalization

was prostate cancer," Kirby said. He later said the situation was "not optimal."

The Pentagon said Austin had undergone a prostatectomy procedure at Walter Reed National Military Medical Center to treat prostate cancer on Dec. 22, and was discharged the next day. On Jan. 1, he was readmitted to the hospital following complications stemming from the procedure, including severe abdominal, hip and leg pain and nausea, the Pentagon said.

He was diagnosed with a urinary tract infection, the Pentagon said, adding that the infection has cleared. The cancer was detected early and the prognosis is "excellent," the Pentagon said. During his current stay, Austin never lost consciousness and never underwent general an-

esthesia, the Pentagon said. In a statement Saturday, the same day Austin and Biden spoke, Austin committed to "doing better" about "ensuring the public was appropriately informed."

Asked if there was a deficit of trust between Austin and the president, White House press secretary Karine Jean-Pierre said, "We have complete confidence in the secretary." She said Austin had on Saturday taken responsibility for the issues around disclosure and noted there would be a review of the process.

Kirby said Austin hadn't been instructed to make the disclosure. He said Biden plans to stick with Austin for the rest of the term.

White House chief of staff Jeff Zients sent a memo to cabinet agencies Tuesday that

said the White House was conducting a review of the protocols surrounding delegation of authority, asking the agencies to submit the existing procedures by Friday.

Both times he was hospitalized, Austin didn't promptly inform the White House, and he transferred authority to run the Pentagon to his deputy, military officials said Monday. The episodes called into question Austin's judgment amid heightened tensions in Asia, Europe and the Middle East.

The secrecy behind his hospitalization on Jan. 1—known to a handful of aides and military officials by the next day, but not the White House or Biden until Thursday—has raised the ire of Congress, including some Democrats, and privately frustrated the White House.



Defense Secretary Lloyd Austin was readmitted to hospital following complications from surgery for prostate cancer.

"Clearly we could have done better, and we will do better," Pentagon spokesman Maj. Gen. Pat Ryder said Tuesday.

Pentagon officials have said that Austin's hospitalization didn't hinder operations overseas and that national security wasn't at risk.

The defense secretary has had his hands full in recent months. In addition to a war in Ukraine, the Pentagon has

poured military resources into the Middle East since the Oct. 7 attack by Hamas on Israel. That includes an aircraft-carrier strike group, Patriot missile batteries and jet fighters. Meanwhile, Iran-backed militias have continued attacks on U.S. troops in Syria and Iraq.

Some of those naval assets are in the region to deter the Iran-backed militias from widening the war between Israel and Gaza.

## Seeking Deal, Congress Explores Curbing Pandemic Tax Break

By RICHARD RUBIN

WASHINGTON—U.S. lawmakers negotiating a bipartisan deal that could include about \$100 billion in tax breaks for businesses and families have their eyes on a troubled pandemic-era tax credit.

Senate Finance Committee Chairman Ron Wyden (D., Ore.) said Tuesday he wants to limit abuses of the employee retention tax credit. Created in 2020 to encourage employers to keep workers attached to their jobs, the ERC has cost about three times earlier estimates.

The Internal Revenue Service has been using audits, criminal investigations and a voluntary payback program to combat what officials see as fraud and ineligible claims. But taxpayers can continue

claiming the credit through April 2025, and the IRS already has about one million claims it hasn't processed that could in total exceed \$240 billion, Piper Sandler estimates. IRS Commissioner Danny Werfel will brief senators Wednesday on the ERC.

"There is a good argument for using some of those dollars from cleaning up the abuses," Wyden told reporters. He wouldn't say what changes lawmakers are considering.

A House GOP aide said it is time to rein in the ERC.

Agreement on a way to dial back the tax credit could bring down the net cost of tax breaks being negotiated by Wyden and Rep. Jason Smith (R., Mo.), chairman of the House Ways and Means Committee. The deal they are discussing would reverse tax changes that busi-

nesses have complained about and expand the child tax credit for some families.

The lawmakers aim to wrap up a deal quickly, potentially in time for the IRS to adjust tax forms before the agency opens 2023 tax filing for individuals on Jan. 29.

Democrats and Republicans have agreed for more than a year that they want to reverse the business-tax changes, but they haven't agreed on how to do it and what other policies should accompany it. Even if tax writers reach a deal, it is uncertain whether the ERC changes would be part of it or

whether the fractious Congress would approve it quickly. The tax package would likely be attached to other legislation, and Congress is already struggling with spending and immigration proposals.

Lawmakers have long said they want to revive several business tax breaks that expired or shrank over the past few years.

Companies currently must spread deductions for research costs over at least five years instead of writing them off immediately, as they did before 2022. Republicans created the current rule as part of a 2017 tax law

as a way to pay for lower tax rates, but research-intensive businesses have been hit hard and have been lobbying Congress to restore the old system, retroactively and going forward.

"Urgency, urgency, urgency, that is our message," said Chris Netram, managing vice president for policy at the National Association of Manufacturers, who said he has been trying to demonstrate the depth of support to Republican leaders.

Lawmakers could also reverse changes that limited businesses' deductions for interest and capital expenses.

"It's a better environment to restore these important tax provisions than in all of 2023, and we're optimistic on a prognosis for a deal right now," said Brandon Arnold,

executive vice president of the National Taxpayers Union, which supports reviving those tax breaks.

In exchange, Democrats have demanded an expansion of the child tax credit. An agreement likely wouldn't restore the much larger credit that existed in 2021, but they are seeking changes that would benefit the poorest households.

That larger credit was fully available to families with little or no income; the current version isn't. Sen. Cory Booker (D., N.J.) said he wanted those low-income families to be eligible for the full credit.

Republicans are likely to resist that change. Still, there are ways to revise the credit so poor families benefit more without eliminating the income requirements.

**The tax credit under scrutiny has cost about three times estimates.**

### U.S. WATCH



IN MOURNING: Kirk Johnson stands before his mother's casket at funeral services Tuesday for former U.S. Rep. Eddie Bernice Johnson at Concord Church in Dallas. She died Dec. 31 at age 89.

WASHINGTON

#### Firms Nudged to Put Workers on Payroll

The Biden administration issued a new rule Tuesday intended to put more contractors on company payrolls, a change that could reverberate across a range of industries, including healthcare, restaurants, construction and transportation.

The rule, which will go into effect in March, would impose a stricter test to determine whether companies can classify their workers as independent contractors. It would replace a 2021 rule implemented by the Trump administration.

Some app-based companies that appear to be in the crosshairs of the Biden administration rule say it won't immediately change their underlying business models and that the policy would be subject to interpretation by courts.

Under the new rule, whether a worker can be counted as a contractor would depend on factors such as if the job is primarily permanent or temporary, how much control an employer has over work performance or how integral a worker's job is to the overall business.

—David Harrison

MAINE

#### Bid to Impeach Key State Official Fails

Democrats who control the Maine Legislature on Tuesday rejected a Republican effort to impeach the state's top election official for her decision to remove former President Donald Trump from the state ballot over his role in the Jan. 6, 2021, attack on the U.S. Capitol.

The Maine House voted 80-60 against the resolution targeting Shenna Bellows, the first secretary of state in history to block someone from running for president by invoking the U.S. Constitution's insurrection clause.

Bellows, who watched the entire proceeding from the gallery, vowed to abide by any legal ruling on her decision to keep Trump off Maine's March 5 primary ballot, which is under appeal in Maine Superior Court. Afterward, she said she stood by her assessment that the impeachment effort was "political theater" and that she acted as required by state law after Trump's candidacy was challenged.

So far, Colorado is the only other state to bar Trump from the ballot. That decision by the Colorado Supreme Court is currently under appeal to the U.S. Supreme Court.

—Associated Press

TEXAS

#### Cause of Explosion Still Being Probed

A full day after a massive explosion at a historic Fort Worth hotel, fire inspectors were still working to determine what caused the blast that shattered windows, littered the streets with debris and injured 21 people, leaving some hospitalized with concussions and bad burns.

Officials have said a gas leak was likely involved in the Monday that blast blew doors and sections of wall into the road in front of the 20-story downtown Sandman Signature Hotel, where authorities said rescuers found several people trapped in the basement.

But the local fire chief acknowledged Tuesday that they remain uncertain about what led to the blast.

"Obviously there was gas—natural gas—involved," Fort Worth Fire Chief Jim Davis said. "We do not know if gas caused the explosion or the explosion caused the gas problem. So that's part of the investigation."

Firefighters with dogs searched the rubble overnight but the chief said that there was no indication that anyone was missing.

—Associated Press



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## U.S. NEWS

## Election-Rules Twists Leave Voters Baffled

Allies of Biden, Trump sought changes in nominating contests to aid the two rivals

By ELIZA COLLINS  
AND JOHN MCCORMICK

Iowa Republicans on Monday will caucus to choose a presidential candidate, but Democrats will start to vote by mail and wait weeks for results. In New Hampshire the following week, both parties will cast primary ballots, but the Democrats' votes will be purely symbolic.

And then in early February, Nevada Republicans can vote in two contests: a caucus without all the GOP candidates, and a primary where results won't count toward the nomination.

For that confusion, voters can thank allies of President Biden and former President Donald Trump, who have pushed for changes to the calendar to boost their candidates' nomination prospects and make it harder for challengers.

For some voters, these changes are undermining confidence in the voting process. Voters are more likely to skip contests where the rules are confusing or their votes are only symbolic.

"Why would you vote in the primary if it's going to be ignored?" one Nevada voter recently asked Devin Livizy, a vice chairman of the Clark County Republican Party, at an event in Las Vegas. Livizy said a primary vote still matters because it will be a statement of support, even if only the caucus will count toward the GOP nomination.

On the Democratic side, Biden asked that South Carolina replace Iowa as the party's first nominating contest. The state saved his struggling 2020 primary campaign after he performed poorly in Iowa and New Hampshire.

For Republicans, the Trump campaign said it helped influence party officials in some states, including California, to change their rules so the former president can accumulate delegates more quickly. In Nevada, party officials close to Trump opted to award delegates through a caucus instead of the state-mandated primary because, they said, its in-person format mitigates election-security concerns. Critics said voters would be confused and Trump would benefit because the type of engaged voters

who support Trump also favor in-person caucuses.

Also in flux is whether Trump will be on the ballot in Maine and Colorado for their primaries in March. The Supreme Court has agreed to hear an appeal in a case that centers on whether he should be struck from Colorado's ballot for his role in encouraging the Jan. 6, 2021, Capitol riot. Trump has also appealed the decision in Maine.

## Iowa

The only contest of consequence in Iowa is on the Republican side, after the Democratic National Committee demoted the state in favor of South Carolina.

The changes give greater influence to Black voters—who comprise a large share of South Carolina's population and are a key Democratic voting bloc—while reducing the power of rural voters. They were the result of frustration among Democrats outside of Iowa and New Hampshire that two relatively nondiverse states enjoyed so much power in the nomination process.

"Our strength as Democrats is rooted in the diversity of our coalition, but that has not been reflected in the process we use to nominate the leader of our party—until now," said DNC Chair Jaime Harrison, adding that South Carolina has historically been the best indicator of who will win the party's nomination.

Iowa Democrats will also meet Monday, but only to conduct party business.

Democrat JoAnn Hardy, a 73-year-old former county party chair who lives in Mason City, said she misses the action her party once enjoyed. When Barack Obama cam-



paigned for the presidency in 2007 and 2008, Hardy said she spoke with him in person seven times and shared a hymnal in church with him. "For a political junkie it was like heaven," she said.

## New Hampshire

Democrats in New Hampshire, pointing to a state law that requires them to hold the nation's first primary, will hold their voting Jan. 23, the same day as Republicans. Because that is earlier than the national party sanctioned, Biden's name won't be on the ballot and the winner won't receive delegates toward the nomination.

New Hampshire Democratic Party Chair Raymond Buckley said the primary had to be held the day the state man-



Republican candidate Chris Christie, above, spoke during a town hall event last month in Londonderry, N.H. At left, people reacted Tuesday during a campaign stop by GOP candidate Nikki Haley in Waukee, Iowa, ahead of next Monday's caucus.

change say a caucus helps bolster election security because it will require voter identification and doesn't allow for same-day voter registration.

Nikki Haley, a former South Carolina governor and United Nations ambassador, won't be able to win any delegates in the state because she is only participating in the primary. "It's confusing," lamented 81-year-old Sally Guanci of Henderson, a retiree who attended a recent Republican Party luncheon.

Michael McDonald, the chair of the Nevada Republican Party, said other campaigns are wrongfully accusing the party of favoring Trump and aren't doing the work needed to win.

## South Carolina

South Carolina will hold Democratic and Republican contests three weeks apart, with the Democratic primary Feb. 3 and the GOP Feb. 24.

Democrats in the state are thrilled their leading spot gives them more influence. "It was important to start with the voters who are the backbone of the party," Christale Spain, chair of the South Carolina Democratic Party, said of Black voters.



Then-Sen. Barack Obama attended a church service in Mason City, Iowa, in December 2007.

## McConnell Says Stopgap Spending Measure Is Needed

By SIOBHAN HUGHES  
AND KATY STECH FEREK

WASHINGTON—Congress may need to pass another short-term bill to avoid a partial government shutdown in less than two weeks, potentially forcing House Speaker Mike Johnson to break a vow he made to GOP colleagues swearing off such measures.

Senate Minority Leader Mitch McConnell (R., Ky.) said the dwindling days left before the deadline meant Congress would have to take up a stopgap bill, known as a continuing resolution or CR, to keep

the government open as work continues on full-year fiscal 2024 legislation. The current interim spending law funds some parts of the government through Jan. 19 and the rest through Feb. 2.

Johnson (R., La.) and Senate Majority Leader Chuck Schumer (D., N.Y.) struck a deal Sunday to set overall discretionary spending at \$1.66 trillion for fiscal 2024. But that top-line agreement left unresolved key details, and many conservative Republicans complained the deal didn't include significant cuts to federal spending they had

been advocating for months, raising questions about its passage into law.

"Obviously we're going to have to pass a CR," McConnell said Tuesday. "It's up to the speaker and the majority leader to determine the length of the CR." With 10 days until Jan. 19, McConnell said that "the simplest things take a week in the Senate. I think frequently, the House doesn't understand how long it takes to get something through the Senate."

Sen. John Thune (R., S.D.) made similar remarks earlier in the day that such a deal

would likely be needed.

Democrats control the Senate but will need GOP support to advance any bill.

House Republicans have taken a dim view of short-term measures, with some threatening to revolt if faced with such a patch again. Johnson, who last year passed an interim spending bill by relying on Democratic votes, said in November he would press ahead with a full-year spending agreement and wouldn't resort to another short-term deal.

The House speaker is already under pressure from some GOP colleagues over the

agreement on overall fiscal 2024 spending levels, which largely tracks with the terms of a deal that former Speaker Kevin McCarthy (R., Calif.) negotiated with President Biden last spring to suspend the debt ceiling in exchange for caps on spending.

Johnson defended the deal, saying he was working from terms he had inherited from the McCarthy-Biden pact. "This is the best we could do right now," he said on Fox Business.

In a late Tuesday meeting with some top House Republicans, Johnson indicated he

had told McConnell, in a phone call, that he wasn't interested in a short-term spending bill. "He said he had shared with them that he's not interested in talking about that," said Rep. Kevin Hern (R., Okla.), the chairman of the Republican Study Committee, which represents a swath of House conservatives.

On Tuesday, Schumer didn't commit to a stopgap bill, or say how long an extension might need to be.

"Look, our goal is to get this done as quickly as possible. And we are working really, really hard," he said.

## Some CEOs No Longer Utter 'ESG'

Continued from Page One focus on measurement and disclosure requirements.

Many CEOs said they continue to follow sustainability commitments made years ago—even if they are no longer talking about them as often publicly. A December survey by advisory firm Teneo found that about 8% of CEOs are ramping down their ESG programs; the rest are staying the course but often making changes to how they handle them.

Many leaders are more closely examining disclosures, wanting to avoid regulatory scrutiny or political criticism. In lieu of lofty pronouncements, advisers are telling

CEOs to be more precise and to set goals that can be achieved. Saying as little as possible is recommended.

"We've seen a great deal of reframing and adjusting by CEOs in the ESG arena. Not only of what they say, but also where they say it and how they characterize it," said Brad Karp, chair of law firm Paul Weiss who advises a number of CEOs. "Most companies are moving forward operationally with their ESG programs, but not publicly touting them, or describing them in different ways."

When Thomas Huberl, CEO of Paris-based insurer AXA, met with leaders of several companies in the U.S. last year, the executives suggested that he reflect the newfound caution. "I used the abbreviation ESG, and people taught me not to use that word," he said.

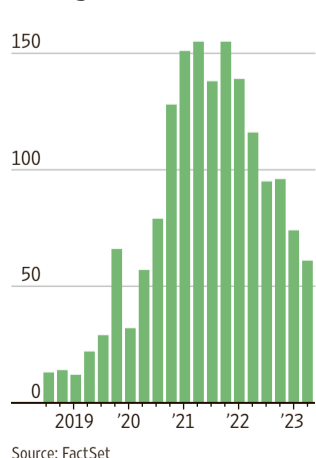
ESG became more politicized following a spat in 2022 between Disney and Florida Gov. Ron DeSantis, who is cur-

rently seeking the 2024 GOP presidential nomination. That opened the door to sharp commentary on ESG efforts broadly by more than a dozen other state officials and a pullback by some asset managers. Investors yanked more than \$14 billion from ESG funds in the first nine months of 2023, according to Morningstar.

BlackRock's Larry Fink wrote a letter to investors in 2023 that didn't explicitly reference ESG, after some states pulled money in 2022 over the firm's ESG emphasis. Fidelity last year removed language considering potential ESG impacts from its proxy-review process.

On earnings calls, mentions of ESG rose steadily until 2021 and have declined since, according to a FactSet analysis. In the fourth quarter of 2021, 155 companies in the S&P 500 mentioned ESG initiatives; by the second quarter of 2023, that had fallen to 61 mentions. Adding to the challenges for

## Number of S&amp;P 500 companies citing 'ESG' on earnings calls



Source: FactSet

companies is that some dimensions of ESG, particularly the social goals, can be difficult to quantify. Corporate diversity programs, often part of an ESG agenda, face new scrutiny following a Supreme Court decision on affirmative action and legal challenges from largely

conservative groups.

Executives and their advisers said companies remain more committed to the "E" in ESG, wanting to respond to climate change. Some CEOs say that environmental factors are crucial to their business, one reason many went to Dubai for COP28, the U.N.'s climate conference. Climate change is also likely to be a key theme at the World Economic Forum in Davos, Switzerland, next week.

Revathi Advaiti, CEO of Flex, said the manufacturer has 130 factories across the world and there isn't a question of whether they need to operate in a sustainable way.

"It's not as though I got a whole bunch of new investors because we had a sustainability report or we were ESG-focused," she said. "We didn't do it for that purpose...We wanted to focus on water reduction, power reduction."

Some of the changes are subtle. At Coca-Cola, the com-

pany published a "Business & ESG" report in 2022; in 2023, it was released as the "Business and Sustainability" report. The beverage giant also renamed committees on its board of directors.

The fiercest critics of ESG said they welcome less discussion of it. "If this trend is decreasing, these CEOs must have realized that this puts them at greater legal risk and costs them customers," said Texas Attorney General Ken Paxton, a Republican who has pushed back against ESG policies.

What to call such efforts now remains a debate. Brewster's CEO group advises leaders to discuss initiatives in clear language, explaining efforts to cut water use, for example, or to use terms such as "our natural resources." Brewster said he wants more leaders to adopt the phrase "responsible business."

"You can be anti-ESG," Brewster said. But "it's hard to be anti-responsibility."

# WORLD NEWS

## Gaza Hostage Talks Inch Closer to Restart

### Blinken presses for easing of fighting, release of people held by Hamas

TEL AVIV—An Israeli delegation arrived in Cairo in an effort to revive hostage talks, Egyptian officials said, as Secretary of State Antony Blinken held meet-

By Summer Said, Margherita Stancati and William Mauldin

ings in Israel aimed at preventing the war in Gaza from escalating into a regional conflict.

The delegation from Israel met Egyptian mediators in the Egyptian capital on Tuesday, weeks after hostage negotiations came to a standstill. The renewed talks are aimed at freeing hostages held in Gaza in exchange for a prolonged cease-fire, the officials said.

A spokesman for Israeli Prime Minister Benjamin Netanyahu declined to comment.

Blinken's visit to Israel, part of a tour of the Middle East, comes as tensions between Israel and Lebanon's Hezbollah group are growing. The killing of a senior commander of the militant group on Monday marked another step toward a second front for Israel amid its war with Hamas in Gaza.

Hezbollah said on Tuesday that it hit Israel's northern command base and lost three more fighters in Israeli airstrikes. Israeli military spokesperson Rear Adm. Daniel Hagari said the Israeli strikes killed the Hezbollah fighter who led the attack on the northern command base. It was the second Israeli military base to be targeted by Hezbollah in a few days, after a barrage caused damage to an Israeli air force base Saturday.

"We strongly support the proposition that Israelis need to know security so that they can return to their homes in northern Israel," Blinken told

reporters in Tel Aviv. "Equally, we believe and the government of Israel believes that a diplomatic path is the best way to achieve that security."

Israeli officials said that, should diplomatic efforts fail to ensure that Israelis can live safely along the border with Lebanon, military intervention remains an option.

In holding back a wider war, the U.S. hopes to keep its coalition of allies in the Middle East intact and hasten the end of the conflict in Gaza. The U.S. is urging Israel to shift to lower-intensity fighting in Gaza to contain civilian casualties there and ensure that displaced Palestinians can return home as soon as conditions allow. About 1.9 million Palestinians, 85% of the enclave's population, are internally displaced, mostly in the south.

Blinken said Tuesday that Israel agreed to allow a United Nations mission to visit northern Gaza to assess what is needed for humanitarian aid and a return of residents. "Israel needs to do everything it can to remove any obstacles from crossings to other parts of Gaza," he said.

After a meeting with Netanyahu on Tuesday, Blinken lamented the losses amid the conflict on all sides, saying "this immense human toll is one of the many reasons that we continue to stand with Israel in ensuring that Oct. 7 can never happen again."

The secretary of state also met Tuesday with Israeli President Isaac Herzog, Defense Minister Yoav Gallant and other Israeli officials.

Blinken is visiting Israel after meetings with leaders in Saudi Arabia, Qatar, Turkey and other countries. "All of them are committed to using their influence, using the ties that they have to prevent it from escalating, to deter new fronts from opening," he said.

"All expressed grave concern about the dire humanitarian situation and the number of



Israeli Defense Minister Yoav Gallant, left, met Tuesday with Secretary of State Antony Blinken in Tel Aviv. Gallant said more pressure must be put on Iran to rein in regional attacks.

### Israel Probes Killing of Journalists

As U.S. Secretary of State Antony Blinken visited the Middle East on Tuesday, the Israeli military said it was investigating its killing of two Palestinian journalists who died when an airstrike targeted their car as it drove through the Gaza Strip.

Hamza al-Dahdouh, a cameraman and son of Wael al-Dahdouh, the Gaza bureau chief for Al Jazeera, and Mustafa Thuraya, a freelance video journalist who contributed to the French news agency AFP, were killed on Sunday

when the Israeli strike hit their car, which was marked with press signs, survivors and witnesses said.

The car was targeted because someone in the vehicle had used a drone, Israeli military spokesperson Rear Adm. Daniel Hagari said.

"Using a drone in a war zone, it's a problem," Hagari said. "It looks like terrorists."

The top American diplomat's regional tour also includes expected stops in the West Bank and Egypt on Wednesday.

civilians killed in Gaza."

Israeli officials have said they would pursue their war objectives at their own pace. The focus of Israel's military operations in Gaza has shifted south, particularly in and around the city of Khan Younis.

Gallant told Blinken "operations in the region of Khan Younis will intensify and continue until Hamas leadership is detected, and Israeli hostages return home safely," according to a government statement.

Gallant also said that, to

prevent a wider conflict, more pressure must be put on Iran, the key sponsor of Hezbollah and Yemen's Houthi rebels, who recently have carried out attacks on commercial ships in the Red Sea.

As the war in Gaza drags on, it is entangling the U.S. in regional skirmishes. Iran-backed militias repeatedly have struck U.S. bases in Iraq and Syria. The U.S. Navy recently sank Houthi boats that opened fire on commercial ships, and a U.S. drone strike killed a militia leader in Iraq whom a U.S. official said "had American blood on his hands."

"We just want to make clear that, if these actions by the Houthis continue, there'll be consequences," Blinken said.

Blinken also met relatives of Israeli hostages kidnapped on Oct. 7 and held in Gaza. "We're intensely focused on bringing the remaining hostages home," he said. Outside the hotel where he met Herzog, demonstrators with signs and a drum chanted, "Bring them home now."

More than 240 hostages were taken by Hamas and

other Palestinian groups from southern Israel to Gaza on Oct. 7. Hamas released dozens of hostages during a temporary truce that collapsed in early December after a week. Israeli officials estimate there are still about 130 hostages.

Indirect talks between Israel and Hamas to release more hostages were frozen on Jan. 2, after a senior member of the Islamist group, Saleh al-Arouri, was killed in Beirut in a suspected Israeli strike.

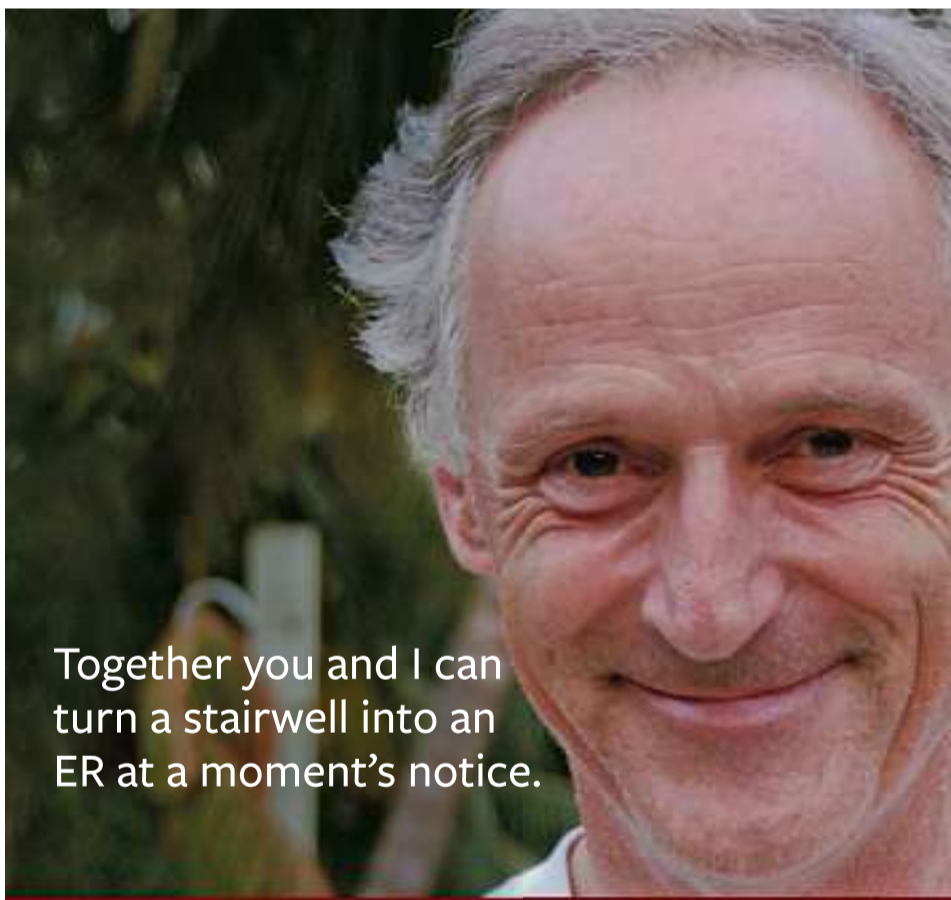
Under a proposal pushed by Hamas before Arouri's killing, the group said it would be willing to gradually free 40 hostages in exchange for three times as many Palestinian prisoners, said Egyptian officials. In exchange, Israel also would have to withdraw its troops from Gaza and allow displaced Palestinians to return to northern Gaza—demands that Israel is unlikely to agree to.

Hamas has ruled out releasing Israeli soldiers held captive in Gaza unless there is a permanent cease-fire, Egyptian officials added.

Israeli officials have told Egyptian and Qatari mediators that Hamas's demands were unrealistic, adding that both countries need to pressure the group to come up with a more acceptable proposal. Israel has indicated it would be willing to accept a two-week cease-fire, said Egyptian officials. They added that Israel has suggested it would be willing to allow the return of Palestinians to northern Gaza and to withdraw their forces from some areas.

Also on Blinken's agenda were nascent discussions with regional leaders aimed at charting a path for the future of the Palestinian territories, with the aim of uniting the West Bank and Gaza under Palestinian-led governance and working to establish an independent Palestinian state.

Blinken brought those principles to Israeli leaders but declined to characterize their response.



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WORLD NEWS

# France Appoints Youngest Prime Minister

Attal, who oversaw education, will work to reunite party riven by immigration bill

By NOEMIE BISSEBIE

PARIS—French President Emmanuel Macron has appointed the 34-year-old education minister to helm a new government as prime minister, tapping a popular but relatively untested official to breathe life into political ranks that badly fractured over the passage of a recent immigration bill.

Gabriel Attal, a former socialist and close Macron ally, is set to become the youngest prime minister in the history of France's modern republic as well as the first who is openly gay.

He has been tasked with naming a new cabinet, the president's office said on Tuesday.

Attal faces the challenge of reuniting Macron's deeply di-

vided camp. Left-leaning members of Macron's party, a bipartisan movement that includes former socialists and conservatives, have grown increasingly frustrated by the government's rightward tilt.

Attal's promotion also positions him as a potential successor to Macron, who has struggled over the years to cultivate a deep bench of lieutenants who can secure the future of his relatively nascent political party, Renaissance.

The French president, who was re-elected in 2022, is limited to two consecutive terms under French law and the fortunes of Macron's party have tended to rise and fall with his popularity.

"I will have one goal, keep control of our destiny and liberate France's potential," Attal said in a speech on Tuesday.

Attal was a relatively unknown figure in France's political firmament before Macron tapped him in July to lead the sprawling education ministry.

Attal steered straight into



On Tuesday, Gabriel Attal applauded a speech by Elisabeth Borne. He will be succeeding her as France's prime minister.

controversy with a ban on abayas—long, robe-like dresses worn by some Muslim women—in public schools.

The move boosted his popularity among conservative voters and ratcheted up France's long-running culture war over how far the government should go in enforcing the rules of laïcité, the country's strict separation of religion and state.

Public schools had already

barred students from wearing a visible Christian cross, a Jewish kippah, a Muslim headscarf or any other religious symbol deemed ostentatious by school officials.

But the abaya, which doesn't cover the head or face, had been a gray area.

"When you enter a classroom, you should not be able to distinguish or identify the religion of the students by

looking at them," Attal said on national TV.

Attal also launched "empathy lessons" in preschools and elementary schools to tackle bullying and help children deal with their emotions.

In an interview with French TV in November, Attal said he had been bullied as a teenager by a schoolmate, who he said shamed him on a blog created to rate classmates' physiques, using antigay slurs based on assumptions about his sexuality. Attal pledged to make the fight against harassment at school a priority.

Attal's approval rating reached 40% in December, according to a survey by polling firm Ipsos, which ranked him the most popular politician in France, ahead of former Prime Minister Édouard Philippe and far-right leader Marine Le Pen. Macron's approval rating stood at 27%, according to the same poll.

Macron rose to power in 2017 on a platform of "neither right, nor left." Since then, he

has drifted right, tightening labor laws, increasing police powers and raising the retirement age.

In December, more than a fifth of the lawmakers from Macron's party and its allies voted against the government's immigration bill, which boosts authorities' power to deport foreigners and limits access to citizenship.

Macron's party included in the bill provisions restricting the rights of foreigners living legally in the country, and watering down measures aimed at giving permits to undocumented workers, to win support from conservative party Les Républicains.

On Tuesday, Macron praised the freshly appointed prime minister, writing in a social-media post: "I know I can count on your energy and your commitment."

In his speech on Tuesday, Attal said French people could count on him, too. "Every day, every minute, every second, will be dedicated to them," he said.

# Armed Gang Storms Public TV Station in Ecuador



Gunmen took over a TV station and threatened employees. Police later regained control.

By RYAN DUBÉ

Gang members broke onto the set of a public television channel in Ecuador during a live broadcast on Tuesday, waving weapons and threatening station employees as the country reels from drug-related violence.

In an attack that was broadcast for 15 minutes, masked men armed with guns kicked employees who huddled on the floor. People screamed as what sounded like gunfire went off.

The country's police chief, César Zapata, said Tuesday afternoon that officers had taken back control of the TV station and detained 13 people and seized weapons, including grenades. He said the assailants appeared to be members of the Los Tiguerones, a

prison drug gang that emerged from Esmeraldas province on the border with Colombia.

"Don't shoot," one woman yelled in a video shared on social media. The signal for the TC Television station was eventually cut off.

The storming of the station in the coastal city of Guayaquil came as gangs set off a wave of attacks across the country that appeared coordinated, and also in response to a planned crackdown by the new administration of President Daniel Noboa against drug-trafficking groups.

The 36-year-old president, who took office in November, declared a state of emergency on Monday after the leader of one of Ecuador's biggest gangs, Los Choneros, escaped

from a prison in Guayaquil before he was to be moved to a maximum-security facility.

On Tuesday, Noboa said in a decree to boost security that Ecuador was mired in an "internal armed conflict" and that more than a dozen gangs would be classified as terrorist organizations as they fight for control of drug-trafficking routes. The president has proposed holding a referendum that would allow authorities to extradite criminals to the U.S.

—José de Córdoba contributed to this article.

Watch a Video



Scan this code for a video on gang members taking over a TV station.

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## China Rises To Top in Car Exports

Continued from Page One at their factories there.

Concern about a potential flood of Chinese vehicles from companies with overcapacity in China has risen in recent years in major auto markets.

The U.S. largely shuts out Chinese imports with prohibitive tariffs, while European Union regulators in September unveiled an antisubsidy probe centered on low-cost electric vehicles from the country. Beijing has denounced the EU's investigation as protectionist.

China's next wave of exports is likely to include more electric vehicles and hybrids. Makers of such vehicles also saw an increase in overseas shipments last year and they are planning to significantly increase exports now that years of tearaway growth in China's EV market is slowing, after government subsidies for buyers have been scaled back.

China's BYD, which ousted Tesla as the world's top seller of EVs in the most recent quarter, saw overseas sales jump almost five times to 242,000 in 2023.

The company is expanding showrooms across Europe as it targets more sales there this year.

Global automakers with fac-

tories in China are also looking to export vehicles made there. Volkswagen will for the first time ship its made-in-China vehicles overseas, shipping up to 60,000 China-made Cupra Tavascan EV coupes to Europe this year, a company representative said.

Ford, which has lost significant market share to Chinese EV makers, said it expanded exports from China to 100,000 last year.

Overall, passenger-car sales at home and abroad reached a record 25.5 million last year, according to car-association data. China's domestic market returned to its strongest growth in years, propelled by increases in electric vehicles despite slowing momentum.

The rise of China as the center of the world's automaking industry represents a hard-won victory for Beijing's indus-

trial policies, after similar achievements in solar panels and batteries.

China has long been the world's biggest auto market and production center, but growth was driven by foreign carmakers until recent years, when domestic brands embraced electrical vehicles and hybrids as the state bankrolled local manufacturers and subsidized sales.

Now the country has added the top exporter crown as, over the past three years, it rapidly moved past long-dominant rivals Japan, Germany and South Korea.

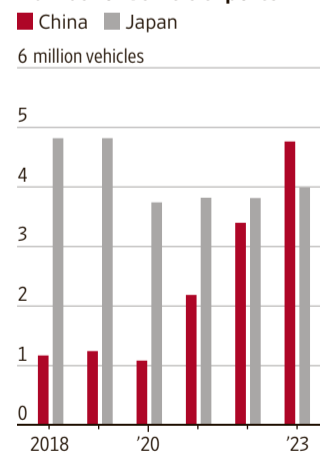
In Russia, Chinese brands have filled up showrooms and factories left vacant by European, Japanese and Korean car brands.

Amid the conflict with Ukraine, Russia is estimated to have accounted for around 800,000 of the 2 million more vehicles China exported last year, said the Chinese car association's secretary general, Cui Dongshu.

Chinese carmaker Chery became the top car exporter last year due to a boom in sales to Russians, selling more than 900,000 cars overseas in total, Cui said. That would be more than either Tesla or BYD sent overseas last year.

Volvo-owner Geely and Great Wall Motor were two other Chinese carmakers that saw an explosion in Russian sales. Such growth might not be sustainable in the country as demand has been met and inventory has increased, Cui said.

Number of vehicle exports



China's BYD saw overseas sales jump almost five times to 242,000 in 2023. A BYD facility.



## WORLD NEWS

# Chinese Satellite Sets Off Alerts Across Taiwan

As election looms, Taipei erroneously said a missile was flying over the island

By JONATHAN CHENG  
AND JOYU WANG

TAIPEI—Taiwan frequently accuses China of interfering in its elections.

With just days to go before a closely contested presidential poll that could further strain Beijing's ties with Taipei and Washington, Taiwanese officials are finding evidence of meddling everywhere. In coordinated social-media posts disparaging outgoing President Tsai Ing-wen, for instance, or in efforts to intimidate Taiwan's most popular rock band.

On Tuesday, Taiwan's Foreign Minister Joseph Wu was presented with an opportunity to call out another alleged instance of mischief-making in real time. Halfway through a news conference to warn about the threat of Chinese election interference, a wave of emergency smart-phone alerts rippled through the ballroom of Taipei's Regent Hotel, where more than 100 foreign journalists were gathered.

Labeled "Presidential Alert," the message warned Taiwan's 24 million people, in English and Chinese, that a Chinese rocket had just flown over southern Taiwan. "Please be safe," the alert read in Chinese, making clear that the rocket carried a satellite.

Alarming, however, the English-language message was labeled an "Air-Raid Alert" and warned of a "missile flyover."

Within minutes, Taiwan's Defense Ministry clarified to reporters by text message that the launch involved a satellite, not a missile. China regularly sends satellites into space on trajectories above Taiwan—though almost always at a sufficiently high altitude to avoid triggering air-raid alerts.

An hour later, the ministry apologized for the error.

Tuesday's incident highlighted the reality that Taiwan is living with numerous and increasingly provocative Chinese maneuvers around the island. They include sorties that look to defend analysts like training runs and balloon flights over Taiwan's main island.

China, meanwhile, confirmed that it sent an object into space, publishing a state-media report celebrating the successful launch of a next-generation satellite. The report touted the satellite, dubbed the Einstein Probe, and its use of a new X-ray technology that purportedly mimics the ocular characteristics of lobsters, with the goal of advancing understanding of little-known cosmic events such as collisions of neutron stars.

Just before midnight in Taipei, more than eight hours after the launch, a spokeswoman for Taiwan's presidential office said that, following an analysis by the island's national security team, officials had ruled out a political motive for the satellite launch.

In the moment, however, with Wu and other senior officials on a hair trigger for signs of Chinese election interference, there was little mistaking the timing of the launch.

After a close reading of the alert, Taiwan's top diplomat cast the launch as a prime example of Beijing's "gray-zone" tactics, in which it conducts operations that remain below the threshold of military confrontation but are designed to sow confusion or fear.

"The Chinese launch their satellites every once in a while," Wu said, "but at this very sensitive moment of our election, the Chinese are still doing it."

"We should not be provoked by the PRC, and the Taiwan people should continue to go to the voting booths," he said, referring to the People's Republic of China.

**'People should continue to go to the voting booths' despite the scare.**



Animal-rights activists rallied in support of the dog-meat ban at the National Assembly in Seoul on Tuesday.

# South Korean Lawmakers Vote To Phase Out Dog Meat by 2027

By TIMOTHY W. MARTIN

SEOUL—Dog meat will no longer be allowed in South Korea, capping a decadeslong campaign against a controversial practice many locals have come to view with unease.

With no dissenting vote, lawmakers passed a bill on Tuesday that will phase out the farming, slaughter and sale of dog meat by 2027. Violators will face a prison sentence of up to three years or a fine of roughly \$23,000.

The three-year grace period was granted following a backlash by South Korea's dog-meat industry, which argues the ban threatens their economic livelihoods and violates their human rights. Dozens of dog-meat farmers in recent months have clashed with law enforcement at protests. Some have threatened to release their unsold stock of dogs in public areas—including near South Korea's presidential complex.

Restaurants, breeders and middlemen must register with their local government. Some compensation will be provided during the phaseout period, though the amount has yet to be decided.

South Korea has racked up global soft power over the years, with glitzy pop stars, innovative technology and trendy food. But for decades, eating dogs, to many South Koreans, has represented a societal sore—and a punchline from outsiders—having routinely attracted international scrutiny during the country's most high-profile moments dating back to the 1988 Seoul Summer Olympics.

Only about 5% of South Koreans said they had eaten dog meat in the past year, according to a recent survey conducted by an animal-rights group in December. More than 93% have no plans to consume it in the future, either. Those rejecting the practice cited their emotional response, animal cruelty and unsanitary conditions as their top justifications.

Other surveys, including one by a Seoul National University professor from 2022, also show overwhelmingly negative views of dog-meat consumption. Roughly two-thirds of respondents supported a dog-meat ban.

For centuries, dog meat was an exalted food in Korean cuisine, with locals believing that

consuming it would improve one's stamina and cool down the body—making it a prized dish during the summer months. In neighboring North Korea, an annual cooking competition for dog-meat soup is held every July. One local variety of the dish won a cultural-heritage award in 2022. Dog-meat consumption elsewhere across Asia, from Vietnam to Indonesia to parts of China, remains commonplace.

India, Philippines, Thailand and other places in Asia have banned dog meat, according to the Humane Society International, an advocacy group that opposes the practice. Some 30 million dogs are killed annually in the region for meat, the group says.

South Korea's government estimates roughly 520,000 dogs were raised for human consumption in 2022, a 35% drop from five years earlier. Compared with the late 1990s, the number of dog-meat restaurants has fallen by about 75% to roughly 1,700 restaurants nationwide, according to government figures.

Outlawing dog meat has remained a delicate issue in South Korea—with officials, at

times, denying the practice existed. Dogs aren't classified as livestock, making oversight difficult. Large dog-meat marketplaces have been closed in recent years. But despite some official clampdowns, enforcement has remained lax.

A national law, as passed on Tuesday, should remove any ambiguity. The cause took on new momentum in 2022, as President Yoon Suk Yeol took office. His wife, Kim Keon-hee, made a dog-meat ban a key pursuit as first lady. The couple owns six dogs and eight cats, his office said.

Ahead of Tuesday's vote, South Korea's Dog Meat Association, which says it has roughly 1,000 members, called any ban evil and hoisted signs that read, "The freedom to eat what you want trumps everything else!" The dog-meat law, the group argues, is driven by animal-rights groups looking to drum up attention for donations.

## Watch a Video

Scan this code for a video on the push to end the dog meat industry.

# German Industrial Output Misses Expectations

By ED FRANKL

Germany's industrial production was down in November for the sixth month in a row—failing to meet expectations that it would be unchanged from October—continuing a period of sluggishness for the key manufacturing base of Europe's largest economy.

Output was down 0.7% compared with the previous month, seasonally and on a

calendar-adjusted basis, compared with an upwardly revised 0.3% decline in October, according to data published Tuesday by German statistics office Destatis.

Economists polled by The Wall Street Journal had forecast zero growth from the month before.

The measure of production in manufacturing, energy and construction comes after data published Monday said new factory orders rose by just

0.3% in November.

According to Tuesday's data, the production of capital goods slipped 0.7% and consumer-goods production ticked down 0.1%, while for intermediate goods it weakened by 0.5%.

But production in energy-intensive industry increased by 3.1% from October's level, though output in industry excluding energy and construction was down 0.5%.

The picture shows that Ger-

man industry was still in recession in the final quarter of 2023, according to Melanie Debono, senior Europe economist at Pantheon Macroeconomics.

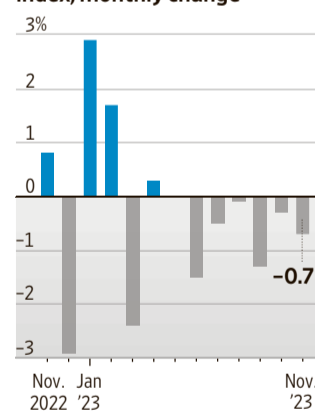
Indeed, for the September-November period, production was down 1.9% from the previous three months, Destatis said.

"Forward-looking survey indicators suggest the outlook remains bleak although they also signal a trough in the fall

in demand," Debono said in a research note following the data release.

Germany's economy ministry said, "Given current early indicators such as incoming orders and the business climate, a rapid turnaround in the industrial economy cannot be expected. However, as the year progresses, industrial production is likely to recover against the backdrop of an expected domestic economic recovery and rising exports."

German industrial production index, monthly change



Note: seasonally adjusted  
Source: German statistics office Destatis

## WORLD WATCH



HANG ZEHN: A surfer braved the icy temperatures and snowfall on Tuesday in a man-made stream with a standing wave in the English Garden in Munich, Germany.

### UNITED KINGDOM O'Connor Died Of Natural Causes

Irish singer-songwriter Sinead O'Connor died from natural causes in July, a coroner said Tuesday. London's Metropolitan Police had said the singer's death wasn't considered suspicious after she was found unresponsive at a home in southeast London on July 26. O'Connor was 56 years old.

The Southwark Coroner's Court confirmed that O'Connor died of natural causes, which means circumstances when an illness or condition isn't linked to external forces. The singer, who began her career performing on the streets of Dublin, rose to worldwide fame with her cover of Prince's ballad "Nothing Compares 2 U."

O'Connor was public about her mental illness and was hospitalized after her teenage son, Shane, died by suicide in 2022.

Thousands of fans lined the streets of Bray, the Irish town she had called home, during a funeral procession in August. Irish Prime Minister Leo Varadkar attended, along with U2's Bono.

—Associated Press

### RUSSIA American Is Held On Drug Charges

A U.S. citizen has been arrested on drug charges in Russia, officials said Tuesday, a move that comes amid soaring Russia-U.S. tensions over Ukraine. The arrest of Robert Woodland Romanov was reported by the press service of the Moscow courts. It said the Ostankino District Court ruled on Saturday to keep him in custody for two months on charges of preparing to get involved in illegal drug trafficking pending an official investigation.

The U.S. State Department said it was aware of reports of the recent detention.

Russian media noted that the name of the accused matches that of a U.S. citizen interviewed by Komsomolskaya Pravda in 2020. The man said that he was born in the Perm region in 1991 and adopted by an American couple. He told the newspaper that he traveled to Russia to find his Russian mother and eventually met her in a TV show in Moscow. He said he liked living in Russia and decided to move there.

—Associated Press

### DOMINICAN REPUBLIC Charges Reduced For U.S. Ballplayer

Wander Franco is facing a lesser charge after a judge in the Dominican Republic analyzed evidence that alleges the Tampa Bay Rays shortstop had a relationship with a 14-year-old girl and paid her mother thousands of dollars for her consent.

Originally accused of commercial and sexual exploitation and money laundering, Franco now stands accused instead of sexual and psychological abuse, according to a judge's resolution.

Franco hasn't been formally accused, but if found guilty on the new charge, he could face between two to five years in prison.

In his decision, Judge Romaldy Marcelino observed that prosecutors gave the case against Franco a different and more serious treatment because "the accused is a professional MLB player," he said, referring to Major League Baseball. He didn't elaborate. Franco was conditionally released Monday from a jail after being detained for a week.

—Associated Press

FROM PAGE ONE

# Covid Era Spawns Pillow Talk

Continued from Page One

a payment-processing company whom she intended to marry, used the information to trade in advance of the deals. It netted him thousands in profits, promises of Rolex watches from friends he tipped off, and the scrutiny of federal officials probing insider trading. He pleaded guilty to a dozen fraud charges in June.

There is a rich history in securities fraud of "pillow talk" cases, in which insider traders glean confidential information from romantic partners. The

Covid era offered a twist: Secrets weren't spilled in the bedroom or over a bottle of wine, but during the humdrum routine of two adults working from home.

"During Covid, there was an uptick in brazen conduct," said Edward Imperatore, a defense lawyer at law firm Morrison & Foerster. "In a work-from-home environment, people acted with more impunity."

Another recent case snared a boyfriend who was training to work for the Federal Bureau of Investigation. Seth Markin pleaded guilty in December to trading on information he purloined from his lawyer girlfriend, an associate in the Washington office of law firm Covington & Burling.

In 2021, she was working on a pharmaceutical acquisition from her one-bedroom apartment, where Markin spent days

at a time. According to prosecutors, she trusted him because he told her he had a security clearance, was going to be an FBI agent, and wanted to marry her.

Prosecutors said Markin passed on tips that led to at least 20 people trading based on confidential information. "I knew that my behavior was wrong," Markin told the judge during his plea hearing. He is scheduled to be sentenced in March.

Representatives for the FBI and Covington declined to comment.

In Teixeira's case, he was aided by a mouse-jiggler he bought that ensured his girlfriend's laptop wouldn't lock when she wasn't using it, according to court documents. He has been cooperating with prosecutors and is scheduled to testify this year at the trial of

his former friend, Jordan Meadow, who at the time was a stockbroker with Spartan Capital Securities. Meadow made more than \$700,000 trading on Teixeira's information and used the tips to advise clients who made millions, prosecutors allege.

"Yo you see UFS," Meadow texted Teixeira, referencing the stock symbol of a company involved in a \$3 billion deal, according to the indictment. He then asked for more nonpublic information, texting, "Feed me."

Meadow has pleaded not guilty to the eight charges he is facing. Lawyers for Meadow and Spartan declined to comment, as did a spokeswoman for Morgan Stanley, and a lawyer for Teixeira didn't respond to requests for comment.

In 2022, the Securities and Exchange Commission settled

with a New Jersey man who it accused of illegally trading on inside information he heard when his domestic partner, who worked in marketing for an IT company, participated in calls from home, including an 11:30 p.m. videoconference in a home-office adjacent to their bedroom. Although he typically discussed his trades with her, in this case he hid them, executing the transactions from his work office, the SEC said. The man, who didn't admit wrongdoing, paid \$180,000.

One thing hasn't changed since the earliest days of pillow talk: It is usually the men who can't resist the urge to take advantage of their confidential information.

"Insider trading is an equal opportunity crime," said Dixie Johnson, a partner at law firm King & Spalding who advises companies on how to avoid

such situations. "But the cases we see usually have involved men doing the trading."

Female romantic partners haven't always been innocent bystanders. In 2002, adult-movie actress Kathryn Gannon, known on screen as Marilyn Star, pleaded guilty to trading on tips from an investment bank CEO with whom she was having an affair.

A decade later, former beauty queen turned hedge-fund consultant Danielle Chiesi pleaded guilty to securities fraud for her role in a sprawling insider-trading ring. In a sentencing submission, she blamed a toxic relationship with her boss—and lover of 20 years—who urged her to get inside information.

Not surprisingly, many such relationships don't survive. Teixeira and his girlfriend split up, as did Markin and his.

# How France Fumbled In Africa

Continued from Page One

coup plotters. The U.S. officials declined to offer support, the person said, and none of the French-picked candidates ended up leading a new government in Mali, a vast desert nation that is now the epicenter of the world's most active Islamist insurgency and the biggest foreign-policy crisis of Macron's six-year presidency.

Spokespeople for the U.S. National Security Council and the Élysée declined to comment on the previously unreported September 2020 meeting. Interviews with more than a dozen current and former French, African and international officials and experts suggest that the episode was emblematic of the increasingly turbulent and often disjointed relationship between France and its 20 former African colonies—and how Macron's administration has fumbled those ties.

Macron now faces a wave of anger on a continent that generations of French leaders considered their *pré carré*, or backyard, and one of the final vestiges of their country's once globe-spanning empire.

Across much of francophone Africa, deriding the French has become the most powerful rallying cry, with putschist regimes, opposition leaders and civil-society activists blaming their former colonial power for years of underdevelopment and government mismanagement.

The backlash has also undermined U.S. efforts to fight a jihadist uprising in West Africa that has killed some 41,000 people since 2017. Washington spent hundreds of millions of dollars arming and training local militaries to battle Islamic State and al Qaeda insurgents over the past decade. Now those same commanders are forging security ties with Russia and, in the case of Mali, have hired mercenaries from the Kremlin-linked Wagner Group.

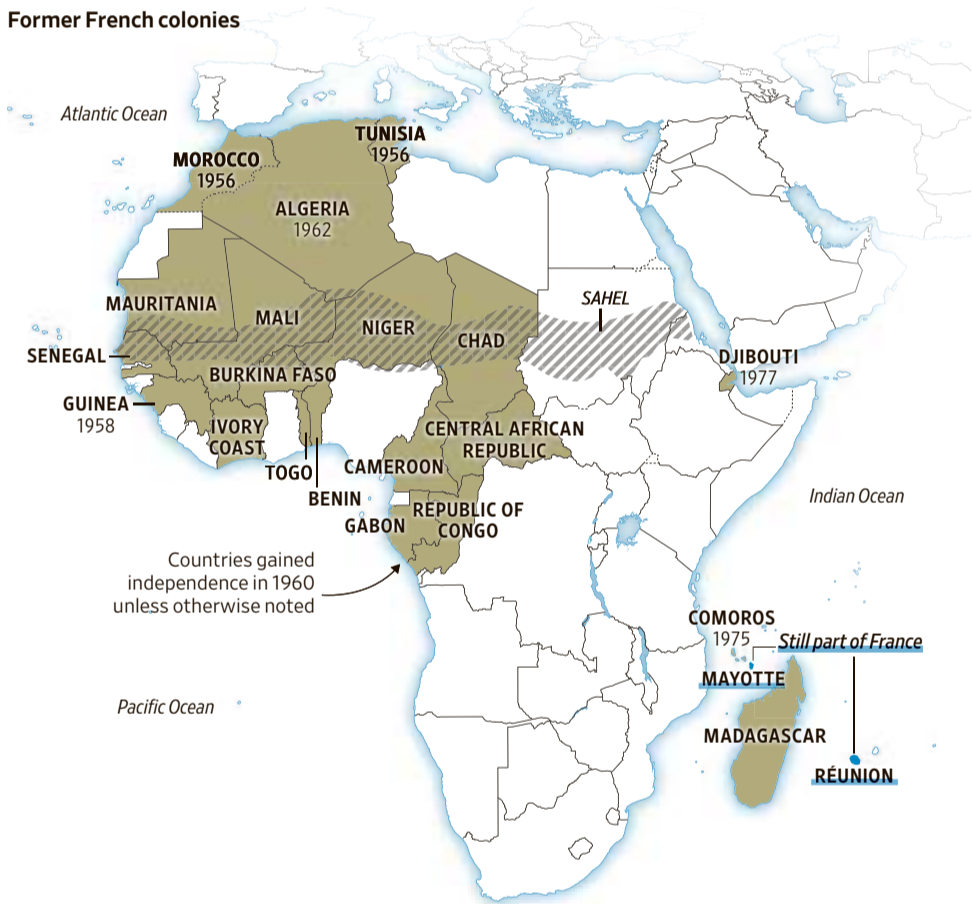
## 'Fed up'

The fallout has been most intense in the troubled nations of Central Africa and the Sahel, the semiarid strip south of the Sahara. Military juntas that ousted elected governments in Mali, Burkina Faso and Niger have bolstered their popularity by kicking out French troops that were helping them fight jihadists.

Faced with restrictions on providing military aid to governments that took power through coups, the U.S. has in recent months slashed its presence in Niger, long Washington's foremost ally in the region, to 650 troops from around 1,100, and cut back activities at its Agadez drone base.

Even in more stable former colonies, such as Senegal, French-owned businesses, including TotalEnergies gas stations and Auchan supermarkets, have come under attack during antigovernment protests. Taken together, the backlash across Africa has morphed into one of the biggest anti-Western rebellions since the end of the Cold War.

"We are fed up with France. We are fed up with the contempt that they show us," Yaou Sangaré Bakary, the junta-appointed foreign minister of Niger, told an October rally outside what was then France's main base in the capital Niamey. "Go ahead, leave us alone. We'll be just fine."



Sources: United Nations; National archives of France

Above, a demonstrator held a sign reading 'Death to France and allies' at a 2022 rally in Bamako, Mali.

corruption. "Without the support of Sahelian governments, it was a losing battle," he said.

Sahelian soldiers felt that they were shouldering the brunt of the fighting, under the orders of French commanders and with only limited access to French intelligence, said Delina Goxho, a researcher at Scuola Normale Superiore in Florence, who was based in Niamey until this summer's coup. In the decade after 2013, 58 French soldiers were killed in action in the Sahel, compared with several thousand soldiers from Sahelian countries.

## Cybercampaign

Conspiracy theories surrounding France's military presence, political meddling and economic exploitations spread on social media, often amplified and at times orchestrated by Russia.

The Macron administration's efforts to counter such disinformation were often clumsy. In December 2020, Meta said it had removed dozens of fake accounts and groups from Instagram and Facebook that were linked to the French army. Using stolen profile pictures, including one of boxing legend Muhammad Ali, the French accounts sought to uncover and regularly sparred with a network of Russian online trolls.

François Chauvancy, a cyberwarfare specialist and retired French army brigadier general, said his former colleagues made "beginner's mistakes" in their cybercampaign. "We underestimated our adversary," he said.

French troops also airdropped fliers over towns and villages in northern Mali to get the local population on their side. Some pamphlets that were supposed to say "Barkhane protects you" read instead "Barkhane is watching you" because of an error in the translation into local languages, according to a 2021 National Assembly report.

French officials say that while they made mistakes in the Sahel, they are unfairly blamed for issues that, some 60 years after independence, were the responsibility of national governments. "France played the role of the scapegoat," said Mémier, the former defense adviser.

Macron's at times flippant communication style also prompted outrage. During his 2017 speech in Ouagadougou, the mood turned when Macron criticized Sahelian countries' birthrates, which are among the highest in the world. "When you have seven, eight, nine children per woman, are you absolutely sure that in every case, in every family, this

Macron, France's first head of state born after the end of the colonial era, had started his presidency in 2017 with a pledge to reset his country's relationship with its former African colonies. He riled up conservatives by declaring colonization a "crime against humanity" and promised to overhaul a regional currency half of whose reserves are still kept in Paris.

After decades of policies that effectively propped up corrupt but francophile autocrats—a practice that came to be known as *la Françafrique*—Macron said he wanted to deepen ties with African civil society and countries that hadn't been part of the French empire.

"I am from a generation that does not come and tell Africa what to do," Macron told a cheering crowd of students at a university in Ouagadougou, the capital of Burkina Faso, months after taking office.

Macron's ideas reflected a shifting reality in France's economic relations with the continent. During the Cold War era, French companies like Elf Aquitaine, now part of Total, or aluminum maker Pechiney, which was taken over by Anglo-Australian mining giant Rio Tinto, were dependent on resources such as oil, iron and bauxite from the country's former colonies. Today, France's biggest trading partners in sub-Saharan Africa are Nigeria, Angola and South Africa, three countries it never colonized.

Officials close to Macron say he had initially planned to reduce France's troops in Africa, worried that French military bases were nurturing suspicions that Paris would use its

forces to meddle in domestic affairs. But French and U.S. officials were concerned that the insurgency in the Sahel could become a haven for terrorists who would hit the West.

French troops in 2013 had led a successful campaign to liberate northern Mali from al Qaeda militants. When attacks spread to Burkina Faso, Niger and Chad, Macron's predecessor, François Hollande, in 2014 launched Operation Barkhane to help Sahelian governments stem the jihadist tide.

Macron continued adding troops to Operation Barkhane, which at its peak was manned by some 5,000 French soldiers. They killed local jihadist commanders, but didn't contain the broader insurgency. French officials say a big part of the problem was a failure of the local governments to provide services in long-neglected areas.



France's Emmanuel Macron spoke at Ouagadougou University in 2017 as part of his first African tour after taking office.

was the woman's choice?" Macron asked the crowd to a mix of heckles and applause.

An offhand remark during a question-and-answer session also failed to land. "He's gone to fix the air conditioning," Macron quipped when his Burkina counterpart, Roch Kaboré, walked off the stage shortly after a question on the country's electricity shortages. Kaboré's aides later said that the president had gone for a bathroom break. Commentators in African countries and France said Macron was being racist and condescending—accusations he denied.

"Macron's communication was disastrous," said Nicolas Normand, a former French ambassador to Mali, Senegal and other former French colonies. "He never stopped giving credit to the mill of the enemies of France."

Kako Nubukpo, a Togolese politician and commissioner at the West African Economic and Monetary Union, which represents a bloc of countries using a France-backed regional currency, said Macron's pledges to distance France from questionable African leaders created expectations he couldn't meet.

In October 2021, Macron hosted an Africa summit in Montpellier, inviting young civil-society activists but not a single African president. "He gives a speech that makes young people believe that he will get rid of African dictators," said Nubukpo. "And then he doesn't do it. It weakens France's position. And it shows extreme arrogance toward African heads of state."

In reality, it was the same African leaders that France depended on in its fight against jihadists in the Sahel. That renewed the need for awkward alliances with politicians that held elections in name only or whose administrations were embroiled in corruption scandals.

The 2020 protests that preceded the Malian coup were triggered by anger over a parliamentary election in which turnout was just 23%. Even after security forces violently repressed demonstrators, the French government stood by Keita's government.

A year later in Chad, Macron was the only Western head of state to attend the funeral of that country's strongman of 30 years, Idriss Déby. His administration recognized his son, Mahamat Déby, as the new president, even though his move to power ignored the line of succession stipulated by the Chadian constitution.

Many of those who joined pro-coup protests in Mali, Burkina Faso, Niger and Gabon, where the military ousted President Ali Bongo in August, said they saw democracy as a Western-imposed concept that hasn't delivered on its promises.

"Honestly, for now, I don't need democracy," said Rama Hervé, at a rally against the French military presence in Niger. "I am hoping for 10 years with the military, because we need to deal with the education system, healthcare and, above all, the insecurity."

Nubukpo, the Togolese commissioner, said many French policies—including its support for the West and Central African franc, which remains pegged to the euro—have primarily benefited local elites. He said cutting ties with France, whether it comes to the currency or military support to fight jihadists, is a necessary step, even if it leads to more turbulence in the short term. "It's the beginning of a new era," he said. "But also an era of instability, of uncertainty."

—Joe Parkinson, Drew Hinshaw and Issifou Djibo contributed to this article.



from your friend? “Be realistic about what is actually possible,” Kazez says.

**Practice what to say**  
Try stating what you want to say several different ways, says Kazez. You can do this out loud or in a letter.

First, say it rudely: “You were a jerk and that pissed me off.” “This shows you that you know what not to do,” Kazez says.

Then say it too politely and passively: “I don’t want to upset you, but there’s something you did that made me feel a little bad.” This also shows you what doesn’t work.

Then try out a few ways to say it more reasonably.

This will help you determine what you truly want to convey, Kazez says.

**Ask your friend to talk**

Finding a time to chat when you’re both in the right frame of mind will help defuse tension, says Paul Hokemeyer, a licensed marriage and family therapist in New York.

And, yes, talking in person is best. “You can read your friend’s body language—and see how your information is coming across to them,” he says.

Assume that your friend had good intentions. Typically, a loved one hurts or offends us by accident.

Then present the problem in a positive way, says Mudita Nisker, a communication coach and retired therapist in Oakland, Calif. Reassure your friend that you care. Look for a collaborative solution.

Try something like: “There’s something that’s weighing on me, and I’d like your help figuring it out. Your friendship matters to me.”

**Be honest**

Explain exactly what upset you, then how it made you feel. If you don’t explain exactly what the problem is, you aren’t going to be able to fix it.

Don’t blame. Use “I” statements, such as: “I expected you to arrive on time to my birthday party, and I was confused.” “You don’t want your friend to get defensive because then they can’t hear or understand what you’re saying,” Nisker says.

Stick to the matter at hand. Don’t throw in past resentments.

**Listen well**

Be curious about what happened. Acknowledge what your friend says, to show you get it. Try something like: “I hear you when you say you didn’t mean to hurt my feelings.”

Be empathetic to your pal’s perspective. Ask questions—and tell your friend you really want to understand. If the answers annoy you, remind yourself that this is a person you care about.

And remember, there are two sides to every story.

Even if you have just 10% responsibility for the problem, you should own it, says Ipek Aykol, a licensed marriage and family therapist in Newport Beach, Calif.

“This sets the ground for a more constructive solution,” she says.

## One Way to Strengthen A Friendship Is a Good Fight

Confronting a friend when they’ve hurt you can ultimately deepen your relationship and bond



ELIZABETH BERNSTEIN

Sometimes, the best way to strengthen a friendship is to argue.

It can feel risky to confront a pal. We’re not used to doing it, and it’s scary to be vulnerable. Friends aren’t tied to us by blood, like family, or an oath, like a spouse. We worry they can easily walk away.

But addressing a hurt or issue in a friendship can strengthen the bond, therapists say. It allows both people to share their feelings, explain their needs and learn about each other. And we feel better when we stand up for ourselves.

We’re also more likely to lose a friendship if we don’t address a problem. Our resentment will grow and we’ll pull away from it.

That’s why it’s important to know how to engage in a healthy conflict. Don’t lash out, blame or judge. Frame the issue in a posi-

tive way, be open to your friend’s viewpoint and own up to your own role in the situation. Be honest and look for collaboration.

I call it the Fair Friend Fight.

Think of your feedback as a gift, says Jenny Taitz, a psychologist in Beverly Hills, Calif. “Your friends want to do right by you, but they can’t read your mind.”

When Alli Spotts-De Lazzer was hurt that her friend hadn’t checked in on her more when she was going through a tough time recently, she decided to confront her. She fired off a series of angry texts, which as a therapist herself, she realizes isn’t ideal.

“I decided that if I didn’t tell her I was upset, the distance would keep growing between us,” says Spotts-De Lazzer, 52 years old, who lives in Los Angeles.

Her pal, Robyn Caruso, became defensive.

She reminded her friend that she’d checked in on her shortly after she’d shared her troubles, and Spotts-De Lazzer had said that she was OK. Eventually, Caruso, 44, who is also a therapist, decided to

take responsibility. “I am sorry I hurt you,” she said.

Caruso asked what her friend needed; Spotts-De Lazzer acknowledged that she couldn’t expect her to read her mind. Both women say the conflict made them closer.

“We got straight down to the love of why it mattered: I was missing you, that’s why it hurt,” Spotts-De Lazzer says.

Here’s advice on how to raise and solve an issue with a friend.

**Take a breath**

It’s OK to be upset. You can use this feeling to motivate you to address the issue.

But don’t respond while you’re fired up. Assess your feelings first. Is this a friend that you care about and want to keep in your life? If so, you should speak up.

Decide what will make you feel better, recommends Rachel Kazez, a licensed clinical social worker in Chicago. Do you want an acknowledgment, apology, conversation or promise of a change of behavior



◀ Friends Robyn Caruso and Alli Spotts-De Lazzer together in 2023.

## Meta Will Tighten Teen Users’ Filters

By JULIE JARGON

Parents have long been frustrated by internet platforms that treat teen accounts much the same as adult accounts. Data-collection laws protecting children under 13 don’t extend to older minors. Social media’s biggest operator is addressing this with a shift in content filtering.

Meta Platforms plans to automatically restrict teen Instagram and Facebook accounts from harmful content including videos and posts about self-harm, graphic violence and eating disorders. The changes are expected to roll out in the coming weeks.

This marks the biggest change the tech giant has made to ensure younger users have a more age-appropriate experience on its social-media sites. The new content restrictions come as more than 40 states are suing Meta, alleging the tech company misled the public about the dangers its platforms pose to young people.

Some of those dangers were detailed in The Wall Street Journal’s Facebook Files series in 2021, including an article that showed how

Instagram knew its platform was toxic for many teen girls.

State attorneys general, in their October lawsuit against Meta, cited internal Meta documents showing that the company designed its products to capitalize on young users’ predisposition to peer pressure and potentially risky behavior. Meta told the Journal in November that it didn’t design its products to be addictive for teens.

**New restrictions**

Teen accounts—that is, accounts of under-18 users, based on the birth date entered during sign-up—will automatically be placed into the most restrictive content settings. Teens under 16 won’t be shown

sexually explicit content. On Instagram, this is called Sensitive Content Control, while on Facebook, it is known as Reduce. Previously, teens could choose less-stringent settings. Teen users can’t opt out of these new settings.

The new restricted status of teen accounts means teens won’t be able to see or search for harmful content, even if it is shared by a friend or someone they follow.



Teen accounts will automatically be placed under the most restrictive content settings.

direct them to expert resources for help. The company already hides results for suicide and self-harm search terms that break the platforms’ rules; now Meta is extending the protection to include additional terms.

No system is perfect. Teens have found workarounds on social media to search for restricted content by misspelling words or creating new search terms.

Meta is also introducing a tool to make teens’ sharing

settings more private on Instagram. A notification will surface that offers teen users the option to “turn on recommended settings” with one tap. The notification pops up in situations where the teen account is tagged by, or has some other interaction with, an unknown account.

Once account holders turn on the recommended settings, their accounts will restrict who can repost their content, tag or mention them, or include their content in Reels Remixes. With those settings, only teens’ followers can message them as well.

For example, if a teen’s friend had been posting about dieting, those posts will no longer be visible to the teen. However, teens might still see content related to a friend’s recovery from an eating disorder.

Teens won’t necessarily know what they aren’t seeing, a company spokeswoman said, because the content simply won’t be available to them. Meta says it consulted with experts in adolescent development to determine what types of content are inappropriate for teens.

Meta says its algorithms already avoid recommending harmful con-

tent to teens in its video Reels and Explore page. With the new changes, such content will no longer be shown to teens in their Feed and Stories.

The changes will be automatically applied to existing teen accounts starting this week. Newly created teen accounts will also be restricted to age-appropriate content.

**Resources for help**

When teens search for terms related to suicide, self-harm and eating disorders, Instagram and Facebook will hide related results and

PERSONAL JOURNAL.

WHAT'S YOUR WORKOUT

# Ten Ways to Pump Up Your Workout

As this column comes to an end, here's what I learned from pro athletes and dedicated exercisers

By Jen Murphy

**A**fter a marathon run, What's Your Workout has reached the finish line and come to an end. Over nearly 20 years, I've featured some truly extraordinary and inspiring routines and gleaned invaluable fitness strategies from pro athletes, executives and normal folks.

For the debut column in 2004, I shared my own routine. The headline sums it up: "Sleeping in Shorts the Secret to Journalist's Rigorous Routine." I'd roll out of bed, put on my shoes and go for a run nearly every morning, typically after no more than five hours of sleep. I still wake up at 5:30, sometimes earlier, but it's been years since I've slept in my gym shorts, thank goodness. At 43, I'm stronger than I was in my 20s. Consider this: At 24, I could do zero pull-ups. Now I can do seven.

The first subject I profiled, Jim Sud, then an executive with Whole Foods, was also a runner and gave me some sage advice: Evaluate

Al Roker, and a triumvirate of U.S. ski legends: Lindsey Vonn, Julia Mancuso and Mikaela Shiffrin.

Here are more insights from nearly 20 years of columns:

**Early risers**

Exercising first thing in the morning ensures other demands don't hijack your workout.

The late Jack LaLanne, often called the Godfather of Fitness, told me he'd wake up and start stretching in bed before heading to the weight room. Former NFL head coach Herm Edwards used his 5 a.m. workouts to plan out his day. Sports-talk personality Skip Bayless wins the most-dedicated exerciser superlative. He would get up at 5:30 a.m. for his rigorous routine and has risen as early as 2 a.m. to fit in a workout. When we spoke in 2015, he said he'd missed only two days of cardio since April 1998. He recently told me he's missed one day since then.

**Older, not slower**

With smart training, you can speed up with age. After adding tempo work to his routine, Ken

Rideout has emerged as one of the world's top over-50 runners, and he keeps improving. By training with younger, quicker runners, Erica Stanley-Dottin clocked a faster New York Marathon time at age 49 than at age 35. At 75, Marsha O'Loughlin of Texas trained with her local high-school track team.

**Never too late**

Many people I've profiled didn't discover sports or exercise until later in

life. Competition helped fuel their passion. Charlotte Sanddal started swimming at 72 and was breaking world records at age 100. "Swimming gives me purpose and focus," she told me. "And I like having someone to chase." When Leon Malmed got bored of golfing, he took up cycling in his late 60s and began competing, and winning, at 78.

**Play more**

Exercise doesn't have to feel like work. Make it fun by trying youth-



▲ Jen Murphy has spent nearly two decades writing the What's Your Workout column.

your week and decide when another workout might be counter-productive.

My column on the midnight running routine of Sarah Palin was an early national feature on the vice-presidential candidate. Other high-profile names from the archives: tennis star Rafael Nadal, Rev. Al Sharpton, weather anchor

for high-intensity training when they became parents. Tech executive Kari Clark made cartwheels a regular part of her routine.

Former Lexington, N.C., Mayor Newell Clark would lead group workouts through the city's parks using swing sets and monkey bars as equipment. And Bob Myers, former general manager of the Golden State Warriors, played full-court, one-on-one hoops with staffers and team members.

**Change your routine**

Career or family obligations are top reasons people let their fitness lapse. Rather than abandon exercise, Henry and Betsy Schloss, a Denver couple who loved long-distance races, swapped high mileage

for high-intensity training when they became parents.

**Challenge yourself**

Everyone, even pro athletes, falls into a workout rut. World champion water skier Camille Duvall found a new challenge in rock climbing. Olympic track champion Carl Lewis has stayed fit through trapeze and aerial-silks workouts.

**Wacky workouts out there**

If you're not a gym person, there are plenty of untraditional ways to keep fit. Some of the most novel activities I've covered over the years include bellybucking (a mashup of surfing and kayaking), mountain unicycling, pogo sticking and archery dodgeball.

**Workout ritual**

The anticipation of watching the sunrise atop the 6,863-foot summit of Mount Sanitas in Boulder, Colo., gets entrepreneur Jay Palmer out of bed to hike before dawn, no matter the weather.

**Don't fear setting high goals**

Committing to a goal can help you stick to a training routine. Grammy Award-winning DJ Paul Oakenfold had never hiked when he agreed to trek to perform at Mount Everest's South Base Camp in 2017. Chef Charlie Layton and restaurateur Ben Towill had never rowed before signing up for an ocean rowing competition of 3,000

▲ What's Your Workout subjects Carl Lewis, Bob Myers, Charlotte Sanddal and Julia Mancuso (clockwise from top left).

nautical miles across the Atlantic. Their year of training whipped them into shape.

**Get inspired**

When I'm in a workout funk, these are some of the stories I read to get me moving:

Bethany Hamilton lost her arm in a shark attack, but the pro surfer can still compete with the best of the best. When Dan Berlin lost his vision in his mid-30s, he took up long-distance running.

Caroline Gaynor trains to help blind and visually impaired athletes fulfill their Ironman dreams. After losing a leg, Pam Eberly took up competitive snowboarding.

When this column launched in 2004, I had friends tell me fitness didn't belong in a financial publication.

But its success, which has spawned the continuing Anatomy of a Workout column and workout-related Challenges, is proof that readers understand one of the smartest investments they can make is in their health.

Thanks for reading, and keep moving.

**Sign up for workouts**

Need a new workout? Scan this code to sign up for WSJ's five-week Workout Challenge.



▲ Erica Stanley-Dottin has improved her marathon time. Far left, Leon Malmed took up cycling later in life.

## Companies Pull Back From Hefty Raises

Continued from Page One

advisory firm Mercer.

In Mercer's survey of more than 900 employers this fall, businesses said they planned average merit raises of 3.5% in 2024, slightly down from 2023's 3.8%.

Ben Laverty IV, chief operating officer at California Safety Training, a Bakersfield, Calif., consulting business, said his company is planning to give raises of about 10% to its salaried and hourly workers, about the same as last year.

Losing staff to a competitor can cost more than a pay raise, he said.

"It's not like I can hire someone and have them ready to do what we do in a week," he said. "The right person is reticent to leave just for pay, but I don't want that to even be a consideration."

Tech companies polled by Mercer said they planned merit raises of about 3.2%, retreating from that industry's talent bidding wars of

2021 and 2022.

Companies in the energy and life-sciences sectors, on the other hand, are projecting merit raises above the national average at 3.7%. Smaller companies are facing similar pressure to keep wages high.

In a December survey of 666 companies with revenue between \$1 million and \$20 million, three-quarters of chief executives said they planned to maintain or increase pay raises in 2024. Some 21% said they would give smaller raises and 4% said they planned no raises at all, according to Vistage Worldwide, the business-coaching and peer-advisory firm that conducted the survey on behalf of The Wall Street Journal.

Cast Fireplaces, a 28-employee business in Houston that produces and installs cast stone products in homes, plans to give its hourly staff a raise of 2% to 3% this year.

The raise would be the same as last year's, though 2023 revenues fell \$100,000 short of 2022's, CEO Julianna Alff said. "It wasn't equal to inflation by any stretch, but I was trying to give them something to show that I was concerned for their well-being," Alff said.

Some small-business leaders said they are finished with higher-than-usual wage increases, especially if they don't see a corresponding increase in productivity.



One Minnesota-based manufacturing CEO participating in the Vistage survey said he would raise pay an average of 2% this year after a 7% increase last year.

Another boss in Michigan said: "High wages to get bodies in the door are no longer sustainable for poor output."

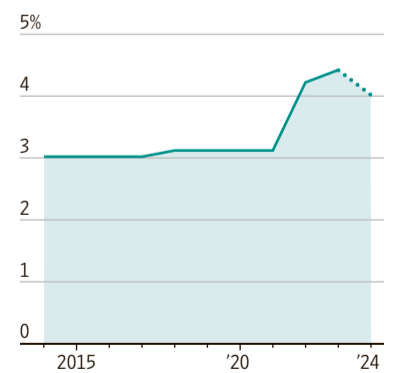
A majority of CEOs expect economic conditions to worsen over the next six months, according to a recent survey of more than 260 business leaders and investors by global advisory firm Teneo. Interest rates

remain high, war continues in Ukraine and the Middle East and a high-stakes U.S. presidential election looms.

Workers have plenty of reasons to push for bigger raises nevertheless, said Alexandra Carter, director of the Mediation Clinic at Columbia Law School and author of a book on negotiation.

"If you're an excellent performer in an industry with lots of job openings, it's much cheaper for the company to give you a substantial raise than it is to deal with a potential revolving door

**Salary budget, change from a year earlier**



Note: 2024 data is estimate. Source: Willis Towers Watson

of new candidates," she said.

Kyle John Fenton, a 30-year-old lead software sales engineer who works remotely from Charlotte, N.C., credits documenting his accomplishments for a series of raises that boosted his salary by 18% over the past two years. Those accomplishments included coaching and training co-workers.

He plans to use the same approach when the time comes to negotiate a raise at his current job, where he has been since November. "Always be documenting," he said.

FROM TOP LEFT: JULIE SOEGER FOR WSJ; USA WIREIMAGE FOR WSJ; THOMAS DASHNER FOR WSJ; JESS MCGLOTHLIN FOR WSJ; AMANDA BEENEN-GANTOR FOR WSJ; RYAN ANGEL MEZA FOR WSJ; ANTHONY GEATHERS FOR WSJ

## ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

## A Shimmering Spanish Album

Colombian-American singer Kali Uchis returns on a globe-trotting, genre-hopping record

Colombian-American singer Kali Uchis is an artist of exceptional taste—she seems to have an innate understanding of how sounds from different places and eras can be in conversation with one another. And yet the 29-year-old vocalist doesn't genre hop just for the sake of it, preferring instead to bend styles to fit her own musical conception. Her wide range of interests owes something to her upbringing. She was born Karly-Marina Loaiza in Alexandria, Va., and as a child split time between Northern Virginia and Pereira, Colombia. In 2012, she assembled a mixtape, "Drunken Babble," that leaned heavily on the sound of hip-hop. But she was equally enamored with the swaying harmonies of doo-wop and latter-day Latin pop from singers including Selena and Shakira.



After her debut mixtape, Ms. Uchis appeared on a series of smaller-scale releases, including one-off singles and an EP, with collaborators including Snoop Dogg and Tyler, the Creator, and she released her debut album, "Isolation," in 2018. From that point forward, dreamy R&B served as a kind of home base for Ms. Uchis, a foundation from which she could explore dance music and an array of Latin styles. Her second LP, 2020's "Sin Miedo (del Amor y Otros Demonios)," featured her singing mostly in Spanish, and her strong 2023 album, "Red Moon in Venus," was mostly in English, but she regularly flits between the languages within a single song. "Orquídeas" (Geffen), out Friday, is Ms. Uchis's second primarily Spanish-language album, and once again she has assembled

a collection that's paradoxically both eclectic and seamless.

While the songs on "Orquídeas" continue to be grounded in atmospheric R&B, with lush synthesizers, sensuous basslines, and half-whispered vocals, the rhythms, as they did on "Sin Miedo," lean toward dance music drawing from house and disco. "¿Cómo Así?" opens the album with bubbling synths and a crisp, hi-hat-driven beat. Over this shimmering production by Carter Lang (SZA, Alicia Keys) and Sounwave (Taylor Swift, Kendrick Lamar), Ms. Uchis sings in an ethereal falsetto about feeling beautiful and knowing her own worth.

The following "Me Ponga Loca" brings to mind the time in the late '90s when aquatic trip-hop met bedroom R&B, exemplified by Maxwell's 1998 LP "Embrya" and Janet Jackson's "The Velvet Rope" from the previous year. The work of English singer Jessie Ware is a more recent reference point. Ms. Uchis gravitates toward the dance floor but these aren't sweaty club grooves—it's sleek music that floats, an escapist fantasy of late-night bliss. The third track, "Igual Que Un Ángel," about a broken-hearted woman who finds inner peace, has Ms. Uchis intoning with a purr that brings to mind Sade, while the production mixes a glittery disco-ball tempo with a lounge-ready sense of ease. A buttery-

smooth guest verse from Mexican superstar Peso Pluma, tweaked by electronics, completes the opulent vision.

The album's sixth track, "Te Mata," is the first to depart from the hypnotic club-music template. A plucked nylon-string guitar and strumming hand-percussion open the track, sketching the circular harmonic pattern of bolero, and strings and piano flesh out the arrangement. While it recalls the '60s music Ms. Uchis has mentioned as an influence—she frequently cites Cuban singer La Lupe as a favorite—she brings the music into the present. Her voice is recorded to sound like it's being filtered through a transistor radio, which suggests memory. Ms. Uchis's ability to time travel and bring the music she loves into the present is redolent of Spanish



'Orquídeas,' the new LP by Kali Uchis, spans a range of styles while remaining seamless and personal.

singer Rosalía, though with different genre references and less in the way of deconstruction.

If much of the album is marked by sophistication and cool, it takes a rawer turn in its final third. "Muñekita" has a stuttering beat derived from the Jamaican dancehall-derived style dembow—Dominican rapper El Alfa guests

on the track, alongside rapper JT from the Miami hip-hop duo City Girls—while "Labios Mordidos" features Colombian reggaeton singer Karol G. Ms. Uchis can't help but bring a touch of elegance to these rowdier sounds, that's just her style, but she switches easily to a more rhythmic half-rapped cadence when it counts, and it's possible to imagine these tracks blaring over the heads of a packed outdoor party.

That this set arrives just 10 months after her previous album

and that both are so strong suggests that Ms. Uchis is in the midst of an unusually fertile creative period. This is amplified by her ability to switch easily between languages and styles while retaining her essential aesthetic. "Orquídeas" succeeds as both a personal expression from an artist with an extraordinary ear and as pure atmosphere.

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

TELEVISION REVIEW | JOHN ANDERSON

## A British Procedural of a Twisted Past

The wraith-like Peter Capaldi, the enigmatic heart and/or darkness of "Criminal Record," proves himself again one of the screen's more intimidating actors; awaiting his measured response to any adversarial character suggests someone spinning the cylinder on a fully loaded revolver. This is a long way from his film debut as the well-scrubbed Scottish sidekick to Peter Riegert in "Local Hero"; it's more in line with his vitriolic spin doctor Malcolm Tucker of "In the Loop." Mr. Capaldi also has a large fan base thanks to his tenure on the venerable "Doctor Who." In "Criminal Record," his character might be considered Detective Chief Inspector Who.

Mr. Capaldi's inscrutable policeman is really not the principal focus of this production, though. That would be Cush Jumbo's June Lenker, a relative newcomer to the Metropolitan Police whose suspicions about Mr. Capaldi's esteemed detective Daniel Hegarty lead to no end of trouble, recriminations and revelations. But as charismatic as Lenker is, and as instinctively leery we may be of Hegarty, it is the balance created between the two char-



acters—one a dogged idealist, the other a case-hardened veteran, both carrying no end of personal baggage—that elevates the entire eight-part series. A young black female detective suspecting older white officers of racist misconduct hardly feels like a novel premise. But a viewer not quite knowing the true character of those presumed guilty—because Mr. Capaldi is so cagey, and

## A veteran police detective and a rookie come into conflict about an old case.

Hegarty's history so complicated—converts the show into something slippery and discomfiting, like a patrol car full of red herrings.

The creator of "Criminal Record," U.K. television producer Paul Rutman, also declines to front-load the storyline, per so many crime series. The complexities will multiply, though this one is hefty enough from the outset: One



Peter Capaldi and Cush Jumbo, left, and Maisie Ayres and Rashaan Naidu, right, in 'Criminal Record'

night while on duty, June is alerted by an emergency dispatcher to a domestic-violence call from a woman who not only claims that her knife-wielding boyfriend is going to kill her, but that he has bragged about having used the same knife to murder a woman in 2011—a crime for which another man, Errol Mathis (Tom Moutchi), is currently serving 24 years in Whitecross prison (the caller knows a lot of details). That case was solved thanks to a confession elicited from Mathis by Hegarty, and the idea that a novice detective would try to reopen his case has Hegarty's hackles up. Which doesn't make him guilty of anything. Police and prosecutors, as we see in both fiction and reality, are reflexively resistant to their accomplishments being questioned.

But June is thrown enough road-

blocks in her pursuit of the Mathis story—and the identity of a woman who plummets from the seventh floor of an apartment building under surveillance—that she jumps to conclusions, some right, some wrong. If there's a bone to be picked with "Criminal Record" it's that June is sometimes implausibly naive about police department politics, something in which Hegarty is fluent: He can bring his career-long collection of contacts down on June as she tries, clumsily, to circumvent the older cop, who while being beset by June is working a case in which a gang-related drive-by shooting has left a 9-year-old boy with a bullet precariously lodged under his skull.

Are there links between the current case that Hegarty is so expertly cracking and the dusty one that is preoccupying June? She is always likable if not always right, but her instincts are sound; Hegarty's humanity is solid but he arouses suspicion wherever he goes. Amid all the kinetic action sequences in the episodes directed by Shaun James Grant and Jim Loach (son of Ken, a very different kind of filmmaker) we viewers are kept on the balls of our feet, genuinely unsure how to shift our weight, and our sympathies.

**Criminal Record** Begins Wednesday, Apple TV+

Mr. Anderson is the Journal's TV critic.

# SPORTS



Houston

Come on, Jim Harbaugh. Who walks away from this?

I couldn't. And I'm no fan of the University of Michigan. At the moment, this Wisconsin Badger is loading a steamer trunk full of toiletries, cheese sticks and stuffed animals, and shipping off for parts unknown, because I can't bear the idea of being around the five zillion Wolverines who work at the Journal, now that they have won another national football championship to lord over the rest of America.

It's Wolverine Woodstock, Harbaugh Heaven, and my sports nightmare, but facts are facts. Michigan football rules the Earth, again. I shall find a distant cave without sunlight, or Wi-Fi, or the Paul Finebaum Show, and live there forever.

And yet: I know a preferable job situation when I see it. That's what zany Jim Harbaugh aka Coach Khakipants aka the Lord of Lululemon has built for himself in Ann Arbor, and that's what reached its crescendo Monday night with an impressive 34-13 dismissal of No. 2-ranked Washington.

A national title. A perfect 15-0. A championship rebuke to cap a controversial year. And in case anyone's forgotten—they sure haven't forgotten at Michigan—a third straight win over rival Ohio State.

All right, that's enough. I need to go for a walk and scream at the trees.

Because this is 2024, and everyone's insufferable, we can't give Michigan a moment to savor the victory—we have to feed the beast, and charge on to what's next. And the meaty question of the moment concerns whether or not Harbaugh—having completed the assignment at his alma mater, but still facing potential penalties from NCAA investigations—will exit stage left to return to a coaching job in the NFL.

Could he do it? Will he do it? And why do I even care? I'm going to be living in a cave, without the Big Ten network.

In terms of the "could": Of course Harbaugh could. It's hard to imagine a coach in higher demand, at any level, than the 60-

JASON GAY

## Jim Harbaugh Shouldn't Walk Away From Michigan

The Wolverines deliver a storybook ending to a controversial season, and now speculation rages about their eccentric coach's future



Jim Harbaugh celebrates after Michigan's 34-13 win over Washington in the national championship game.

year-old Harbaugh. He has already won in the NFL, taking the San Francisco 49ers to a Super Bowl. Any moribund team with a head coach opening would be foolish not to seriously inquire about the quirky coach with strong opinions about chickens and Jesus' potential as a recruit.

Right now there's an opening in Carolina. There's one in Atlanta, Las Vegas, Washington and the Los Angeles Chargers. Until Harbaugh makes a hard commitment to Michigan—and even if he does—his name will factor into every NFL job conversation, because endless speculation is our national

pastime, ahead of even watching football and yelling at strangers on the internet.

The case to move is straightforward: Harbaugh's peaked and reached the mountaintop. It may have taken longer than he would have liked, but nine seasons in, he has reclaimed Michigan's presumptive spot atop the national football consciousness. As he joked Monday, he can now take a seat at the "big person's table" alongside father Jack (who won a national title at I-AA Western Kentucky) and big bro John, the Ravens coach who beat Jim in that 2012 season Super Bowl.

Next year, it looks harder. Michigan will shed a class of experienced seniors for a young, re-loading team in a Big Ten stuffed with newcomers like USC, Oregon, and yes, Washington. There's a new playoff format and the general chaos pit that is modern college football. Walking away gives Harbaugh the satisfaction of leaving on top—not a given for any coach, just ask the Grumpy Lobster Boat Captain in New England.

Meanwhile, those NCAA investigations of the Michigan program—one into allegations of recruiting violations, the other looking into allegations of prohib-

ited advance scouting—are still ongoing, adding to the murkiness about what next season could look like. Harbaugh brushed away the discussion after Monday's win, saying: "Off the field issues? We're innocent. We stood strong and tall because we knew we're innocent."

If you're skeptical of Michigan, it's unlikely those comments will do much to change your mind. As for Michigan fans...they can't hear you, because they have a brand new national championship in their ears.

Their love is what Harbaugh needs to consider. Yes: escaping Ann Arbor could mean getting out ahead of a program decline and the NCAA posse. But why leave a place that loves him so? Michigan has fully wrapped its arms around him—after some ambivalent years, a guy who was supposed to be their guy has truly become *their guy*, and the investigations (and especially the grievances of Big Ten rivals) have only burnished his image. The affection Wolverine fans feel for their coach (the cheers for him Monday surpassed those for any players) is the kind of blood bond that almost never happens in the NFL.

Harbaugh is entering the sort of campus walk-on-water-ville occupied by titans like Nick Saban. He's going to give up this hard earned energy for the hardwired ambivalence of...the Chargers? He would turn away from his life as Unofficial Mayor of Ann Arbor to have debriefs with Panthers owner and recently-fined beverage shot-putter David Tepper?

It's just not a very glamorous life. If you think the average NFL atmosphere is an upgrade from college football's, you're following the wrong college football.

"Who's got it better than us?" is the old Harbaugh family slogan. Jim brought his pops, Jack, on stage to shout it Monday night.

Of course, Harbaugh has been around long enough to know how to use the leverage he has, even if he intends to stay in Michigan.

Staying is the correct move. The NFL will always be there. Harbaugh should savor this championship and what he's built—along with all those Wolverines who have pledged their forever loyalty. Congrats to all of them. I'll be in my darkened cave, worried that they're going to win another.

### The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with numbers 1-71.

- 27 Person working at home, perhaps
28 Corrosive agent
29 Org. that checks out those who check in
30 Sent on
32 Mitigate
34 Alternative to Rover or Rex
38 Rain interminably
40 Nipper's letters
41 They may follow the fourth qtr.
42 Call on
44 Pipsqueaks
46 "Kiss of the Dragon" star
47 Intrinsic
48 Place
49 Steeped in tradition
50 Dressing-down
54 Word with press or Peace
56 Bangalore bread
58 Skate routine element
59 "I'll get this!"
60 Wheat pasta
61 Chiding sounds
64 Soul seller
65 Blow it

### KINDERGARTEN LESSONS | By Morton J. Mendelson

Across and Down clues for kindergarten lessons crossword.

#### Previous Puzzle's Solution

Grid showing the solution to the previous crossword puzzle.

Solve this puzzle online and discuss it at WSJ.com/Puzzles.

## The Forgotten Man Who Helped The Wolverines Clinch the Title

By RACHEL BACHMAN

Houston

WHEN A SOPHOMORE running back named Donovan Edwards ran for two 75-plus yard touchdowns against Ohio State last season, he gave Michigan a glimpse into the future.

He looked like a runner custom built for the modern game, with the sure hands of a slot receiver and the breakaway speed to bring a new dimension to Michigan's ball-control offense.

But when the Wolverines kicked off this season, Edwards's big-play magic had vanished. The former four-star recruit from suburban Detroit gained less than 400 total yards through 14 games, and failed to top 52 rushing yards in a single contest.

Then, when Michigan needed him the most, the guy from that Ohio State game showed up. Edwards exploded for two long touchdown runs on Michigan's first two drives against Washington on Monday night, giving the Wolverines a lead they'd never lose en route to their first national title since 1997.

"You could see the old 'Donno' pop back," Michigan offensive coordinator Sherone Moore said afterward.

Moore said the Wolverines' coaches anticipated they could run the ball against the Huskies, who entered the game with a high-flying offense but vulnerabilities on defense. What they didn't expect was the bounty that followed: Michigan gained 303 yards on the ground, a College Football Playoff title game record.

"We're obviously super happy with that number," Michigan offensive lineman Drake Nugent said of the rushing total. "Hats off to the running backs, who were

splitting those big plays early on for us. Got the whole team going."

Running back Blake Corum finished with 134 yards and two touchdowns, helping Michigan seal the game late. But it was Edwards who set the Wolverines on their way with a pair of long touchdowns—two of the three longest touchdown runs in the college playoff championship history.

On both plays, Edwards appeared to be bottled up at the line of scrimmage, be-

fore bouncing outside and accelerating to daylight. It was exactly the kind of highlight-reel run he produced regularly as a sophomore.

But ever since, those game-breaking plays had disappeared as Edwards was dragged down by injuries. He played much of the 2022 season with a knee injury.

He missed spring ball and much of fall camp with an Achilles and calf injury.

"I found myself early in the year stressing," Edwards said. "Like, first game: OK, cool, whatever. Second game: Ugh. Third game: Yo. Fourth game: Bro, what's going on?"

Four games, four anemic rushing totals: 37, 9, 50, 13. And these weren't games against ranked teams.

"Of course, you know yourself, you know what you can do, and it's not happening," Edwards said. "It plays

who was in NRG Stadium to watch the game Monday night—Michigan's line took the slight personally.

"Our kids played with a little edge," Moore said.

Edwards, who finished the game with 104 yards—twice his previous season high of 52 against Penn State—was philosophical.

"Every successful person has to go through a battle in life to be able to become successful," he said. "I guarantee Michael Jordan didn't become successful overnight. He got cut from his [high school] basketball team. He wasn't on the team. And what did he become? One of the greatest players to ever play the game."

Did Edwards see that Jordan was in the building Monday night?

"I sure did!" Edwards said. "Wooo!" And he left reporters to go celebrate.



Michigan's Donovan Edwards exploded for two long touchdown runs.

OPINION

Boeing and the Automation Standoff



**BUSINESS WORLD**  
By Holman W. Jenkins, Jr.

Door plugs aren't anything new—Airbus uses them to seal off unneeded passenger exits in certain configurations of its A320 and A380 models. For that matter, a door plug and a door work similarly. If either fails, it likely wasn't properly fastened. In the case of last week's near-disaster involving an Alaska Airlines Boeing 737 MAX, suspicion is doubly heightened by a subsequent discovery by United Airlines of certain bolts that "needed additional tightening."

The plug blew out at 16,500 feet. Luckily no passenger was seated nearby. Luckily the blowout didn't occur at a higher altitude causing a more explosive decompression.

Eventually a culprit will be named. Over the holidays Boeing also appealed quietly for a safety exemption for its forthcoming MAX 7. Like some MAX models already in service, its anti-icing system is prone to overheating and breaking apart if left on five minutes too long, posing a small risk of catastrophic damage. Boeing's proposed temporary fix? Instruct pilots to remember to turn off a system they were long told was OK to leave on.

Which naturally raises a question: Is something systematically wrong with the

way Boeing is organized or led? For finance types, that question has percolated partly because of the two crashes of its then-debating 737 MAX, but also because of the company's hesitancy to commit to a designing a new "clean sheet" plane, something it hasn't attempted in 20 years. There are lots of theories. Boeing, since the MAX disasters, has only become more driven by its relations with government. For both the company and the Federal Aviation Administration, the MAX affair was a scalding experience. The agency's standards for certifying a new jet have been in dramatic flux ever since, not to say highly politicized.

Too, Boeing is a giant defense contractor, a business with its own problems. It may not be self-evident exactly how but a company that survived entirely on the confidence of airlines and their passengers might be making different decisions.

Then there's its duopoly with Airbus. Boeing's customers need Boeing every bit as much as Boeing needs them. They have been compelled to nurse the relationship along despite five-year delivery delays on even unrelated models as a result partly of the MAX catastrophe.

In fact, Boeing recently turned a corner in terms of deliveries and new sales, but still faces a perhaps permanent market-share loss vs. Airbus in the bread-and-butter niche defined by the 737,

whose revenues underwrite so much of what the company does.

Surprising, then, given its commanding lead in a key niche, was Airbus's recent promise to take the plunge and launch an all-new plane by decade's end. We'll see. Boeing's case for delay rests

**A plane maker has too many constituencies to please, and it doesn't help safety.**

on changing technology and fear that a new plane might soon be obsolete. A less-spoken factor is the unpredictable, evolving government standards for getting such a plane approved in the U.S., China, India and Europe.

On top of this comes the challenge of learning to mass-produce a very different kind of airplane, plus getting airlines and airports ready to accept it. Engines of significantly larger diameter, with open-air whirring blades, will likely be needed along with higher wings to support them. The wings will be longer and slenderer to give more lift with less drag, creating new problems for maintenance and ground handling.

Uneconomic burdens will certainly be imposed in the name of climate change, such as bans, subsidies and mandates aimed at various favored and disfavored technol-

ogies. Never mind that, in one of history's great policy and political wrong turns, we already know this will have no effect on climate change.

Then there's the knottiest issue: By all accounts, the Alaska Airlines crew performed magnificently and yet the advance of drone technology and a global pilot shortage point in only one direction. The first of the two MAX disasters came when an inexperienced Indonesian crew faced an unexpected glitch in software designed to protect them from their own mistakes while flying the plane by hand, which is rarely required. The second came when an Ethiopian crew, as instructed by Boeing, turned off the same system when it acted up and yet proceeded to commit a series of errors that doomed the aircraft anyway.

Because learning occurs, Boeing will get its engineering and production snafus straightened out or it won't survive in present form. Meanwhile, in the air, thanks to advances in reliability and redundancy, aviation disasters increasingly consist of flyable planes being flown into the ground accidentally or intentionally—eight major crashes in the past 30 years have been due to pilot suicide. Before putting a novel generation of aircraft in the hands of airlines already struggling to find enough pilots, a question may need hashing out: What is the role of the pilot in the plane of the future?

**BOOKSHELF** | By Bill Heavey

Family History

**Borgata**

By Louis Ferrante  
Pegasus, 400 pages, \$29.95

Louis Ferrante doesn't think much of other people's mafia books. They're often written, he says, by snitches, prosecuting attorneys or criminal defendants, all of whom have reasons to lie. Then there are the histories, he tells us, by those "who have never stolen so much as a candy bar . . . never felt the cold steel of a stiletto, a handgun, or a handcuff." The guy you really want, Mr. Ferrante suggests, is Mr. Ferrante himself, "a self-taught, international bestselling author who has been accused in open court of numerous acts of violence, including beating and shooting men with the same hand that holds this pen." He is a former member of the Gambino crime family who spent eight years in prison for his role in several heists and hijackings. One of his previous books is "Mob Rules" (2011), which offers business advice, wiseguy style. Sample: "Don't build Yankee Stadium, just supply the concrete."

He is also refreshingly free of false modesty. He predicts that "Borgata" will stand as "the seminal work" about the history of the American mafia. (The word "borgata" refers, in mafia-speak, to a crime family.) He even takes a swipe at Edward Gibbon, whose history of the Roman Empire is considered one of the best English-language histories ever written. Mr. Ferrante isn't saying Gibbon's is a bad book—he's just saying how

much more insightful it would have been if Gibbon "had actually lived alongside the Caesars and stepped out of those very ruins, a position I find myself in as I begin 'Borgata: Rise of Empire.'" You get the drift.

The book covers the mafia's rise, from mid-19th-century Sicily through its heyday in 1960s America. Throughout the island's history, we learn, Sicily had been repeatedly seized by invaders, from the Greeks and the Phoenicians to the Moors and the British. By the time of Italian unification in 1861, feudal lords were on the way out and local strongmen—the first mafiosi—stepped into the power vacuum. The nature of the borgata has changed remarkably little since then. Even today, Mr. Ferrante writes, "a modern-day mafia family, untethered to land, is a living, breathing, walking, killing, mobile feudal system."

The mob's early hold in America, we may be surprised to learn, was in 19th-century New Orleans, a place that had been so lawless since the Louisiana Purchase that even criminals felt threatened there. Despite the anarchy, many immigrants from southern Italy, after struggling to find work in New York City, discovered Louisiana to be a "preferable destination" for its "Mediterranean-like climate" and its labor-demanding plantations. Others saw "a ready-made criminal empire that need only be tamed." And so they tamed it. Mr. Ferrante cites an 1869 newspaper that described New Orleans as a den infested with "notorious Sicilian murderers, counterfeiters and burglars."

By the early 20th century, the mafia had spread throughout the U.S. Wherever there was money to be made, the mob moved in: gambling, loan-sharking, bootlegging, prostitution, protection, drugs, unions, theft. During World War II, we are told, organized crime had so firmly established itself in New York, including the city's waterfront, that the Navy had to ask the crime bosses for help protecting the Eastern Seaboard against lurking German submarines. Most mobsters were proud Americans and only too happy to assist. Criminally connected Sicilians also provided valuable intelligence about their native island's beaches for the U.S. military's 1943 invasion.

This book reminds us how violent the mafia was. "I may have to do a lot of killing before I get control, but I'm willing," a young and ambitious Lucky Luciano once said. Dutch Schultz was notorious for killing men "as casually as if he were picking his teeth." Murder was but another form of hostile takeover. As Mr. Ferrante explains, it was a common solution to many problems. "The mafia does not use Wite-Out to correct mistakes, but Rub-Out."

**The mafia in America had its start not in New York but in New Orleans, a town so lawless that even criminals felt threatened there.**

During Prohibition, the wars between rival bootleggers became so murderous that in 1929 mobsters from across the country gathered in Atlantic City, N.J., to iron out their differences. In Las Vegas after the war, a real-estate developer helping Bugsy Siegel build the Flamingo Hotel expressed concern for his own safety. Siegel reassured him: "We only kill each other." Within a year of the hotel's opening, Siegel would be killed in his girlfriend's home while reading a newspaper. Mr. Ferrante, unable to restrain a somewhat troubling sense of humor, writes: "With Siegel's blood and brains all over the newspaper, it can be said that the Los Angeles Times got the story first."

"Borgata" is a detailed work that covers these and many other major events in American mafia history. The author produces some highly entertaining insights thanks to his background, as when he explains a failed 1957 hit on the mob boss Frank Costello by Vincent "Chin" Gigante. Mr. Ferrante scoffs at those who argue that Gigante altered his appearance before the botched attempt. "You go on a heist or a hit the way you look, period! No one ever thinks they are going to get caught."

Mr. Ferrante is justifiably proud of his research and of having taught himself "the writer's craft" by reading and studying in his "dark, dank prison cell" 18 hours a day. But the way he displays that knowledge can be clunky. Noting that the mobster Lupo the Wolf once owned a bookstore, Mr. Ferrante tells us that Mao Zedong and Giacomo Casanova—"respectively, the world's most prolific killer and the world's greatest lover"—were both librarians. A route through the stockyards of Chicago is described as being "as dangerous as the narrow pass at Thermopylae." And when praising Lepke Buchalter's strategy to take over New York's garment-industry unions, Mr. Ferrante notes that it was "clever and quite similar to that of the U.S. Eighth Air Force in 1943, when it targeted ball-bearing factories." Events are not covered chronologically, which can be confusing. Some power struggles are described in exhaustive detail while others are only alluded to. At times, one wishes for fewer facts and more perspective.

"Borgata," the first book in an announced trilogy about the mafia in America, would have benefited from a more rigorous editor. Then again, how many editors would be brave enough to risk ticking off Mr. Ferrante?

Mr. Heavey is a writer in Bethesda, Md.

Claudine Gay's 'My Truth' and the Truth



**POLITICS & IDEAS**  
By William A. Galston

Since the resignation of Harvard President Claudine Gay, we have been treated to triumphal pronouncements from Rep. Elise Stefanik (R., N.Y.) and conservative culture warrior Christopher Rufo, a pained self-justification from Ms. Gay, a flurry of statements from her archcritic, investor Bill Ackman, followed by plagiarism charges against Mr. Ackman's wife, accusations of racism from Ms. Gay's defenders, and blow-by-blow inside accounts of the Harvard Corp.'s slow realization that Ms. Gay's position had become untenable.

Most of this was predictable and inevitable. The question now is whether institutions of higher education will squander the opportunity to reflect on the larger issues raised by this unfortunate episode and make necessary changes.

Having spent three decades teaching and conducting research at large universities, I can say that Ms. Gay's record as a scholar, administrator and fundraiser was comparatively thin. This raises the question of how the distinguished 12-member Harvard Corp. came to select her. I find it difficult to believe that she was the strongest candidate among the hundreds of applications the corporation received. She may well have been the most

popular among Harvard's Faculty of Arts and Sciences, of which she served as dean for five years before her elevation to the presidency. And she was probably the candidate best positioned to move forward the university's diversity, equity and inclusion policy, which she championed during her deanship.

The issue, then, is why the Harvard Corp. decided that these attributes were compelling enough to counterbalance Ms. Gay's otherwise modest record. I don't know whether the absence of diverse views among the members of the corporation contributed to this result, though an investigation by the Harvard Crimson revealed that 99% of their political contributions had gone to Democrats in 2021 and 2022. But the facts are consistent with the hypothesis that the corporation had subordinated the principal purpose of higher education—the discovery and transmission of knowledge to students and society—to other considerations.

In the apology Ms. Gay offered after her disastrous congressional testimony, she said that she had failed to convey "my truth." As several commentators have observed, this phrase is the tip of an epistemological iceberg. It stands for the proposition that the truth doesn't exist and that the quest for it is futile. Instead, there are multiple "perspectives," each rooted in the position, experiences and sentiments of individuals or of groups in similar positions. If so, Harvard's motto, "Veritas," expresses an antique metaphysics that

should no longer guide the academy's aspirations.

No one in the sciences or engineering can take this argument seriously. If "my truth" is that water isn't composed of hydrogen and oxygen or that a roof doesn't require structural support, I would be laughed out of the laboratory and classroom. I certainly wouldn't be allowed to teach students.

**Her ouster as Harvard president is a chance to reflect on the real value of diversity.**

The situation is different in the humanities and social sciences, although not fundamentally. John Stuart Mill famously said, "He who knows only his own side of the case knows little of that." In testing the strength of an argument, the presence—and clash—of multiple views is essential. This kind of diversity is central to the purpose of the university, which is why the dominance of a single point of view in the faculty and student body is so damaging to the academic mission. If people with unpopular views are cowed into silence, everyone loses and the search for truth is impeded.

Diversity of background and experience has its place in the university because it increases the pool of factual knowledge available to all members of the community and generates new questions

that previous generations had overlooked. It had never occurred to me to ask whether homes owned by African-Americans were assessed at a lower value for reasons other than the quality of the houses and amenities of their surrounding neighborhoods. But using state-of-the-art research methods, two of my Brookings Institution colleagues—one an African-American with a wealth of knowledge about housing—were able to show that this is indeed the case. Diversity means inquiry that can widen the sphere of knowledge.

These arguments for diversity don't treat it as an end in itself or set aside the quest for truth. Diversity must serve this quest. The goal, wherever possible, is to replace diverse perspectives with a unifying truth that all individuals and groups can share despite their differences.

One may wonder whether this goal is achievable in moral and political matters. On fundamental matters, it is. We agree, I believe, that genocide is among the greatest evils of which our species is capable. We agree that tyranny is one of the worst imaginable political conditions. We agree, with Abraham Lincoln, that if slavery isn't wrong, nothing is.

The quest for truth in these matters isn't an impossible mission. There is no need to replace "the truth" with "my truth," and there are many reasons not to. The renewal of American higher education will begin when its leaders endorse this simple proposition.

Ehud Olmert's Missed Shot at Hamas

By Judith Miller

As Israel seeks to "decapitate" Hamas by killing or capturing its leaders, a former Israeli prime minister told me he had to pass up an opportunity to do so in 2007.

On June 25 of that year, Ehud Olmert recalled in a phone interview, he took a call from his top security official who said Israel had located a house in Gaza where Mohammed Deif, Hamas's military commander, and 10 other top Hamas leaders were meeting. "An Israeli F-16 fighter jet was in the air with 1,000 kilos of explosives and missiles," Mr. Olmert said. "All I had to do was OK the hit."

Mr. Olmert had to say no. He was in Sharm el-Sheik, Egypt, with Egypt's President Hosni Mubarak, King Abdullah of Jordan and Palestinian Authority President Mahmoud Abbas. They had assembled at

Mubarak's invitation to discuss the latest crisis and threat to the peace process: Hamas's seizure of the Gaza Strip 10 days earlier. Having narrowly won an election in 2006, Hamas decided to stop sharing power with the Palestinian Authority and staged a coup. Some 160 Palestinians were killed and more than 700 wounded.

**He was with Arab leaders when the call came in, so he had no choice but to say no.**

Knowing that Hamas rejected Egypt's and Jordan's peace agreements with Israel, Mubarak called the emergency summit to drum up support for the beleaguered Mr. Abbas and keep the peace process alive. Israel, which had withdrawn unilaterally from Gaza in 2005,

faced a militant Islamist power that vowed its total destruction on its doorstep. Mr. Olmert would have ordered the strike had he been at home in Jerusalem. But he felt it was imperative for Israel to work with the Arab leaders to contain Hamas and support Mr. Abbas.

"So I couldn't allow the strike," he said. If he had done so, "it would have been interpreted as a plot in which all three Arab leaders were involved." It "would have been a death sentence for all of them." Mr. Olmert remembered the October 1981 assassination of Mubarak's predecessor, Anwar Sadat, who made peace with Israel. Mubarak would have remembered too. He was in the stands in a military parade alongside Sadat when the president was killed.

Mr. Deif is believed to have masterminded the Oct. 7, 2023, attacks with Yahya Sinwar. Mr. Sinwar would have

survived the 2007 raid; he was in an Israel prison at the time. But in 2011 Israel released him and 1,026 other prisoners in exchange for Gilad Shalit, an Israeli soldier Hamas took hostage in 2006. According to Israeli press reports, the Israel Defense Forces know where Mr. Sinwar is but can't hit him because he has surrounded himself with hostages.

Before leaving office in 2009, Mr. Olmert struggled to make peace with the Palestinians. In 2008 he offered to cede almost 90% of the West Bank to establish a demilitarized Palestinian state. Mr. Olmert now calls this "the greatest opportunity for peace the Palestinians ever had." Mr. Abbas said no.

Ms. Miller is a contributing editor of City Journal and author of "God Has Ninety-Nine Names: Reporting from a Militant Middle East."

## OPINION

## REVIEW &amp; OUTLOOK

## Who's Afraid of Nikki Haley?

The Iowa caucuses are on Monday, and suddenly Donald Trump's campaign has made a notable turn. He's aiming most of his advertising attacks not on Ron DeSantis but at former South Carolina Gov. Nikki Haley. The former President is clearly afraid that a real alternative is gaining on him.

Mr. Trump is running an ad in New Hampshire that Ms. Haley "opposed Trump's border wall," and that her "weakness puts us in grave danger." He's also hitting his former ambassador to the United Nations on taxes and Social Security, and we'll parse the merits in a moment.

But the politics aren't hard to discern. A CNN poll this week shows Ms. Haley within striking distance of Mr. Trump in New Hampshire—at 32% to his 39%. Other polls have Mr. Trump with a bigger lead in the state. But Ms. Haley's Granite State momentum is real, and many voters who might otherwise support Ms. Haley are surely among former New Jersey Gov. Chris Christie's 12%.

Ms. Haley has pulled slightly ahead of Mr. DeSantis in the Real Clear Politics average in Iowa, though the Florida Governor has bet his candidacy on a second-place finish in the Hawkeye State. Ms. Haley also enjoys the good political fortune that the next big contest is in her home state of South Carolina.

Mr. Trump is dismissing his competition in the primaries as the political equivalent of the Alamo defense force. He wants the nomination sewn up after one or two contests, while campaigning mostly from courtrooms and refusing to respect voters by debating. The Democrats and the press also present the primary as a fait accompli, on the increasingly uncertain theory that President Biden will beat his preferred Republican foil once again.

But if Mr. Trump is such a strong candidate, why is he afraid of Ms. Haley? The immigration attacks on Ms. Haley take her comments out of

context. Mr. Trump is attacking Ms. Haley for suggesting that migrants coming to the U.S. illegally are looking for a better life. "We don't need to be disrespectful. We don't need to talk about them as criminals," she said at an event in 2015. This decency may be one reason she runs ahead of Mr. Biden in general election polls, unlike Mr. Trump, who is running

about even with the President. Ms. Haley's supposed opposition to the border wall appears to come from remarks that readers can judge for themselves: "Don't say you're just going to build a wall. Because a wall is not going to do it. You've got to have commitment of ground troops, equipment, money, all of that to bring it together. Then you're being serious about tackling illegal immigration." There's little difference among the GOP candidates on border security these days.

The Trump volleys accusing Ms. Haley of raising taxes are even less persuasive. Ms. Haley as governor supported an increase in the state gas tax—in exchange for lower taxes on income, which is a good trade on the economics. She opposed a gas tax increase on its own.

Ms. Haley doesn't always appear to have thought deeply about how to rev up the U.S. economy, and her plan to abolish the federal gas tax may exist primarily as defensive political cover against attacks like the one Mr. Trump is lobbying. But the irony is that Mr. Trump is the only Republican running on raising taxes—and big time. It's called his 10% tariff on all goods imported into the U.S.

Mr. Trump is polling above 50% in national GOP surveys, and Republicans may decide to gamble on the chaos of a second Trump term. The former President thinks it's above him to have to contest the primaries and expects a coronation. But voters get a say, Iowa and New Hampshire have been known to surprise, and the 45th president is behaving like that is the verdict he fears.

## Secretary Austin's Health Secrecy

We've hesitated to pile on Defense Secretary Lloyd Austin for his failure to tell the White House about an illness that required hospitalization. But the news Tuesday that he was treated for an infection after surgery for prostate cancer makes the silence more serious.

Mr. Austin's doctors at Walter Reed National Military Medical Center disclosed the news after days of what had become a medical and political mystery. Why in the world wouldn't the secretary of defense, one of the top officials in government during a time of global unrest, let his boss and his deputy know he was in the intensive care unit at a hospital? What was he afraid of disclosing?

It now appears he was trying to protect his privacy, in particular the cancer diagnosis. This makes his silence worse. Prostate cancer is hardly uncommon for a man of Mr. Austin's 70 years. Tens of thousands of men have had a prostatectomy, or the "minimally invasive surgical procedure," as the Walter Reed statement put it. There's nothing to be embarrassed or secretive about.

All the more so if you're the President's chief military adviser. Men and women of that government rank might have some expectation of medical privacy from the public. But they have no such expectation of privacy from the President and White House national security adviser.

Mr. Austin is at the top of the national chain of military command.

The Pentagon's early statements on the matter said Mr. Austin was working at Walter Reed. But he was taking medication to fight infection in the ICU for heaven's sake. How one defines working in that environment probably isn't how most Americans would understand it. Would he have been able to provide adequate and informed advice in a crisis?

With his failure to tell his superiors and deputies, Mr. Austin created a mystery that ruined the privacy he was trying to protect. He also set a bad example for other men who have a prostate cancer diagnosis, as if the disease still carries some stigma.

Worst of all was Mr. Austin's judgment, and we wonder if it's a function in part of his long military service. General officers tend to be surrounded by a close circle of aides who are also career officers. Anyone who has worked in private business knows that an executive headed for the hospital needs to tell his boss and arrange for deputies to fill in.

President Biden says he won't accept Mr. Austin's resignation if offered, and that's his call. The calls to impeach Mr. Austin are silly. But the secretary does owe the public a more extensive explanation of what he was thinking, or not thinking, if only to reassure the country that he understands his mistake.

## California's Wealth Tax Arrives

Progressive ideas that originate in California have a habit of spreading. So it's worth paying attention to legislation moving in Sacramento to establish a wealth tax on high earners and a bounty-hunter scheme for plaintiff attorneys to target alleged tax dodgers.

Democrats introduced the bill last winter, and it will get a hearing Wednesday in the state Assembly as lawmakers scrounge for revenue to fill a projected \$68 billion budget hole. Gov. Gavin Newsom on Wednesday will also unveil his budget for the coming year. Democratic legislators are proposing a wealth tax as an alternative to spending restraint.

The bill would impose an annual excise tax of 1.5% on the worldwide net worth of every full- and part-year California resident that exceeds \$1 billion, starting this tax year. Come Jan. 1, 2026, the state would tax wealth that exceeds \$50 million at a rate of 1% each year, with an additional 0.5% tax on assets valued at more than \$1 billion.

Part-time residents would be taxed on a pro rata share of their wealth based on the number of days they spend annually in California. The tax would also apply to nonresidents who have recently left the state. You can check out of the state, but you would still have to pay California's wealth tax if you do.

The wealth tax would apply to nearly all assets, including shares in a partnership, private-equity interests, artwork and financial assets held offshore. California's Franchise Tax Board would value assets that aren't publicly traded. That means private businesses located outside the state could be examined by the board's auditors and appraisers.

It's worth noting that Democrats exempted real property from the tax as a favor to their

high-end real-estate industry and Hollywood donors. This carve-out would encourage the wealthy to shift more of their investments into

real estate. Perhaps Democrats are trying to ameliorate the damage from local mansion taxes in San Francisco and Los Angeles on real-estate sales.

To spread the wealth around to plaintiff-bar donors, the bill would apply the state's False Claims Act to wealth-tax records and statements. This means plaintiff attorneys could sue affluent individuals on behalf of the state for allegedly under-reporting assets. Plaintiff attorneys would be entitled to a share of the state's recovery.

The wealth tax would raise an estimated \$21.6 billion in revenue annually, assuming no wealth exodus in the state. Yet this is still far less than California's budget deficit in this fiscal year. Nor does it cover the \$27 billion increase in California's Medicaid spending over the last four years. Medicaid spending this year will swell even more as the state expands eligibility to all undocumented migrants.

Meantime, California's top effective marginal tax rate on wage income this year is increasing to 14.4% from 13.3% owing to a new law that removes the \$145,600 wage ceiling on a 1.1% state employee payroll tax to fund expanded paid family leave. You almost have to wonder if Democrats are trying to drive away more businesses and high earners.

The wealth-tax bill reveals yet again Sacramento's voracious appetite to levy new taxes to support more spending. The tax-and-spend ratchet never ends. But even California's wealthy can't pay for its ever-expanding welfare and government-worker obligations, so don't be surprised when Democrats eventually target the middle class again too.

## LETTERS TO THE EDITOR

## Biden's Slap in the Face to Terrorism Victims

The Force family is grateful to the Journal for addressing the "pay-for-slay" program in the editorial "Your Aid Dollars for Palestinian Terrorists" (Jan. 5). Congress enacted the Taylor Force Act in 2018, mandating that the U.S. withhold financial assistance to the Palestinian Authority until it ends its payments for terrorist attacks. The law was named after our son, Taylor, who was stabbed to death on March 8, 2016, by a 22-year-old Palestinian smuggled into Israel. The stabbing took place on the boardwalk in Jaffa, Israel, as Taylor walked with his Vanderbilt University classmates.

The law, which received bipartisan support in Congress, was the result of the strong leadership of South Carolina Sen. Lindsey Graham and Colorado Rep. Doug Lamborn as well as the guidance and encouragement of Sander Gerber, who first made us aware of the Palestinian Authority's horrific pay-for-slay program.

To watch President Biden and his administration violate the law and resume payments of millions of taxpayer dollars to terrorists is devas-

tating to our family. It is also a slap in the face to the many individuals and organizations, as well as the overwhelming majority of the House and Senate, who supported the Taylor Force Act. This resumption of "aid" exhibits a total lack of understanding of how foreign assistance, either through payments to PA-controlled nongovernmental organizations or to the anti-Israel United Nations Relief and Works Agency, results in money being diverted to fund terrorism.

Under the legal guidance of America First Legal, I, my wife, Texas Rep. Ronny Jackson and Sarri Singer, a victim of a terrorist bombing in Israel, have filed a federal complaint in the Northern District of Texas seeking to end the willful violation of the Taylor Force Act by Mr. Biden and his administration.

"Pay for slay" must end, the flow of U.S. dollars must stop and any discussion of the Palestinian Authority's role in Gaza after the war against Hamas must cease as well.

STUART FORCE  
The Hills, Texas

## Don't Look Past a Hybrid Deterrence Strategy

Rebecca Heinrichs is correct that there are "No Shortcuts on Nuclear Deterrence" (Jan. 3). Unfortunately, she misread our analysis and, as a result, overlooks the best solution to the challenge posed by China's and Russia's growing nuclear threats.

Like Ms. Heinrichs, we oppose a counter-city-only targeting strategy. That would leave the U.S. with terrible retaliatory options in response to a limited nuclear attack against the U.S. homeland or its allies, and thus would undermine the credibility of U.S. deterrence. But we also would critique a strategy that solely threatens to retaliate against an enemy's regime and military forces.

As China and Russia build up their arsenals, such a strategy would require more U.S. weapons to hit more targets with no clear end in sight. This isn't merely a prediction; there are already calls to increase the size

of the U.S. arsenal. Of course, a U.S. buildup would then lead to more weapons from Beijing and Moscow. In a time of scarce defense dollars, engaging in such a nuclear arms race would be unwise.

The U.S. should instead adopt a hybrid approach to nuclear deterrence, using counter-military threats to deter limited nuclear attacks on U.S. forces or allies, and counter-city threats to deter large-scale attacks on the U.S. homeland. A sensible deterrence strategy, combining counter-city and counter-military elements, would avoid the limitations of either extreme.

PROFS. KEIR A. LIEBER  
Georgetown University  
Washington

PROF. DARYL G. PRESS  
Dartmouth College  
Hanover, N.H.

## Self-Checkout Rankles Supermarket Shoppers

Regarding Joanne Kaufman's op-ed "I'll Cheer as They Cashier the Self-Checkout Device" (Jan. 3): Self-checkout is a great idea whose implementation is often horribly flawed. Take Kroger's version. It is a prime example of poor interface design.

Like the infamous Chatty Cathy doll, it never shuts up. As it drones on with repeated useless advice, I have often thought I should have brought tape to cover its speaker. Several times per visit, it tells me

## Anti-Israel Protesters and The Public-Nuisance Tort

Though primarily a defense lawyer, I still hail your editorial "Tort Law vs. the Anti-Israel Protesters" (Dec. 29). As a co-author of America's leading torts casebook, I suggest further that the tort that should be brought against the disruptive anti-Israel protesters is "public nuisance." It's classic use is against a person who blocks a public highway.

If a person impaired by the blockage can show that his or her harm is different from others who are delayed, for example missing a needed medical appointment or even possibly a job interview, he or she could have a viable tort claim. Sue on!

VICTOR E. SCHWARTZ  
Washington

## Index Income Tax in Virginia

Missing from Gov. Glenn Youngkin's tax plan ("Youngkin's Worthy Tax Bargain," Review & Outlook, Dec. 29) is indexing Virginia's income tax to inflation. Inflation continues to raise the income tax on Virginians each year. It does so without a vote of the legislature, by reducing the value of tax deductions while keeping income tax brackets static. The state's tax brackets were last revised in 1990. Whatever income tax relief Virginians might receive in 2024, inflation will cause it to dissipate over time.

Most states that impose an income tax have an indexing provision. The federal government fixed its income tax indexing problem nearly 40 years ago. Income-tax indexing would be a great addition to Mr. Youngkin's plan.

JIM LEMUNYON  
Oak Hill, Va.

Mr. LeMunyon served in the Virginia House of Delegates, 2010-18.

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to find something you just bagged and scan it again, though I've already been charged for it. One soon learns to ignore this warning because it eventually times out.

The worst is when it stops everything to tell you that you have scanned a certain number of items and to wait because help is on the way. No, you don't get a prize for the volume of your business. All this means is that a bored clerk will eventually come over and clear the error so you can continue scanning.

Self-checkout takes twice as long as it should while needlessly irritating loyal customers in the process.

STEVE RHODES  
Parker, Texas

I can sympathize with the embarrassment Ms. Kaufman experiences at self-checkout systems at supermarkets and convenience stores. There is, of course, one place where self-service has been the norm for decades: gas stations.

For a little pampering, however, every once in a while I'll fill up my tank across the river in New Jersey, which remains the only state where full service is the law. I don't mind tipping the pump attendant a dollar or two for the indulgence.

NATHANIEL NORMAN  
New York

## Extremely Patriotic, That Is

Your editorial "The Military's Phantom 'Extremists'" (Jan. 2) contends that there isn't much extremism in the military. I disagree. Based on the many I have known over the years, I find most individuals in the military are extremely patriotic, courteous and respectful. To all military, current and past, I say thank you for your service and extremism.

TOM MURPHY  
Rancho Santa Fe, Calif.

## Pepper ... And Salt

THE WALL STREET JOURNAL



"Instead of a flood, why not just hit the undo button?"



## OPINION

## Chevron Deference Was Fun While It Lasted

By Eugene Scalia

I'm less hostile than many conservatives toward *Chevron v. NRDC* (1984), the Supreme Court decision that instructs judges to defer to certain agency interpretations of statutes they administer, which the justices will reconsider next week. My ambivalence springs in part from filial loyalty—my father, Justice Antonin Scalia, was *Chevron's* foremost champion before souring on such deference doctrines in his last years.

Additionally, I once enjoyed *Chevron* deference myself, as labor secretary under President Trump. And boy did I enjoy it. After decades as a practicing lawyer pleading before federal judges, finally they had to defer to me.

## A doctrine meant to give power to experts ended up promoting partisan lurches in policy instead.

Kidding aside, as secretary I had good reasons to favor deference. It strengthened my department's hand and our ability to implement the president's agenda. It could also help bring uniformity to the law, and I adopted two rules partly for this reason. One rule distinguished independent contractors from employees for purposes of the wage and hour laws. The other delineated when two companies are the so-called joint employers of a worker, so that each company must ensure

the minimum wage and overtime are paid.

Both of these were important legal issues the Supreme Court hadn't addressed in decades. In the lower courts, the legal test being applied varied by circuit. My rules were intended to bring clarity and consistency, in a way that I thought reflected the right view as a matter of both law and policy.

As secretary I was nonetheless conscious of a peculiarity to the deference my interpretations suddenly were due. For the first time since I became a lawyer, I wasn't doing much interpreting. Often, my job involved choosing among a menu of options presented by staff. What the law said was an important factor in determining that menu, but in many cases it wasn't a factor I gave much thought because it was the responsibility of my lawyers to ensure the options I was given were legally viable.

To be clear, there were times as secretary that I posed legal questions—more than most labor secretaries, no doubt. But I had already been labor solicitor, the department's top lawyer, years earlier. Someone else was solicitor now, and I wanted her to do that job while I focused on mine.

Does it tell us anything about *Chevron* that the officials whose interpretations receive deference seldom interpret? At minimum, *Chevron* deference is a misnomer. You don't defer to someone's performance of something he didn't do. My actions were policy choices, often outfitted after the fact with legal explanations I didn't review. For an agency interpretation to be authori-



MARTIN KOZLOWSKI

tative, courts have said, it has to come from a senior official—a cabinet secretary or agency head. But the people actually doing the interpreting often are staff lawyers at a much lower level in the agency.

The problem runs deeper. Some agency heads not only don't interpret; at times they're indifferent to—even contemptuous of—the right legal answer. For my part, I read statutes, edited draft rules, and never took a position that I thought was wrong legally. But that isn't necessarily typical. Many agency heads aren't lawyers, and countless factors influence their decisions: the president's goals, the forcefully stated views of a budget committee chairman, even anxiety about what the media will say and how that might affect the agency head's pros-

pects for some future job he's eyeing. For some decision makers, these factors will supersede legal considerations. Some rules get adopted against the advice of the lawyers—the actual interpreters.

The decider might say to his lawyers: "I hear you about legal risk. But I'm going to do what's right. After all, it's possible no one will sue over this rule. And if they do, I might win—you just admitted you can't be 100% sure what the courts will say. And if I lose, then it's on the judges. Everyone will know I did the right thing."

That wasn't my method, but it happens. And it punctuates this peculiarity of *Chevron* deference: that courts at times defer to "interpretations" that the agency's interpreters thought were wrong, and which

were adopted because the decider was contemptuous of the law's meaning. A court never knows when this is how an interpretation was adopted.

A coda regarding those two rules I adopted in hopes of bringing consistency to the law: My successor as secretary set about undoing both. In the case of independent contractors, the department on Tuesday adopted a new rule with a diametrically opposed approach. Expect litigation to commence immediately over which rule should remain in place, the one I adopted or the new one.

I had hoped that by acting through rule making, rather than opinion letters or "guidance," the department would provide interpretations that proved durable, leaving the law more settled and predictable than before. Events proved me wrong.

So, to an extent, have they proved *Chevron* wrong. Once heralded as a way to use agency expertise to bring clarity and consistency to the law, the doctrine often is experienced by the public today as a series of sharp vacillations in the law, as one administration succeeds another. Presidents turn increasingly to the administrative state to implement priorities they can't enact through Congress. Each administration improves on its predecessor's playbook, becoming swifter and more adept at identifying legal positions it wants to change and issuing rules and decisions to do so.

This will be on the justices' minds next week, too.

*Mr. Scalia, a Washington lawyer, served as labor secretary, 2019-21.*

## Will the Supreme Court Keep Trump off the Ballot?

UPWARD MOBILITY  
By Jason L. Riley

Until recently the biggest concern of Donald Trump and his supporters was how ballots in this year's election would be counted, not whether Mr. Trump's name would appear on them. Now Colorado and Maine

have decided that the former president is ineligible to hold office, and the Supreme Court has agreed to intervene.

As a political matter, banning Mr. Trump from the ballot is shortsighted and deeply troubling. It disenfranchises his supporters in a race that polls show him leading. It advances the rigged-system and self-grievance narratives that are catnip to his base. And it's hypocritical insofar as it undermines democratic norms to take down someone regularly accused by opponents of undermining democratic norms. Republican backlash is inevitable.

As a legal matter, however, Mr. Trump's situation is more complicated. The U.S. Supreme Court has agreed to hear an appeal to last

month's 4-3 decision by the Colorado Supreme Court to exclude the former president from the state's primary ballot on grounds that he engaged in insurrection on Jan. 6, 2021. Trump supporters believe that the high court's conservative majority makes the case a slam-dunk in Mr. Trump's favor. It's likely that the justices will overturn the Colorado Supreme Court, but how they reach that decision is as important as what they decide.

That's because the U.S. electoral system is decentralized in the extreme. Our national elections are structured on a state-by-state basis, and election laws vary. When it comes to absentee ballots, voter registration, felon disenfranchisement, same-day voting and myriad other issues, procedures vary from one state to another. Ballot access is no different, and the Supreme Court historically has tended to allow states to make their own rules.

Akhil Reed Amar, a Yale law professor and constitutional scholar, remarked in a recent podcast discussion that the court might opt for a minimalist ruling that defers to Colorado but doesn't bind other states. It could decide that Mr.

Trump was permitted to make his case for ballot access and lost, thus upholding the Colorado Supreme Court decision while still allowing other states with different ballot-access qualifications to go their own way.

What the court shouldn't dodge, however, is its duty to provide some guidance on Section 3 of the 14th Amendment, a Civil War-era provision that bars from holding public

## The justices face many questions as they review a case involving Section 3 of the 14th Amendment.

office someone who has sworn an oath to defend the Constitution and then engaged in "insurrection or rebellion." Colorado and Maine relied on the clause to exclude Mr. Trump from the ballot, but there's wide disagreement over what it means and how it should be applied.

For starters, was Jan. 6 an insurrection and did Mr. Trump engage in it, or were his remarks that day

protected by the First Amendment? Nor is it clear that Section 3 was meant to address anything other than the insurrection of 1861-65. Does it apply to other events, and does a disqualification written 150 years ago specifically to address the aftermath of the Civil War still apply today?

Mr. Trump's lawyers insist that Section 3 doesn't apply to the presidency, and some first-rate legal minds, including former Attorney General Michael Mukasey, are sympathetic to that view. No members of the Colorado Supreme Court were persuaded by that argument, but the trial judge in the case was. Nor is it clear whether the clause is "self-executing" or whether Congress must pass legislation to implement it. Federal law makes insurrection a crime, but Mr. Trump hasn't been charged with that offense.

The Colorado Supreme Court cited a 2012 decision by Neil Gorsuch, one of Mr. Trump's Supreme Court appointees, when he was a federal judge in Colorado. Judge Gorsuch upheld a decision by Colorado's secretary of state to keep a naturalized citizen born in Guyana

off the presidential ballot because he was ineligible to serve. Liberals are reading this to mean that Justice Gorsuch may favor disqualifying Mr. Trump. But knowing that Justice Gorsuch believes ineligible candidates shouldn't be on the ballot tells us nothing about who he believes should be eligible.

If the Supreme Court wasn't prepared to answer these questions, it likely wouldn't have taken the case. Chief Justice John Roberts's consensus-building skills will be challenged. All nine justices may agree that Mr. Trump should be on the ballot, but they may think so for very different reasons. A unanimous ruling on a case this important would be ideal, but some dissent might be inevitable.

No matter how the justices rule, millions of voters already have determined that the courts are playing an unwelcome role in the 2024 election. They believe that President Biden's Justice Department has been loosed to go after his likely opponent in November. And they believe state efforts to keep Mr. Trump off the ballot are the backup plan. None of this is good for our democracy.

## Can Harvard Learn Anything From Ralph Waldo Emerson?

By Lance Morrow

The novelist Henry James said that Ralph Waldo Emerson—who was once the country's beloved essayist-laureate, author of the iconic American effusion called "Self-Reliance" and the semiofficial philosopher of entrepreneurial individualism—suffered from a fatal flaw. Emerson's disabbling defect, James thought, was innocence: He had no "sense of the dark, the foul, the base." The novelist said of the essayist: "A ripe unconsciousness of evil is . . . one of the most beautiful signs by which we know him."

James and Emerson were giants of American literature long ago, but they belonged to different generations. Emerson (1803-82) wrote his important essays (those sun-shot prose miracles of the country's morning energy) in the years before the Civil War, before that catastrophic crack in American history. James (1843-1916) composed his elaborately shadowed novels well after Appomattox. It was the Civil War

that introduced the naive country to its fallen self. The conflict ushered in, among other things, Reconstruction and Jim Crow, the Gilded Age and the robber barons, mass immigration from Ireland, Italy and Eastern Europe. James and Emerson came of age in two different Americas. No wonder, then, that they had different ideas about the country's capacity for good or evil.

Emerson graduated with Harvard's class of 1821. James studied at the law school 40 years later, during the Civil War. I mention them because those sons of Harvard framed the issue that haunts the great university now. The controversy that divides Harvard in the 21st century is rooted in the question of American theodicy: How can the country's evils be reconciled with its core Emersonian ideal of excellence, individualism, freedom of thought and speech, and other foundational notions that—not always honored but always implicitly there—are essential to the country's future?

Emerson, the woke may say, was

as white as a white man can be. Claudine Gay's vision has never been impaired by his sweet, transcendental astigmatism. Ms. Gay came into office last summer as Harvard's president with a "transformative" agenda that assumed the university's—and the country's—embedded evil: racism, white supremacy, oppression of minorities, especially of blacks.

It's a moral question in a different key, but Ms. Gay and her supporters seem unfazed by this contradiction: If America is so oppressively evil, how did it happen that this black professor, with embarrassingly meager qualifications, found herself at the pinnacle of American academic life as president of Harvard? How is it that, having been forced to resign—not, as she claims, because of racism but because of her own shortcomings, including extensive plagiarism—she will stay on as a professor at the university with a salary of more than \$900,000 a year? The cost of a four-year Harvard education these days is esti-

mated at \$334,000. Instead of firing her for cause, it will be as if Harvard had decided that a dozen undergraduates' painfully assembled tuitions are to be allocated each year to finance Ms. Gay's opulence and soothe her bruised feelings.

## A university should be a home for those who seek truth, not a madrasa of the progressive left.

Harvard's motto is *veritas*—truth. That was never meant to be a claim that Harvard already possesses the truth. Rather, it was a promise to struggle to search for the truth. The flaw in Ms. Gay's vision—and that of the diversity, equity and inclusion bureaucracy that she and her fellow ideologues have assembled—is that they do claim they already possess it. They set about trying to reorganize the institution to impose their

party line. This defeats the university's purpose, which is noble in itself and essentially self-effacing. Harvard has no business operating as a madrasa of the progressive left. In "Self-Reliance," Emerson wrote: "We are now men, and . . . not minors and invalids in a protected corner." He would have scorned the woke hysteria over pronouns and microaggressions and the atmosphere of doctrinaire self-pity.

As another son of Harvard (class of 1963), I'd cast a vote for Emerson and a return of the university to its Emersonian self. Let it be morning again in Cambridge, Mass., and not the bitter ideological dusk of the woke, which feels like Walter Ulbricht's East Germany in the 1950s, and where, in Emerson's words, "the virtue in most request is conformity."

Henry James was wrong about Emerson and evil, by the way. Emerson abominated slavery. He called the Fugitive Slave Act of 1850 a "filthy law." He was friendly to John Brown. Of New England fortunes founded on the slave trade, he said, "it is high time our bad wealth came to an end. I am sure I shall very cheerfully take my share of suffering in the ruin of such a prosperity and shall very willingly turn to the mountains to chop wood and seek to find for myself and my children labors compatible with freedom and honor."

In the big realm of ideas and art, Emerson's whiteness was no more disqualifying—let alone oppressive or evil—than William Shakespeare's. To say otherwise is to embrace an ignorant, inverted racism that has no place at any university.

*Mr. Morrow is a senior fellow at the Ethics and Public Policy Center and author of "The Noise of Typewriters: Remembering Journalism."*

## THE WALL STREET JOURNAL.

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## Notable &amp; Quotable: Trump

*From "Is Trump Building His Own 'Unenthusiasm' Gap?" by Keith Naughton for the Messenger, Jan. 6:*

It seems likely that Trump's most fervent supporters will come out to vote, even if they are convinced the fix is in. . . . But Trump cannot win with just the MAGA crowd—and that is not where his polling lead comes from. . . .

Independents and moderates are not nearly as likely to be following politics as closely as highly partisan voters, nor are their loyalties as strong. If a "soft" Trump voter keeps getting bombarded with the message

that the entire election is corrupt and will be stolen, not making the effort to participate looks attractive. Why make the effort or, worse, vote and be made into a fool by the people allegedly "stealing" the thing?

Trump's opposition to mail-in voting makes this problem worse. . . . Originally, mail-in voting was most effectively promoted by Republicans. . . . If a Trump voter thinks the election will be stolen, it's a lot easier to decide to not wait 20 minutes in a line to vote and just go home instead.

Add it all up and Trump is manufacturing his own unenthusiasm gap.

## THE WALL STREET JOURNAL.



# #ISTANDWITH EVAN

It has been 287 days since our friend and colleague Evan Gershkovich was wrongfully detained by Russia during a reporting trip and accused of espionage. The Wall Street Journal and the U.S. government vehemently deny the allegation and continue to call for his immediate release.

No journalist should ever be detained for simply doing his job, and the charge against Evan is an outrage. Journalism is not a crime, and any portrayal to the contrary is fiction.

The stakes are high: Without press freedom, there is no free society.

Every day Evan remains detained is a day too long. We will not rest until he's home.

Please continue to share Evan's reporting and the latest updates on his situation by visiting [WSJ.com/Evan](https://www.wsj.com/Evan). Use the hashtag [#ISTandWithEvan](https://twitter.com/ISTandWithEvan) to help keep his story front and center.



# BUSINESS & FINANCE

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## Altman Episode Makes Startups Fret

### Founders build up protections, explore new share classes after OpenAI firing

By CORRIE DRIEBUSCH

There is a new task on the 2024 to-do list for founders: Make sure you can't get Altmaned. While startups have ousted leaders before, the entrepreneur world was stunned to see the board of hot artificial-intelligence company OpenAI fire Sam Altman just before Thanksgiving. He had been the face of one of the biggest successes of the year and suddenly he was out. In startup land, founders and advisers say they started discussing new

ways to protect themselves. Altman eventually made it back to OpenAI in a counter-coup. But the tension at one of the country's biggest startups is playing out in a longstanding debate about who should control a burgeoning company. It is an inherent conflict in business, with founders wanting protection for their jobs while investors want it for their money. Among startups, tougher economic conditions have recently given venture capitalists and investors the upper hand. After OpenAI, founders are going to try to regain their footing. Eric Ries, founder of the Long-Term Stock Exchange and something of a corporate governance guru and go-to mentor among the Silicon Val-

ley set, said his phone has been ringing off the hook. "My really niche, weird hobby suddenly became mainstream," he said. "All of a sudden, founders realized if this can happen to Sam, this can happen to anyone." Ries has a system of hurdles founders can set up that would make it harder for a board to move against a company's mission or management. The most protective moves, Ries and lawyers say, are implementing supervoting shares or dual-class shares, which give founders ultimate control over their companies. These structures create multiple classes of shares to give founders, and sometimes early employees or investors, voting control. Proponents of dual-share classes say they protect a

company's mission and prevent investors from making decisions on short-term benefits. They cite a young Mark Zuckerberg's ability to turn down a 2006 offer from Yahoo to buy Facebook for \$1 billion, against the initial advice of other board members. Investors are less keen on these structures. In 2017, the S&P 500 said it would bar new companies from entering its index if they had multiple share classes, but later altered its stance. Several startup founders said they are exploring how to get new share classes for their companies in the wake of OpenAI, including Adam Laor, co-founder of Sinatra, which builds software for insurance companies that underwrite the hospitality industry, and

Paul Yacoubian of Copy.ai, a copywriting and marketing software company that uses OpenAI technology. Yacoubian said he watched with anxiety the OpenAI saga, both for his company and his own position. "For the first few days I was most worried about whether OpenAI would keep functioning for us," said Yacoubian. "After we got a bit out of that, my big question was, 'Am I going to get thrown out of my own company as CEO even if we're crushing it?'" Founders who have been ousted themselves, like Roger Beaman, said they learned that lesson the hard way. In 2021, Beaman was finalizing details on a financing round that would value his *Please turn to page B11*

## Luxury Builder Plans Affordable Housing

By DEBORAH ACOSTA

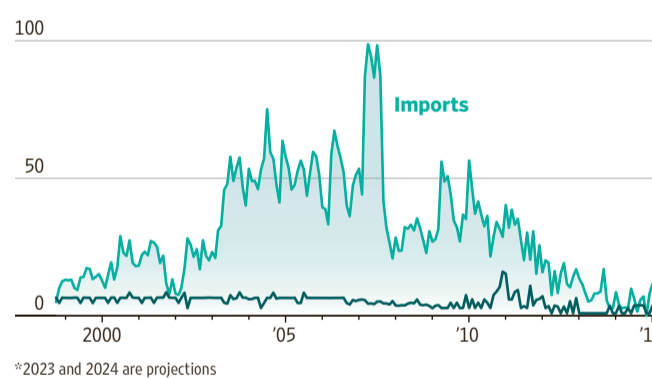
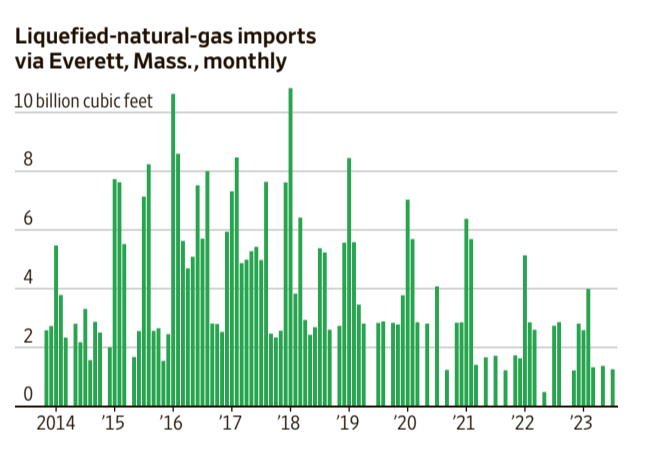
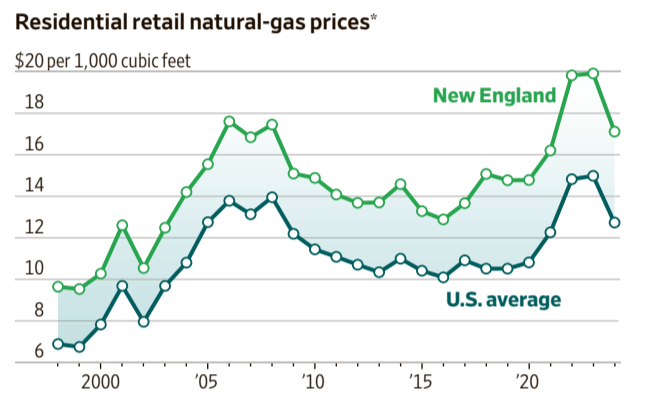
Bal Harbour Shops in Florida's Miami-Dade County, a premier luxury mall featuring swanky brands such as Chanel, Gucci and Tiffany, is getting into the affordable-housing business. Whitman Family Development, the shopping center's owner, filed plans with the village of Bal Harbour on Tuesday to build a roughly 20-story luxury hotel and three residential towers with 600 units within the complex. One building with about 240 units will be reserved for workforce housing, as part of Florida's new housing law known as the Live Local Act. That legislation, which went into effect last year, is meant to motivate developers to build more affordable housing. It offers developers tax breaks and allows them to bypass certain local zoning rules if enough workforce housing is built. Middle-income renters who earn 120% of an area's median income or less are eligible. The Bal Harbour complex is home to about 100 luxury retailers, including many of the world's most prestigious fashion and jewelry designers. The mall regularly tops the list of most profitable in the world, with sales of \$3,400 a square foot last year, according to real-estate analytics firm Green Street. The Whitmans have seized on the Live Local Act to bypass zoning rules that have prevented them from building much beyond the shopping center's existing three-story height. The plan calls for adding a further 2 million square feet to Bal Harbour Shops, which with other expansions would quadruple the size of the complex, the family said. The Whitmans say they have yet to determine the cost of the residential expansion. Widespread community opposition has derailed previous efforts to add taller buildings to the Bal Harbour complex. In 2021, the Whitmans organized a referendum vote that would have allowed them to bypass resident approval to seek additional height in their development. An overwhelming majority of voters rejected it. Now, by complying with the workforce housing conditions in the Live Local Act, Chief Executive Matthew Whitman Lazenby said his new expansion can proceed. If all goes as planned, in a few years some *Please turn to page B6*

## New England Faces a Possible Gas Crunch

By RYAN DEZEMBER AND DAVID UBERTI

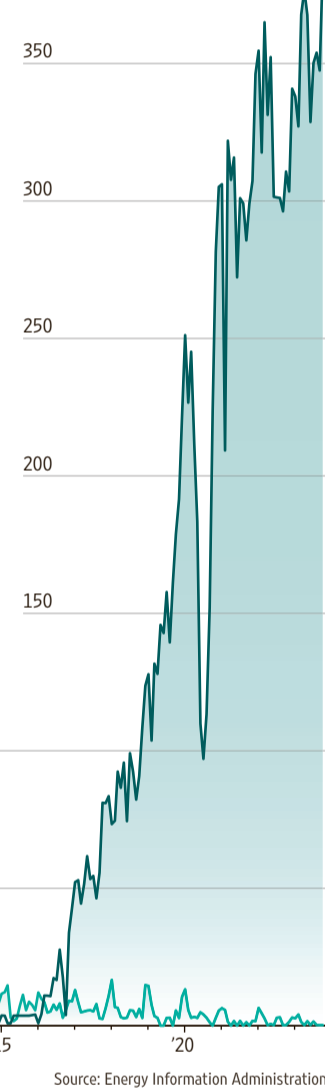
America is the world's largest natural-gas producer, but New Englanders' capacity to stay warm in winter may hinge on the fate of an expensive, 53-year-old import plant that its owner has threatened to shut down. Constellation Energy plans to retire a Massachusetts power plant at the end of May. That will eliminate the biggest user of the liquefied natural gas, or LNG, that is imported through the company's neighboring Everett Marine Terminal. Constellation said it is trying to line up new gas buyers to keep the terminal running. If it can't, it will likely close the import facility as well.

But New England utilities rely on imported LNG to keep them supplied in winter when demand peaks. Without it, severe cold could leave them, and their customers, in a bind, the utilities have said in public hearings and in letters to regulators. The situation on the Mystic River shows that 25 years after the first shale well was fracked in Texas, the benefits of the American drilling boom remain unevenly distributed. Swaths of the country are flooded with cheap gas, and export facilities have cropped up to sell the excess overseas. Other areas, including New England, are bereft of fuel and pay up for energy. New England residents paid about 31% more for natural gas in the fourth quarter of 2023 than the U.S. average, according to the Energy Information Administration. Weaning off those supplies without shortages during the coldest days is also emblematic of the challenges involved



in a smooth transition from fossil fuels to renewable energy. National Grid, which has more than two million gas customers in Massachusetts and New York, feeds fuel from Everett into its pipelines around Boston and also trucks it to storage tanks across the region ahead of each winter, said James Holodak Jr., the utility's vice president of energy supply. "We don't see any other near-term plausible solution

of which is currently recouped through New England electricity bills tied to the nearby power plant. Constellation said it would close the Mystic Generating Station at the May 31 expiration of a deal with regulators, a two-year agreement intended to bolster the region's energy supplies. Regulators point to a December 2022 incident as an example of why utilities need quick access to reserves of natural gas. A winter storm caused demand to surge. Gas wells in Appalachia froze and pressure dropped dangerously low on Consolidated Edison's pipeline system around New York City. The utility tapped its own LNG reserves to stave off damage that could have knocked out service and taken months to repair. Energy consultant Richard Levitan compared Everett to insurance against the loss of lights and heat during extremely cold stretches. "At the end of the day it's, what's the price of the insurance, and how much does this region want to pay?" Levitan told federal regulators at a hearing in Maine. He said it could cost about \$60 million a year to cover the terminal's fixed operating costs, plus the price of the LNG, which could amount to hundreds of millions of dollars annually. Grid operator ISO New England's own assessment is that there is little risk that the region's power generators will miss Everett. The proliferation of rooftop solar installations has bolstered New England's grid in recent years, and power plants that can burn fuel oil serve as backup. Regulators, who are banking on big renewable-en- *Please turn to page B5*



in the event that Everett closes if gas demand does not decline as drastically as some may anticipate," Holodak told federal regulators at a hearing last year. A big issue is how to cover the terminal's overhead, most *Please turn to page B5*

## X Video Push Offers Familiar Cable Faces

By ALEXA CORSE

X Corp. announced three new shows, including with former CNN host Don Lemon and former Hawaii congresswoman Tulsi Gabbard, as the platform seeks to draw more eyeballs and move attention away from controversies over owner Elon Musk's own posts. X also said Tuesday that a show with sports commentator Jim Rome will stream five days a week. X Chief Executive Linda Yaccarino, who spent three decades in the media industry before joining the social-media platform last year, has been drawing on her TV roots in her effort to turn around X's business. Yaccarino has been trying to acquire content that is palatable to advertisers, but has struggled to reassure many big brands that have pulled advertising over concerns about objectionable content. X has been trying to get more into video and long-form content since Musk's takeover,

including by welcoming former Fox News host Tucker Carlson to post videos after his split from Fox News. Carlson recently launched his own streaming service, though he also said he would continue posting free content on X. X ended 2023 with more tumult. A string of major brands, including Apple and Disney, stopped advertising on the site in November after Musk posted a tweet promoting antisemitic content and a media watchdog reported that some ads on X were running next to pro-Nazi material. Musk later said that his post had been foolish and that he hadn't meant anything antisemitic by it. Still, he dug in on his criticism of brands that pulled ads from X, publicly telling them in a November interview to "go f---yourself." Also Tuesday, Yaccarino appeared at the annual tech conference CES in Las Vegas for an onstage conversation with tech consultant and commen- *Please turn to page B4*

## INSIDE



**BUSINESS NEWS**  
NASA says U.S. astronauts' return to moon will have to wait a bit longer. **B3**



**TECHNOLOGY**  
ByteDance is in talks with potential buyers to sell videogame titles. **B4**

## Article on Ackman's Wife Spurs Tensions at Business Insider

By ALEXANDRA BRUELL

Since acquiring Business Insider nine years ago, Axel Springer has largely steered clear of intervening in the news outlet's editorial operations, even when high-profile people objected to unflattering articles about them. That hasn't been the case in recent days. The German media giant said it is reviewing the process and motivations behind a recent BI article accusing the designer and former professor Neri Oxman of plagiarism. The review comes amid complaints from Oxman's husband, the hedge-fund billionaire Bill Ackman, about the publication's reporting tactics. Ackman has registered his concerns in a flurry of X posts and said he texted with a BI director, urging the company to retract the article pending a probe. "Every minute more damage is created," Ackman wrote to the director. Axel Springer was particularly con-



cerned about Ackman's suggestion that anti-Zionism was at play in the reporting process, a notion BI insiders reject. The article wasn't taken down, but Axel Springer's review has dismayed BI staffers, from senior editors to rank-and-file journalists, who think the parent company shouldn't have gotten involved, said people familiar with the situation. BI's editorial standards board, made up of a handful of *Please turn to page B2*

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

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INDEX TO PEOPLE

Index to People table with columns A, B, C, D, F-G, H, J, K, L, M-N, Y-Z. Lists names like Ackman, Bezos, Musk, etc.

BUSINESS & FINANCE



The fashion subscription company also said its operating chief is resigning. A Rent the Runway store in San Francisco

KELLY SULLIVAN/GETTY IMAGES FOR RENT THE RUNWAY

Rent the Runway Plans Layoffs

By SABELA OJEA

Rent the Runway is putting in place another restructuring plan that includes cutting about 10% of its corporate roles, or 37 employees.

The fashion subscription company on Tuesday said the turnaround plan comes with the resignation of Anushka Salinas as operating chief and president, effective Jan. 31.

Jennifer Hyman, chief executive, chair of the board and co-founder, will assume both roles. Salinas served as Rent the Runway's president and operating chief since 2019.

"The Rent the Runway restructuring realigns the business around growth," the company said. "With already strong unit economics and high margins, this new structure is designed to set the stage for

the business to achieve free cash flow breakeven in fiscal 2024."

The New York company expects to book \$2 million to \$3 million in employee severance costs, and a noncash impairment charge of company assets of about \$1 million.

The turnaround measures are expected to result in about \$11 million to \$13 million of annual cash savings, Rent the

Runway added.

The company has been dealing with a decline in paying subscribers for several quarters. In September, Hyman said the company no longer expected to end its fiscal 2023 year with active subscriber growth of 25%.

Rent the Runway is investing in its inventory offering to lower higher churn levels among newer members.

Retailers Face Rising Theft, Shrinkage

By JENNIFER WILLIAMS-ALVAREZ

As retailers, in the coming weeks, report on the busy holiday shopping season, investors and analysts will be trying to get more understanding of shrinkage and theft.

Finance executives say they are fighting a growing wave of theft, cutting into profits that were already under pressure. But theft is just one contributor to shrink, the industry term for the difference between inventory on the books and what's physically on hand.

Shrink is now one of the most frequently discussed topics among management at Home Depot, said Chief Financial Officer Richard McPhail.

Shrink moved onto McPhail's list of top priorities roughly two years ago. That focus hasn't changed even though some mitigation efforts, such as locking up certain items and using live-view parking-lot cameras, are bending the curve, McPhail said.

"We're actually pleased with the results we're seeing, but it remains a pressure to our [profit]," he said. The Atlanta-based home-improvement giant in November reported that its gross profit for the first nine months of fiscal 2023 decreased 3.4% compared with the same period a year earlier. The decline was driven in part by shrink, it said, without breaking out the data.

Some analysts say the greater shrink may partly reflect a return to prepandemic norms rather than entirely new trends in theft. Reduced visits to physical stores starting in 2020 simultaneously decreased the opportunities for theft, they say, an effect that dissipated as shoppers stepped out of their houses again.

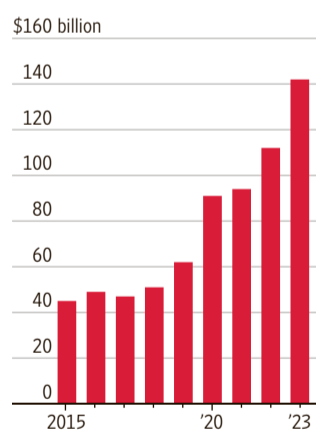
Shrink in dollar terms is certainly elevated to some degree, said Dylan Carden, a consumer equity research analyst at investment bank William Blair. U.S. retailers absorbed an estimated \$142 billion in losses due to inventory shrink in 2023, up



Home Depot said shrink contributed to a drop in gross profit the first nine months of fiscal 2023.

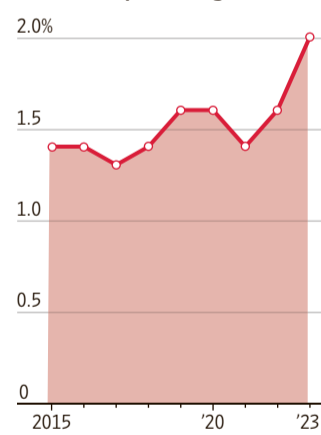
JUSTIN SULLIVAN/GETTY IMAGES

Shrink costs in dollar terms



Note: 2023 figures are estimates Source: William Blair analysis of National Retail Federation data

Shrink as a percentage of sales



Companies are providing some details about the financial hit. Dollar General's gross profit rate, or profit as a percentage of net sales, fell 5% during its third quarter, due primarily to increased inventory shrink, more markdowns and lower inventory markups.

"Shrink has been pretty significant for us for a while, and it's definitely going to carry into 2024," Dollar General's finance chief, Kelly Dilts, told analysts in December.

Dick's Sporting Goods expects shrink's impact on its gross margin to be roughly 0.5 percentage point higher in its current year than in fiscal year 2022, a figure the company said it expected but is eating into merchandise margins, CFO Navdeep Gupta told analysts in November.

Retailers are responding by adding security personnel and technology, locking up goods and closing hard-hit stores. Target, which last year said that shrink was expected to cut into profitability by more than \$500 million, announced in September that it would close nine stores, citing higher theft and safety concerns for shoppers and workers. Nike temporarily closed one of its Portland stores in 2022 amid issues with theft, and said last year say the location would close permanently.

—Mark Maurer contributed to this article.

Article Spurs Battle

Continued from page B1

senior journalists, sent an email to Editor-in-Chief Nicholas Carlson expressing concern about Axel Springer's public announcement of the review, some of the people said.

Late Monday, the outlet's union issued a statement saying, "We are disappointed to see Axel Springer publicly call the integrity of its journalists into question," adding, "we stand behind our members' work."

Representatives for Ackman and Oxman had no comment.

The review and frustrations inside BI are a test for Axel Springer, owner of such German titles as Bild and Die Welt, as it raises its profile in the U.S. The company, led by CEO Mathias Döpfner, added Politico to its fold in 2021 and has said it would be open to further expansion.

Axel Springer acquired Business Insider in 2015, seeing a web-savvy outfit that was drawing audiences to business reporting with punchy headlines, pithy news summaries and a healthy share of scoops and investigations. BI's strategy evolved over the years, as it emphasized paid subscriptions to varying degrees over time.

Getting into scrapes with public figures isn't new for BI. Last year, the founder of sports and pop culture site Barstool, Dave Portnoy, filed a defamation lawsuit against BI in response to sexual-misconduct allegations it published. The suit by Portnoy, who denied the allegations, was ultimately dismissed.

BI's reporting on Oxman began with an article last week that said she didn't use quotation marks when quoting another work in several instances and paraphrased from a book without a citation. Oxman apologized for those occurrences in a post on X.

A follow-up BI story Friday evening went deeper, saying that Oxman had lifted several passages from Wikipedia in her 2010 MIT doctoral dissertation without citation. Oxman, who is Israeli, was a professor at MIT's Media Lab for about a decade.

In his posts on X, Ackman said the BI reporting was in

retaliation for his role in generating a wave of scrutiny of Harvard University and its leadership. Ackman was one of the earliest critics of how Harvard University's leadership handled students' response to the Oct. 7 Hamas attack on Israel, and allegations of plagiarism against Claudine Gay, who resigned as the university's president this month.

Ackman said BI gave his communications representative less than two hours to provide a comment for the follow-up article after sending an email with detailed examples of alleged plagiarism by Oxman.

What drew particular concern from top executives at Axel Springer was Ackman's speculation about BI's motives, a person familiar with the situation said. "Note that they chose to send the email after sundown on Friday night to a family that celebrates Shabbat dinner together. And also note that they are attacking the Israeli wife of the protagonist in this situation," Ackman wrote on X.

Axel Springer's main corporate principles include support for Israel. The company re-

quires its German employees to sign a written commitment to those principles. While U.S. employees aren't required to sign the pledge, Döpfner told The Wall Street Journal after

Axel Springer acquired Politico that he expected its staffers to adhere to the principles, which also include support for a united Europe and a free-market economy.

"These values are like a constitution, they apply to every employee of our company," Döpfner said.

On Sunday, Ackman was in contact with a BI director to dispute the BI article and raise his concerns privately. He was told the company had launched an investigation. "The story is the number one trending story on X," Ackman texted the director, according to a post Tuesday on X in which Ackman detailed the exchange.

On Sunday evening, an Axel Springer spokesman issued a public statement. "Over the past few days questions have been raised about the motivation and the process leading up to the reporting—questions that we take very seriously," he said. "We are going to take a couple of days to review the processes around these stories to ensure that our standards as well as our journalistic values have been upheld. We will be transparent with our conclusions."

Rite Aid's Elixir Sale Is Approved

By ALEXANDER GLADSTONE

Rite Aid on Tuesday received a bankruptcy judge's approval to sell its Elixir Solutions pharmacy-benefit management business for \$575 million to MedImpact Healthcare Systems.

MedImpact, also a phar-

macy-benefit management company, had been the stalking horse bidder for Elixir when Rite Aid filed for bankruptcy in October.

The deal is expected to close during the first quarter. Until then, Elixir remains part of Rite Aid and will operate as normal, according to a state-

ment by Rite Aid on Tuesday.

Judge Michael Kaplan of the U.S. Bankruptcy Court for the District of New Jersey also approved bidding procedures of another auction for Rite Aid's retail assets. Final bids for the retail assets are due on Jan. 19.

—Will Feuer contributed to this article.

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BUSINESS NEWS

# Walmart Expands Area's Drone Delivery

The offering will cover about 75% of the population in Dallas-Fort Worth

By SARAH NASSAUER

Drones are more likely to be buzzing overhead this year in Dallas.

Walmart plans to offer drone delivery to most of the region this year, a major expansion of its effort in recent years to provide the delivery option to some customers in several states.

In Dallas, Walmart will partner with Wing, a unit of Alphabet, and Zipline, a global drone delivery company that works with healthcare providers and others. Walmart is currently offering drone delivery in a limited way in Dallas. After the expansion, drone

delivery from Walmart will be available to about 75% of the Dallas-Fort Worth population, the company said.

The drone companies handle delivery, while Walmart provides goods and access to shoppers.

The Federal Aviation Administration in recent months has allowed several drone-delivery companies to fly in less restrictive ways, spurring the Dallas expansion and other developments in the industry. Both Wing and Zipline are approved by the FAA to fly their drones without a dedicated observer being able to see them at all times, Walmart said. That allows the companies to deliver to a wider radius.

Drone delivery has become more mainstream in recent years as companies such as Alphabet and Walmart push for regulatory approval. Amazon.com

spurred broader interest in the technology in 2013 when then-Chief Executive Jeff Bezos said on the CBS news program "60 Minutes" that the company was developing drones to deliver packages. Progress moved slowly. Amazon has delivered some packages via drone since 2022 and said last October that it planned to expand the program this year.

Walmart currently delivers packages by drone in six states, said a spokeswoman. The expansion across most of Dallas, a sprawling metro area, will be the first time the retailer has offered drone delivery to so many households in one region. Shoppers tend to use drone delivery for last-minute or impulse purchases like a forgotten ingredient for a recipe, over-the-counter medicine or sweets, the company said.



Walmart currently delivers packages by drone in six states. Above, a delivery demonstration.



The Artemis I Space Launch System and Orion spacecraft, atop the mobile launcher, at NASA's Kennedy Space Center.

# NASA Says U.S. Astronauts' Return To Moon Delayed by Technical Woes

By MICAH MAIDENBERG

NASA delayed two astronaut missions to the moon, citing technical challenges that have emerged with everything from a spacecraft to new spacesuits.

The slips are a setback for the space agency's Artemis program, which seeks to reinvigorate U.S. space exploration ambitions with a series of astronaut visits to the lunar surface in the coming years.

The National Aeronautics and Space Administration aims to eventually establish a sustained U.S. presence on the moon and set the stage for missions to Mars.

The new schedule delays two lunar missions by about a year each, giving "Artemis teams more time to work through the challenges with first-time development, operations and integration," NASA

Administrator Bill Nelson said during a briefing Tuesday.

The delay of a moon mission the agency had hoped to conduct this year is related in part to what officials described as deficiencies with an electrical system on Orion, as the spacecraft for crew is called.

NASA is also studying why some pieces of the spacecraft's heat shield came off as the vehicle returned to Earth during a test mission more than a year ago.

That flight, called Artemis I, sent a spacecraft to a lunar orbit and back to Earth without anyone on board.

NASA had hoped to conduct Artemis II toward the end of

this year, sending four astronauts into a lunar orbit and back to Earth. Now, that flight is expected in September 2025.

The third Artemis mission also has been pushed back, from the end of 2025 to no earlier than September 2026.

That operation is designed to ferry astronauts down to the surface of the moon for the first time in more than 50 years, with SpaceX handling the operation using a version of its Starship vehicle as a lander.

Amit Kshatriya, a deputy associate administrator at NASA, said the third Artemis mission needed to be pushed

back as SpaceX continues to develop Starship, and Axiom Space works to create new spacesuits for a lunar visit.

"We need more time on landing system development and on the suit development," Kshatriya said.

NASA is working closely with virtually every major American aerospace contractor to build rockets, spacecraft, boosters and ground infrastructure that would make the missions to the moon possible.

The agency faces heightened competition to show it can once again deliver people to the moon as China expands its space program and pursues similar efforts.

Nelson said Tuesday he was confident that the U.S. would still beat China back to the lunar surface.

—Ailyn Woodward contributed to this article.

# GSK Buys Aiolos For Biotech Boost

By CHRISTIAN MOESS LAURSEN

GSK is buying biopharmaceutical company Aiolos Bio for up to \$1.4 billion in a deal that expands its respiratory pipeline and follows a string of pharmaceutical majors buying fast-growing biotechs to restock their pipelines.

The British pharmaceutical giant said on Tuesday that the deal to buy San Francisco and London-based Aiolos Bio, which focuses on patients with respiratory and inflammatory conditions, includes a Phase 2-ready antibody called AIO-001 for the treatment of adult patients with certain respiratory and inflammatory conditions.

The portfolio addition "could expand the reach of our current respiratory biologics portfolio, to the 40% of severe asthma patients with low type 2 inflammation where treatment options are still needed," Chief Scientific Officer Tony Wood said.

GSK is making an upfront payment of \$1 billion with a further payment of up to \$400 million dependent on certain regulatory milestones being met, it said.

The Wall Street Journal reported on Monday that Novartis is close to clinching an acquisition of Cytokinetics and its promising heart drug, citing people familiar with the situation. The potential price and other terms couldn't be learned.

A deal for Cytokinetics would be the latest in a flurry of merger activity involving pharmaceutical giants snapping up biotechnology companies.

AbbVie inked two recent acquisitions, and Bristol outlined a number of deals, including its \$14 billion acquisition of Karuna Therapeutics.

In June, GSK completed its acquisition of late-stage biopharmaceutical company Belvus Health Inc. for around \$2 billion.



GSK's research-and-development center in Stevenage, England

# Dada Nexus Warns About Sales Statement

By DAVE SEBASTIAN

A Chinese delivery company backed by Walmart said internal auditors had found suspicious practices that cast doubt on nearly \$70 million of recent sales.

U.S.-listed Dada Nexus, which is a subsidiary of Chinese e-commerce giant JD.com, said Monday it may have overstated the equivalent of \$69.9 million in online advertising and marketing revenues for the first nine months of 2023, and a similar amount of costs.

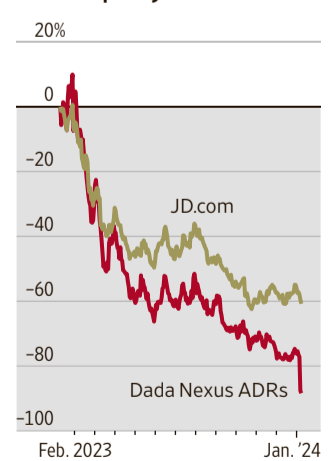
The company is majority owned by JD.com, while Walmart had a 9.3% stake as of March 2023. Both retailers are major customers of Dada.

Dada's American depositary receipts fell 46% Monday, slashing its market capitalization to about \$447 million. On Tuesday, they fell further, dropping 6.2%.

JD.com's ADRs fell 2.5%. On Tuesday, its Hong Kong-listed shares dropped more than 3%. That helped push the city's Hang Seng Tech Index to its lowest close since November 2022.

Last month, Dada's chair-

Share-price performance over the past year



Source: FactSet

man was replaced by JD.com's chief financial officer, Ian Su Shan.

The investor-relations head of JD.com's logistics unit also replaced Dada's CFO. The company said at the time that its previous chairman and financial chief had resigned for personal reasons.

Dada said its audit committee will hire independent professional advisers, including forensic accountants and lawyers, to conduct a review.

TECHNOLOGY

WSJ.com/Tech



The Chinese company's videogame division, Nuverse, was set up in 2019. A Nuverse booth at a German game fair.

ByteDance Looks to Sell Game Titles

By SHERRY QIN

TikTok's parent company ByteDance is further scaling back its ambitions in the gaming industry and is in talks to sell game titles to several prospective buyers.

verse is negotiating to sell games to Tencent.

A ByteDance spokesperson told The Wall Street Journal on Tuesday that negotiations with multiple potential buyers are continuing and Nuverse hasn't completed any transaction with Tencent.

LatePost said that Nuverse wants to sell several game ti-

gles to Tencent, including "Crystal of Atlan" and "Earth: Revival."

ByteDance set up Nuverse in 2019 to challenge gaming industry leaders such as Tencent and NetEase and has since spent billions of dollars on its efforts.

ByteDance in late November told senior managers at

its videogame unit to terminate games under development by December and laid off hundreds of employees at the division, the Journal previously reported.

ByteDance said it is restructuring its videogame business so it can focus on "long-term strategic growth areas."

Videos Are Where X Sees Future

Continued from page B1 tator Shelly Palmer, where she painted a positive picture.

Asked by Palmer about Musk's dropping the F-bombs,

Yaccarino said that people should watch the whole interview. Saying she wanted to talk about why Musk had been frustrated, she accused activists of pressuring advertisers not to spend on the site.

"I might have said it a different way," she said of Musk's remark, bringing laughter from the audience.

Asked about working with Musk, Yaccarino compared it to being in an unscripted show.

"The best thing that I could

tell you is that I'm learning every day," she said.

Asked why advertisers should put their ads on X given the risks around hateful content, Yaccarino said hate speech is a societal issue that every platform faces. She said X has ramped up its efforts to combat antisemitism, especially after the Oct. 7 attack by Hamas on Israel—including by suspending violating accounts and expanding the fact-checking feature Commu-

nity Notes.

Her appearance at CES, broadcast on X, was her first publicly livestreamed interview since an uncomfortable appearance at the Code tech conference in September. During that event, Yaccarino dodged questions about X's user metrics and seemed rattled when asked to respond to criticism from Yoel Roth, Twitter's former head of trust and safety, who had spoken earlier that day.

Microsoft Faces EU Scrutiny on OpenAI

By MAURO ORRU

The European Union is considering whether to launch a review of Microsoft's investment in ChatGPT maker OpenAI under the bloc's merger regulations, a month after the U.K. said it was also weighing whether the tech partnership could have an impact on competition.

The European Commission, the EU's executive arm, made the disclosure on Tuesday as it sought input from interested parties on the level of competition in virtual worlds and generative artificial intelligence, and feedback on what competition law can do to keep these new markets competitive.

"The European Commission is checking whether Microsoft's investment in OpenAI might be reviewable under the EU Merger Regulation," the commission said.

Last month, Britain's Competition and Markets Authority said it was seeking feedback on whether the Microsoft-OpenAI partnership should be considered a de-

facto merger, in a preliminary step that could lead to a formal investigation.

The two regulatory moves in Europe come in the wake of the abrupt firing and reinstatement of OpenAI Chief Executive Sam Altman late last year, along with the formation of a new board. In the boardroom shake-up, Microsoft gained a nonvoting observer position.

Microsoft said that, since 2019, its partnership with OpenAI had fostered more AI innovation and competition, while preserving independence for both companies. "The only thing that has changed recently is that Microsoft will now have a nonvoting observer on OpenAI's board," a Microsoft spokesperson said.

OpenAI didn't respond to a request for comment.

OpenAI started gaining traction in late 2022 after the release of its ChatGPT chatbot. Microsoft entered the picture as a partner for OpenAI, agreeing to invest \$13 billion in the company in exchange for what is essentially a 49% stake in the earnings of its for-profit arm.

Watch a Video: The '\$40 Pencil' That Almost Went Extinct

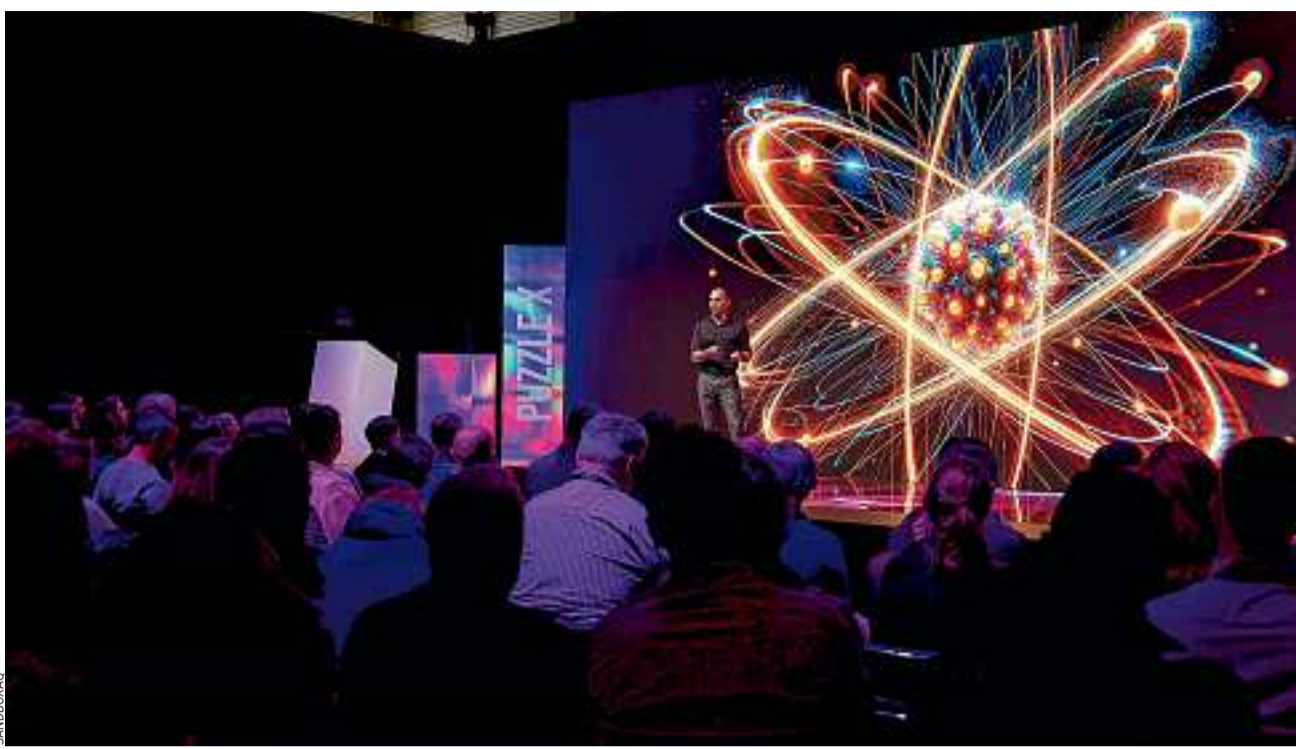


John Steinbeck used one to write 'The Grapes of Wrath' and a Disney animator was buried with one. Scan this code for a video on how Blackwing pencils almost went extinct and what it took to bring them back.

Advertisement for Omaha Steaks featuring a steak, promotional text, and pricing details.

Advertisement for Marquis Who's Who 2024 Honorees, listing names and titles of distinguished leaders.

## BUSINESS &amp; FINANCE



A SandboxAQ presentation; the maker of quantum-technology and AI tools for commercial use was spun out of Alphabet.

# SandboxAQ Deal to Drive AI Push in Drug Discovery

Good Chemistry purchase highlights hopes for cheaper, faster development

By ISABELLE BOUSQUETTE

Artificial intelligence and quantum company SandboxAQ on Tuesday announced that it acquired Good Chemistry, a deal aimed at addressing demand for technology that speeds up development of new drugs or new materials at lower cost.

The deal was valued at approximately \$75 million in cash and stock, according to people with knowledge of the acquisition.

"Combining forces, we absolutely can serve this market at a bigger scale and with more capability," said SandboxAQ Chief Executive Jack Hidary.

SandboxAQ, spun out of Google parent Alphabet in 2022 to make quantum-technology and AI tools for commercial use, including molecu-

lar simulations, said the deal will expand its customer base and bring in rarefied quantum talent.

Based in Vancouver, Good Chemistry is also a spinoff, having separated from quantum-computing firm IQBit in 2022. The company, whose customers include Dow Chemical, uses quantum tech and machine-learning to predict and simulate chemical properties. Good Chemistry CEO Arman Zaribafiyani will join SandboxAQ as head of product for AI-simulation platforms, and Good Chemistry's existing software will be integrated into Sandbox's enterprise-software portfolio.

The deal closed last Friday. It was SandboxAQ's second acquisition, following its 2022 purchase of cybersecurity and encryption startup Cryptosense.

Hidary noted that SandboxAQ and Good Chemistry work along similar lines: Both use algorithms designed to leverage the advanced capabilities of quantum computing to simulate the behavior of mate-

rials at molecular level. The resulting data can be used to train new AI algorithms for drug discovery or the development of new materials, he added.

Typically, it is a long and costly slog to develop a new drug or material, Zaribafiyani said. Being able to simulate the behavior of chemicals, rather than physically test them, could make the process significantly faster and cheaper, he said.

The two companies had been in conversations to collaborate for a year, Hidary said, but it was the rapidly growing demand for their services that in part inspired the deal.

"When we talk about the global impact of AI, and we look back five or 10 years from now, we're going to turn to this kind of AI that impacts the very nature of our healthcare system, medicine, automotive, aerospace and renewable energy," Hidary said.

Reema Khan, founder of Green Sands Equity, who led Good Chemistry's seed round,

pointed to Palo Alto, Calif.-based SandboxAQ's investors, who include former Google CEO Eric Schmidt and Salesforce CEO and co-founder Marc Benioff.

"When you have a team like that, it can really help push you forward," Khan said.

It is early for a company like Good Chemistry to be acquired, she said, but it is "ready for scaling." For small companies with compelling technology that want to expand, "it's a good idea to consider M&A in this market, absolutely," she added.

Carl Dukatz, next-gen compute lead at Accenture, said he thinks the combination of SandboxAQ and Good Chemistry might yield "very beneficial" products.

"The quantum and AI ecosystem is obviously extremely active right now, so we're seeing a lot of great companies joining forces in order to enhance both their capabilities and services," he said, calling the SandboxAQ-Good Chemistry tie-up "a really good match."

## Gas Crunch Threatens Region

Continued from page B1

ergy projects coming online, also have offered incentives to stockpile fuel in the meantime.

That has left ratepayers across the region footing bigger electric bills for an asset that some analysts say might be rarely needed for emergency power.

Andrew Landry, Maine's deputy public advocate, likened Everett to an appliance maker's advertising mascot, the Maytag man: a repairman with little to fix.

"The whole region was paying for it," Landry said, noting that the threat to gas distribution is concentrated in southern New England.

Everett has lasted this long partly due to the difficulty of building energy infrastructure in the Northeast. Pipeline projects that would deliver gas from prolific shale-gas fields in Pennsylvania, Ohio and West Virginia have been blocked.

Even renewable-power projects meet resistance in the Northeast. Power poles were already in the ground when, in 2021, Maine voters scotched a transmission line that would carry hydropower from the Canadian border toward Boston.

A transmission line being laid along the bottom of the Hudson River to carry hydro-

power from Quebec's remote forests to New York City took 15 years to clear permitting and other hurdles before work began last year.

The latest fights are disrupting offshore wind projects. Some New York wind developments are in limbo after regulators rejected developers' requests to charge higher power rates to account for their own rising costs. In New Jersey, officials criticized a European wind-power giant for mixing plans for two wind farms despite state financial incentives.

The Everett Marine Terminal has been funneling gas into New England since 1971. Other LNG import terminals were built in the ensuing decades as domestic gas production dwindled.

Natural-gas imports peaked in 2007, when leaps in drilling technology unleashed a flood

of shale gas.

Within a few years import facilities were retooled to liquefy gas and load it into boats rather than empty them. Last year the U.S. became the world's largest exporter

of LNG.

The tankers of cheap gas loaded along the Gulf Coast aren't allowed to deliver to Everett or anywhere else in the U.S. due to the Jones Act. Meant to preserve the domestic shipbuilding industry, the 1920 law restricts domestic shipping routes to U.S.-built and American-crewed vessels.

Though New England is served by a pair of big interstate pipelines as well as Canadian gas, it has had to bolster supplies with more-expensive imports from overseas, usually Trinidad and Tobago.

### New England utilities rely on imported LNG to stay supplied in winter.

# Accenture's Creative-Services Unit To Buy Work, a Digital-Design Firm

By PATRICK COFFEE

Accenture Song, the creative-services division of consulting giant Accenture, has struck a deal to acquire Work & Co., a digital design and technology agency whose clients have included Apple, Google, Pfizer and the PGA Tour.

Terms of the deal, which Accenture expects to close this month, weren't disclosed.

The acquisition will enhance Accenture's ability to create digital products ranging from apps and chatbots to e-commerce platforms, Accenture Song Chief Executive David Droga said. Accenture, which holds some 25 patents for generative AI technology, was also impressed by the agency's use of related tools in both its consumer-facing work and its internal operations, he said.

Brooklyn, N.Y.-based Work & Co. was established in 2013 to create stand-alone digital products for clients, but its remit expanded during the pandemic as online activity became a more important way for consumers to shop and interact with brands, said Mohan Ramaswamy, founding partner. Recent projects include a redesign of PepsiCo beverage brand Gatorade's e-commerce site and Charley, a free chatbot designed to help people search for reproductive health services following the Supreme Court's decision to overturn Roe v. Wade in 2022.

Work & Co. in recent years had become a target for deep-pocketed investors attracted to its client roster and its founders' backgrounds in tech-focused marketing, said Michael Seidler, founder and CEO of capital and mergers-and-acquisitions advisory firm Madison Alley, which previously represented a private-



Accenture Song CEO David Droga and Work & Co. founding partner Mohan Ramaswamy

equity firm that considered an investment in Work & Co.

"One of the key things is that they enable Accenture Song to connect with and service global CMOs with providing digital product design and sophisticated technical development at scale," Seidler said.

Carlyle Group's Europe Technology Partners investment fund and private-equity firm Copley Equity Partners acquired a minority stake in Work & Co. in 2020, with Copley owning a smaller share, people with knowledge of the situation said.

That deal was structured to allow Work & Co. employees to retain majority ownership, the people said. Third-party investments in Work & Co. haven't been previously reported.

Work & Co. has itself acquired several digital development firms.

"Over the past few years, we've entertained a number of different offers. All those conversations didn't really progress meaningfully enough, because it felt more transactional and less additive

to where we are and where we want to go," Ramaswamy said.

Accenture was a better fit because of its large size and expertise in the marketing and tech sectors, he said.

Work & Co. will become part of Accenture Song's design and digital product practice, said Droga. Its principals eventually could take on new roles within the firm, he said.

Consulting firms for years have been investing in marketing services in an effort to expand their offerings for businesses.

Accenture raised its profile in the advertising business in 2019, when it acquired Droga's ad agency Droga5. After he was promoted to CEO of Accenture's marketing division in 2021, Droga restructured the organization by streamlining its marketing services into practice areas focused on traditional marketing, commerce, design and digital products, and service, which helps clients manage customer relationships.

He also rebranded the division, which had formerly been

known as Accenture Interactive, as Accenture Song, and absorbed the individual brands of about 40 marketing businesses that previously had been acquired by Accenture.

Work & Co. will retain its own name for now, with the assumption that it eventually will merge into Accenture Song, said Droga.

Work & Co. employs just under 400 full-time staffers. About 30 are partners in the company, said Ramaswamy. The agency had \$146 million in revenue in 2022, the latest year for which it disclosed revenue.

Both Accenture and Work & Co. announced layoffs in early 2023 amid challenges to the digital advertising and consulting industries.

Accenture Song will continue to seek potential acquisitions, which over the past two years has primarily consisted of buying data and e-commerce providers, said Droga.

"It is a buyer's market. That doesn't mean we want to go out and buy stuff because people are selling," he said.

## In Memoriam

For more information: [wsj.com/inmemoriam](http://wsj.com/inmemoriam)

James L. Easton



LOS ANGELES, CALIF. - James L. Easton, Sporting Goods Legend, Passes at 88  
James L. Easton, 1935-2023, Sporting Goods Innovator and Legend, died on December 4th, 2023, at his home in Los Angeles, CA. After several debilitating strokes, he fought a long battle for recovery the same way he had lived, with focus, determination, dignity, and hard work - he continued to be an inspiration to all that knew him. He was 88 years old.

Jim was born in Los Angeles on July 26, 1935, son of archery innovators Doug and Mary Easton. Doug Easton had built a business making highly crafted, custom archery gear, popular at the time with Hollywood luminaries such as Errol Flynn. From childhood, Jim worked with his mother and father in their archery shop.

Jim was determined to attend college and worked a full-time job at Douglas Aircraft while earning his engineering degree at UCLA (BS '58). He completed U.S. Army Reserve training at Fort Ord and after graduation, he rejoined the family archery manufacturing equipment business.

Since 1972 Jim was CEO of Jas. D. Easton, Inc. (JDE), the international sporting goods company started by his father Doug Easton in 1922. The company developed the aluminum arrow shaft in 1946. Using the Easton proprietary manufacturing technology developed by his father, and his commitment to make products that truly enhanced the performance of the user, Jim changed the high-performance sports equipment industry.

Jim led the company in its revolutionary movement from wood and steel sports equipment to lightweight, high-strength, aluminum and carbon composite products.

Easton arrows have dominated competitive, recreational and bowhunting archery ever since. The popular "Green Easton" (1979) and later-model Easton baseball and softball bats have dominated the college game for decades. After Wayne Gretzky switched to Easton (1990), the majority of NHL players started using the new Easton aluminum—and in 2004 the carbon composite—hockey stick.

Jim became CEO and Chairman of Easton-Bell Sports after the 2006 merger of Easton Sports, Bell, Giro, and Riddell. He remained Chairman of JDE, the world's leading archery equipment company—owner of Easton Technical Products (arrows, accessories, and commercial tubing) and Hoyt (bows and accessories).

Jim left his mark on global sport, not just with products, but also with global sport leadership at the highest levels. Jim's interest in sports and business led to his appointment as Archery Commissioner, Head of Technology and Mayor of the Athletes Village at UCLA during the 1984 Los Angeles Olympics. Jim also organized and managed the 1983 FITA World Archery Championships. He produced all but one of the Olympic Games Technical Archery

films from 1976 to 2004. As President of the World Archery Federation for 16 years from 1989 to 2005, he innovated new competition formats making archery exciting and television-friendly, and during the London 2012 Olympic and Paralympic Games, one of the most-watched sports. His deep involvement in the sport of archery is credited with it being designated as a core sport in the Olympic Games.

In 1994, Jim was co-opted as Member of the International Olympic Committee (IOC) and has served as vice president, Executive Board Member and became an Honorary IOC Member in 2015.

Jim was a member of the United States Olympic and Paralympic Committee (USOPC) Board of Directors for over 20 years. Since its inception, he has served on the board of LA84, the Legacy Foundation of the Los Angeles Olympic Games.

Jim's commitment to archery is evidenced by the establishment of the Easton Sports Development Foundations (The Easton Foundations) created in 1982 to provide excellence in leadership, facilities, programs, training and education for the growth and development of sports related to Easton products with a special emphasis on archery.

This philanthropy has made a worldwide impact on archery through the building and support of archery centers around the world including the Easton Archery Center of Excellence in Chula Vista, California, and numerous Archery Centers in the United States. Funding to World Archery's Development Foundation has enabled international programs and construction of the World Archery Excellence Centre in Lausanne, Switzerland.

Jim was inducted into the Archery Hall of Fame in 1997, the U.S. Olympic Hall of Fame in 2012, and received the U.S. Olympic Committee Olive Branch Achievement Award (2012) and the USOC Olympic Torch award (2016). In 2014, he received the Utah Sportsman of the Year award and in 2016, the Utah Governor's Lifetime Achievement Award. Other awards include the Little League Distinguished Ambassador Award, NFAA Compton Medal of Honor, Sporting Goods Hall of Fame, and Bowhunters Hall of Fame.

Jim never forgot his collegiate roots. His philanthropic initiatives have benefited UCLA engineering, business, medicine, and sports. He was a recipient of the UCLA Medal for his achievement as a global leader in business and philanthropy, the highest honor bestowed to an individual by the University of California at Los Angeles.

We celebrate the life that was Jim Easton's. A life of hard work. Genius. Generosity. Integrity. Passion. A loving husband, father, and grandfather. A modest, yet relentless, seeker of excellence. Jim Easton will be greatly missed by the many people that were touched by him and had admiration for him, and whose sports and lives were made more productive and fun because of him.

Jim is survived by his wife of 29 years, Phyllis, daughter Lynn, son Greg, three grandchildren (Charlotte, James, and Elaine), stepdaughters Sloan and Stacy, five step-grandchildren (Logan, Joey, Gavin, Jaden, and Daxton), and brother Robert Easton.

The family will celebrate Jim's life at a private memorial observance.

Memories of Jim can be shared at - <https://www.dignitymemorial.com/obituaries/los-angeles-ca/james-easton-11572500>

Gifts honoring Jim's life can be made to The Easton Foundations or to UCLA Foundation by visiting the pages below.

The Easton Foundations: <https://www.esd.org/>  
UCLA: <https://giving.ucla.edu/campaign/donate.aspx?Fund=10141C>

# THE PROPERTY REPORT

## Data-Center Developer Gets Infusion

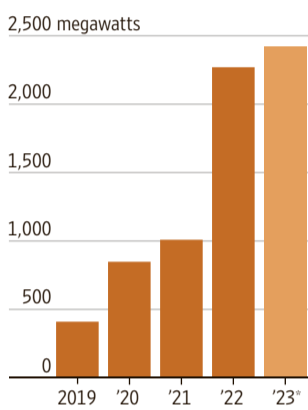
The \$6.4 billion investment signals AI is giving the sector a boost

By PETER GRANT

One of the world's largest data-center developers is getting a \$6.4 billion equity infusion, the latest sign that this property sector is booming alongside the rise in artificial intelligence.

Vantage Data Centers plans to use the capital from digital infrastructure investor DigitalBridge Group and Silver Lake, a technology investment firm, to add more than 3 gigawatts of capacity globally.

### Data center leasing in North America



That is enough to power more than 2.5 million homes.

Vantage already has 32 data-center campuses on five continents. Its expansion is in response to growing AI demand from tech companies such as Microsoft, Google, Oracle and Amazon Web Services. The new capacity will cost about \$30 billion, including debt, company officials said.

"Arguably [AI] has been the fastest adopted business technology in history," said Sureel Choksi, Vantage's chief executive. It has sparked "an arms race between all of the world's leading tech companies."

The \$6.4 billion equity raise increases Vantage's global valuation to more than \$15 billion, according to people familiar with the matter.

The data-center industry, which provides the buildings that house the internet, went into full throttle mode last year as millions of individuals and a range of businesses began adopting artificial-intelligence tools. Because of its complexity, AI computing such as OpenAI's ChatGPT puts much higher demands on data-center power and cooling compared with other technology.

Before the AI boom, large deals in the data-center industry would be for single locations that provided 20 to 50 megawatts in capacity, Choksi



Vantage Data Centers has 32 campuses around the world to meet growing demand from tech companies. A facility in Arizona.

said. In the past year, Vantage has started to see deals with tenants in the range of 100 to 500 megawatts "that are specifically in support of AI on a dedicated basis for customers," he said.

Companies in North America leased 2.4 gigawatts of data-center capacity in the first three quarters of 2023, and that figure will likely come in at or above 3 gigawatts for the full year, according to datacenterHawk, a data, research and consulting firm. That is up from 2.3 gigawatts in all of 2022 and 1 gigawatt in 2021, datacenterHawk said.

This high demand fueled data-center rent increases last year in the low double digits, up from the high single digits in 2022, said David Guarino, an analyst with real estate analytics firm Green Street. Data-center operators are indicating that this year will be just as strong as 2023, Guarino said.

The strength in data centers contrasts with other commercial-property sectors, which are suffering declining

valuations because of high interest rates. Some also face sector-specific issues, such as remote work in the office industry and online shopping's competition with malls.

While high interest rates also are hurting data-center values and increasing borrowing costs, higher rents have more than made up for it.

Big investment firms participating in the data-center boom include Blackstone and PGIM Real Estate. Shares of real-estate investment trusts focusing on data centers rose about 30% in 2023, compared with a REIT industry average of about 10%, according to Green Street.

Both DigitalBridge and Silver Lake have a history with Vantage. Boca Raton, Fla.-based DigitalBridge already is a lead investor in the data-center company through its digital infrastructure funds. Silver Lake, based in Menlo Park, Calif., and New York, founded Vantage in 2010 with an eye toward meeting the growing data-center demand from cloud-computing busi-

nesses being built by technology companies.

Silver Lake sold Vantage to a group led by DigitalBridge in 2017 in a deal that valued Vantage at about \$1 billion, according to people familiar with the matter. Over the next seven years, DigitalBridge expanded Vantage from locations in just Silicon Valley and Washington state to 19 markets with demand fueled by the growth of cloud computing.

"There's tremendous growth in this biz to support broad digitization," said Jon Mauck, a DigitalBridge senior managing director. "We don't require every company to adopt AI to be successful."

Lee Wittlinger, a Silver Lake managing director, said his firm decided to renew its investment in Vantage after recognizing the importance of AI to all of Silver Lake's portfolio companies.

"All of them have some AI-enabled application, either opportunistically or defensively," he said. "It's an imperative." Data-center operators still

face obstacles to their expansion plans. Technology industry veterans and government officials have expressed concern about the potential dangers of AI, such as its risk to privacy and job security. Some call for delaying growth.

Electricity shortages also have surfaced in some of the most desirable locations. The shortfalls raise questions about whether power-hungry technology will be able to expand at the rate companies want, even if they are unfettered from regulations.

Vantage said it has no immediate concerns about land or power shortages for the next few years because it has sufficient land and is partnering with local utilities to add the more than 3 gigawatts it currently is planning. People involved with the company also believe that the robust demand they are anticipating won't be affected by any restrictions imposed on AI.

"Irrespective of all the concerns being raised, I think the genie is out of the bottle on AI," Wittlinger said.



## Owner of Manhattan Property Files for Bankruptcy

By BECKY YERAK

The owner of mixed-use building Bloom on 45th in Manhattan has filed for bankruptcy, saying fallout from the Covid-19 pandemic as well as interest-rate increases have made it unable to meet its debt obligations.

Hudson 888 sought protection from creditors Sunday in the U.S. Bankruptcy Court in Manhattan after it failed last Friday to reach a debt-restructuring settlement with a secured lender owed a total of \$79.8 million.

The property, at 500 W. 45th St., was built in 2020. Roughly 60 residential units of the 92-unit luxury condo property in Hell's Kitchen are unsold.

"As a result of the pandemic restrictions in place for more than two years, residential sales of the project did not meet the projections" of the owner and original lenders, Hudson 888 Chief Executive Sheng Zhang said in a filing.

When pandemic restrictions started easing in 2022, the Federal Reserve began successive interest rate increases to combat inflation. "Those increases in interest rates caused mortgage rates to increase, which put downward pressure on the condominium sales market," the CEO said in the filing.

Hudson began defaulting on its debt in late 2022.

The property's senior creditor, which is affiliated with real-estate investment firm BH3 Management, had bought the debt last April from the original lender. BH3 couldn't be reached for comment.

The commercial spaces at Bloom are nearly entirely leased, including Target as a tenant.

Bloom and two other New York projects are owned by Xin Development Group.

Hudson's law firm in the bankruptcy is Herrick Feinstein.

The case, number 24-10021, has been assigned to Judge Michael Wiles.

## Builder Plans an Expansion

Continued from page B1 of the staff who sell designer goods at the mall's posh shops or wait tables at the complex's trendy restaurants would be able to live at the site.

"Those folks are driving in from homes that are very far away," Lazenby said. "Here we have an opportunity to finally find a way to let those people get to live in a community that they spend so much of their time in."

Both the workforce and the market-rate apartments will be designed by the architectural firm SOM and will be indistinguishable from the outside, Lazenby said.

The Live Local Act received broad bipartisan support in the state legislature when it passed last year and Republican Gov. Ron DeSantis signed it into law. But its implemen-



Above, a rendering of the expanded Bal Harbour Shops, including residencies and a high-end hotel. The shopping center, seen below, is home to many luxury stores.

Florida legislators are already trying to revise parts of the act. Last week, lawmakers in the state's House and Senate introduced identical bills that would limit the amount that developers can expand their projects under the Live Local Act in certain cases. But the bills would also enhance developers' rights in other ways.

The Whitmans say they should be able to build higher because other properties in Bal Harbour, including the St. Regis across the street, rise more than 20 stories.

The family has had mixed results with other expansion plans at Bal Harbour. In 2019, the Whitmans secured a \$550 million loan to expand its retail space by adding the department store Barneys New York. Barneys has since gone bankrupt. The shopping complex recently added a parking garage.

tation is drawing criticism from members of local municipalities in both parties who say their power has been preempted.

Some Florida cities have tried to sidetrack new projects that are relying on the act. In Doral, a city in Miami-Dade

County, the local council passed a six-month moratorium on any Live Local Act developments after a developer proposed a 12-story project. The city and the developer reached a compromise and the firm agreed to top out at eight stories.

The owners of the Cleveland South Beach hotel last year unveiled plans for up to a 30-story residential building that would tower over the rest of Miami Beach's Ocean Drive. After meeting with local leaders, the owner decided to reduce the height to 18 stories.



BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

Footnotes:

N New 52-week high. N- New 52-week low. DD Indicates loss in the most recent four quarters. FD First day of trading. H Does not meet continued listing standards. IF Late filing. Q Temporary exemption from Nasdaq requirements. T-NYSE bankruptcy. V Trading halted on primary market. W In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

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.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Table with columns: Tuesday, January 9, 2024, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes tickers like AECOM, AES, Affac, AGCO.

Exchange-Traded Portfolios

Largest 100 exchange-traded funds, latest session

Table with columns: Tuesday, January 9, 2024, ETF, Symbol, Closing Price, Chg, YTD (%).

Large table of ETFs with columns: Symbol, Closing Price, Chg, YTD (%). Includes tickers like CommSvcsSPDR, CnsmrDiscSel, DimensUSCoreEq2, etc.

Large table of stocks with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg.

BANKRATE.COM MMA, Savings and CDs

Average Yields of Major Banks

Table showing average yields for various bank products: National average, Savings, Jumbos, Weekly change.

Consumer Savings Rates

Below are the top federally insured offers available nationwide according to Bankrate.com's weekly survey of highest yields. For latest offers and reviews of these financial institutions, please visit bankrate.com/banking/reviews. Information is believed to be accurate and guaranteed.

High yield savings

Table of high yield savings accounts from various banks like MyBankingDirect, BriroDirect, Vio Bank, etc.

High yield jumbos - Minimum is \$100,000

Table of high yield jumbo certificates of deposit from various banks like Vio Bank, Western Star Bank, etc.

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Large advertisement for Business Real Estate & Services, featuring a map of a development site at 1319 Wyandotte St. in Kansas City, MO, and contact information for Hilco Real Estate Sales.

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Table with columns: Metal & Petroleum Futures, Open, High, Low, Settle, Chg, Open interest. Includes Copper-High, Gold, Palladium, Silver, Crude Oil, etc.

Table with columns: Agriculture Futures, Open, High, Low, Settle, Chg, Open interest. Includes Corn, Soybeans, Wheat, Soybean Meal, etc.

Table with columns: Interest Rate Futures, Open, High, Low, Settle, Chg, Open interest. Includes Ultra Treasury Bonds, Treasury Bonds, etc.

Table with columns: Index Futures, Open, High, Low, Settle, Chg, Open interest. Includes Canadian Dollar, British Pound, Australian Dollar, etc.

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

January 9, 2024

Table with columns: Inflation, U.S. consumer price index, International rates, Federal funds, Commercial paper, Secured Overnight Financing Rate, Treasury bill auction, Secondary market, Other short-term rates, Call money, Discount.

Cash Prices | wsj.com/market-data/commodities

Tuesday, January 9, 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.

Table with columns: Energy, Metals, Battery/EV metals, Fibers and Textiles, Grains and Feeds, Fats and Oils. Includes Copper, Steel, Lithium, etc.

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

January 9, 2024

Table with columns: Inflation, U.S. consumer price index, International rates, Federal funds, Commercial paper, Secured Overnight Financing Rate, Treasury bill auction, Secondary market, Other short-term rates, Call money, Discount.

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ByteDance Inc, Monetization Strategy Associate, Ecommerce (Mult.Pos.), New York, NY.

CAREERS
Senior Manager, Product Management
TikTok Inc, Senior Manager, Product Management (Mult.Pos.), New York, NY.

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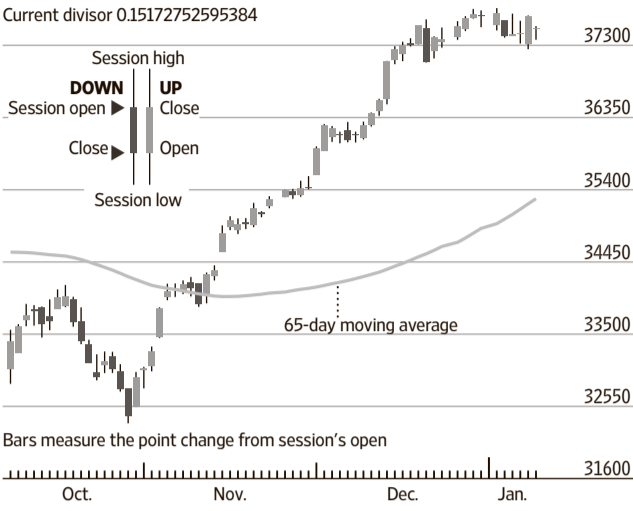
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MARKETS DIGEST

EQUITIES

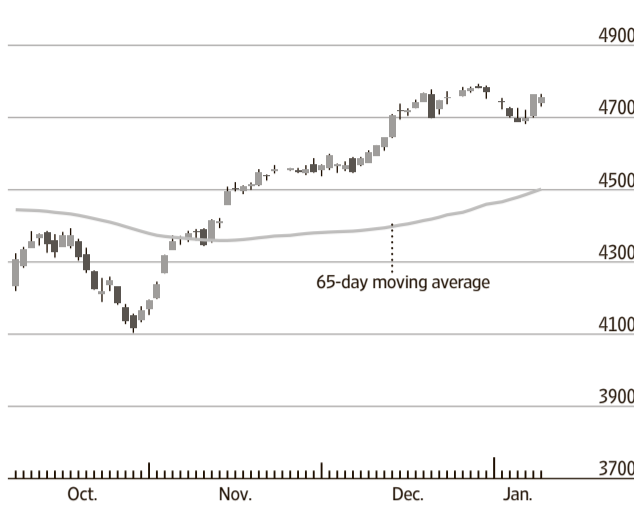
Dow Jones Industrial Average

37525.16 ▼157.85, or 0.42%
High, low, open and close for each trading day of the past three months.



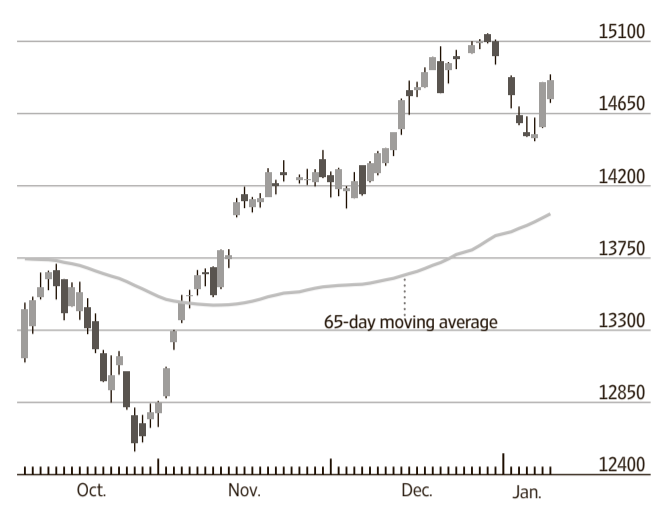
S&P 500 Index

4756.50 ▼7.04, or 0.15%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

14857.71 ▲13.94, or 0.09%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table of Major U.S. Stock-Market Indexes including Dow Jones, Nasdaq Stock Market, S&P, and Russell 2000 with columns for High, Low, Close, Net chg, %chg, and YTD.

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...

Most-active issues in late trading

Table of Most-active issues in late trading listing Company, Symbol, Volume, Last, Net chg, After Hours %chg, High, and Low.

Percentage gainers...

Table of Percentage gainers listing Company, Symbol, Volume, Last, Net chg, After Hours %chg, High, and Low.

...And losers

Table of ...And losers listing Company, Symbol, Volume, Last, Net chg, After Hours %chg, High, and Low.

Trading Diary

Volume, Advancers, Decliners

Table of Trading Diary metrics including Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, Unchanged, New highs, New lows, Closing Arms, and Block trades.

International Stock Indexes

Table of International Stock Indexes listing Region/Country, Index, Close, Net chg, Latest %chg, and YTD %chg.

Percentage Gainers...

Table of Percentage Gainers listing Company, Symbol, Latest Session Close, Net chg, %chg, 52-Week High, Low, %chg.

Percentage Losers

Table of Percentage Losers listing Company, Symbol, Latest Session Close, Net chg, %chg, 52-Week High, Low, %chg.

Most Active Stocks

Table of Most Active Stocks listing Company, Symbol, Volume, %chg from 65-day avg, Latest Session Close, %chg, 52-Week High, Low.

Volume Movers

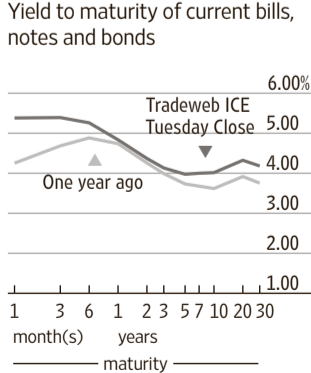
Table of Volume Movers listing Company, Symbol, Volume, %chg from 65-day avg, Latest Session Close, %chg, 52-Week High, Low.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Table of Consumer Rates and Returns to Investor including U.S. consumer rates, Selected rates, and Interest rate trends.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of Corporate Borrowing Rates and Yields listing Bond total return index, U.S. Treasury, Aggregate, Fixed-Rate MBS, High-Yield 100, Muni Master, and EMBI Global.

CURRENCIES & COMMODITIES

Currencies

Table of Currencies listing Country/currency, U.S. vs. In US\$, U.S. vs. YTD chg (%), U.S. vs. per US\$, U.S. vs. YTD chg (%).

Commodities

Table of Commodities listing Commodity, Tuesday Close, Net chg, %Chg, High, 52-Week Low, %Chg, YTD %chg.

NEW HIGHS AND LOWS

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Table with columns for Stock, 52-Wk % Chg, and 52-Wk High/Low. Includes sections for Highs, Lows, and Dividend Changes.

Biggest 1,000 Stocks | wsj.com/stocks

Table listing the top 1,000 stocks by market cap, with columns for Stock, Sym, Close, and Net Chg.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmark

Return on investment and spreads over Treasurys and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table showing bond performance metrics including Total return, YTD total return, Index, and Yield for various bond categories like Broad Market, U.S. Corporate, and High Yield.

Corporate Debt

Prices of firms' STMs reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table showing investment-grade spreads for various companies like Wells Fargo, KeyCorp, Goldman Sachs, etc., with columns for Issuer, Symbol, Coupon, Yield, Maturity, Spread, and Basis points.

...And spreads that widened the most

Table showing widened spreads for companies like Massachusetts Institute of Technology, Svenska Handelsbanken, etc., with columns for Issuer, Symbol, Coupon, Yield, Maturity, Spread, and Basis points.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Table mapping yields for various countries like U.S., Australia, France, Germany, Italy, Japan, Spain, U.K., etc., with columns for Country, Maturity, Yield, and Spread.

High-yield issues with the biggest price increases...

Table showing high-yield issues with biggest price increases, including Liberty Interactive, Dish DBS, Teva Pharmaceutical, etc., with columns for Issuer, Symbol, Coupon, Yield, Maturity, and Spread.

...And with the biggest price decreases

Table showing high-yield issues with biggest price decreases, including Hughes Satellite Systems, Embarrq, Advance Auto Parts, etc., with columns for Issuer, Symbol, Coupon, Yield, Maturity, and Spread.

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets. e-Ex-distribution. F-Previous day's quotation. G-Footnotes x and s apply. F-Footnotes e and s apply. R-Reallocated by Lipper, using updated data. P-Distribution costs apply. 12b-1-F-Redemption charge may apply. S-Stock split or dividend. F-Footnotes p and r apply. V-Footnotes x and e apply. X-Ex-dividend. F-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper; data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Table of mutual fund performance metrics including Fund, NAV, Chg, and % Ret for various categories like AB Funds, American Century, etc.

Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close

Source: MarketAxess

MARKETS & FINANCE

SEC Call on Spot Bitcoin ETFs Has Few Possibilities

By Vicky Ge Huang

Crypto enthusiasts think the launch of the first U.S. exchange-traded funds that hold bitcoin is a done deal. But regulatory approval is still no guarantee, especially in the wild world of crypto.

The Securities and Exchange Commission faces a final deadline of Wednesday to approve or reject at least one of the 11 applications for such funds, which are known as spot bitcoin ETFs. Bitcoin has soared in recent weeks in anticipation of regulatory approval, climbing above \$47,000, its highest level in about two years.

On Tuesday, the SEC's official X account was hacked when the agency posted that it had approved exchange-traded funds holding bitcoin, forcing Chair Gary Gensler and the regulator to disavow the erroneous post. Bitcoin briefly jumped over \$1,000, to near \$48,000, before Gensler said on the social-media network that the message after 4 p.m. was "unauthorized" and that the SEC "has not approved the listing and trading of spot bitcoin exchange-traded products."

"It's a hack," a spokeswoman for the SEC said.

Approval would be a two-step process: The SEC has to greenlight the filings known as 19b-4s from the exchanges that outline the rule changes permitting the new class of funds to trade, and make the registration statements from the asset managers effective, before the funds can start trading.

Here are the four scenarios that could play out.

◆ The SEC approves all 11 applications simultaneously:

Wednesday's deadline applies only to the first applicant: a joint venture of Cathie Wood's ARK Investment Management and crypto asset manager 21Shares. But crypto investors and ETF analysts are broadly betting that the SEC will approve all 11 applications simultaneously to avoid any perceived favoritism.

First-mover advantage has been a common phenomenon in the ETF industry for years. For example, the first futures-

based bitcoin ETF—the ProShares Bitcoin Strategy ETF—saw over \$1 billion in trading volume on its first day in October 2021, far outpacing rival products that launched just a few days later. It remains the largest bitcoin futures ETF, with \$2 billion in assets under management.

If all the funds are approved at once, a brutal fee war is expected to break out in the crowded market. Some of the asset managers are taking a page from traditional finance to compete on cost, while others have begun a marketing push.

The agency has previously delayed its decision on ARK's application three times.

◆ The SEC rejects all 11 applications:

Although unlikely at this stage, the SEC could reject all 11 spot bitcoin ETFs. In the past, the agency has repeatedly blocked attempts to launch such funds on the grounds that they are vulnerable to fraud and market manipulation.

◆ A split decision:

The SEC could approve or reject some of the applications while delaying its decisions on others.

Asset managers and exchanges have been updating their filings over the past few months to incorporate feedback from the SEC staff. Theoretically, the SEC could reject applications that haven't followed the agency's guidelines, while approving those that have.

Or, if the SEC decides that this latest round of tweaks to the applications still isn't sufficient, the agency could reject ARK's application and defer making decisions on the others until the next round of deadlines.

The SEC also could ask ARK to withdraw its filing temporarily and reject the other applications on new grounds.

◆ The SEC approves the filings from the exchanges, but stalls on S-1 and S-3 filings from asset managers:

Because there are no prior examples of the SEC approving nearly a dozen ETFs that hold the same asset all at once, it is uncertain whether the SEC will choose to approve the exchange's 19b-4 filings or make the asset managers' S-1 or S-3 filings effective first.

The SEC's division of trading and markets is responsible for reviewing the 19b-4 filings from exchanges. The division of corporation and finance is responsible for reviewing S-1 and S-3 filings from asset managers.

Wednesday's deadline is for the review of Cboe's 19b-4 filing submitted on behalf of ARK and 21Shares. That means that the agency's two divisions could be working on different timelines, leaving the funds in limbo if their registration statements aren't declared effective.

Apollo Backs New Firm Funding Private Markets

By Laura Kreutzer

Apollo Global Management is backing the formation of a new firm that will provide capital to help private-market firms that are starting or expanding, including firms led by professionals from diverse backgrounds.

The private-markets giant in New York is partnering with Jason Howard to establish New Catalyst Strategic Partners and will take a stake in the firm.

"By investing in Jason and New Catalyst, who squarely focus on next generation [general partners], we can expand opportunities to many more managers than we otherwise would on our own," Apollo partner Bill Lewis said.

Before setting up the new venture, Howard spent nearly 14 years at asset manager GCM Grosvenor, where he co-led the Chicago firm's private-equity diverse manager investment strategy. Previously, he worked with Credit Suisse's customized fund investment

group, which GCM acquired.

With total assets of about \$76 billion, GCM manages some \$11 billion across its private-equity diverse-manager platform, according to the firm's website.

At New Catalyst, Howard plans to identify and support new firms started by experienced professionals and fund existing firms as they set up new strategies, and potentially co-invest with the firms.

"I can't count the number of times managers came to me looking for a strategic partner to help them with a range of alternatives," Howard said. "That could be seeding their new fund, or helping them launch a new strategy or providing bridge capital—because they were between funds—or even helping them fund a really interesting portfolio company."

New Catalyst plans to back emerging managers targeting funds of at least \$250 million in size and pitching their first, second or third funds, according to Howard.



The technology-heavy Nasdaq was led by shares of Google parent Alphabet, Nvidia, Microsoft and Amazon.com.

Nasdaq Ekes Out Third Win In a Row, as S&P Declines

By Karen Langley

The Nasdaq Composite climbed for a third consecutive day as shares of Nvidia, Amazon.com and Google parent Alphabet advanced amid a small decline in the broader market.

The tech-heavy index added 0.1%, leaving it down 1% in 2024. The S&P 500 slipped 0.1%, while the Dow Jones Industrial Average lost 0.4%, or about 158 points.

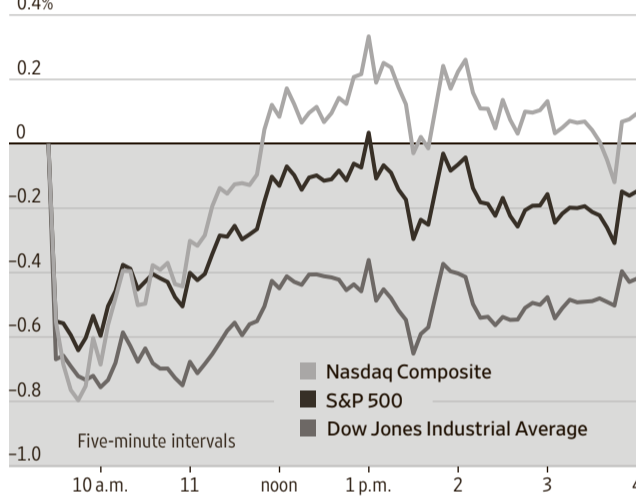
Stocks had a relatively quiet session after a day of solid gains to start the week. All three indexes are modestly lower so far this year after ending 2023 with double-digit gains. The S&P 500 advanced 24% last year, the Dow industrials gained 14% and the Nasdaq surged 43%.

"We had a very robust end to the year," said Meghan Shue, head of investment strategy at Wilmington Trust. "Now it becomes a question of what's priced in and how do we move forward?"

The technology, communications-services and consumer-staples segments of the S&P 500 advanced, while the financials, industrials and consumer-discretionary sectors declined.

Ellen Hazen, chief market strategist and portfolio manager at F.L.Putnam Investment Management, expects the S&P 500 to deliver a more modest

Index performance on Tuesday



Source: FactSet

return than in 2023. She is skeptical that most of the big tech stocks can repeat their blockbuster performance in 2024.

"Unless we see earnings estimates begin to significantly accelerate, it's hard to see how the stocks repeat last year's performance again this year," she said.

News that Hewlett Packard Enterprise was in advanced talks to buy Juniper Networks drove moves in both companies' shares. The \$14 billion deal was confirmed after the market closed on Tuesday. HPE's stock slumped 8.9%, the worst performance in the S&P

500, while Juniper jumped 22%, the best performance in the index.

Shares of Illumina advanced 4.5% after the gene-sequencing company said it expected its full-year sales to decline less than it had forecast. Boeing shares fell 1.4%, adding to their 8% drop Monday after a hole opened midair in a 737 MAX 9.

The "Magnificent Seven" group of big tech stocks had a mixed showing. Tesla fell 2.3%, Apple declined 0.2% and Meta Platforms dropped 0.3%. Nvidia, Alphabet, Amazon.com and Microsoft ended the day higher.

Investors are looking ahead

to Thursday's release of new inflation data as they try to forecast when the Federal Reserve might begin cutting interest rates.

They are also preparing for the fourth-quarter earnings season to kick off in earnest Friday with reports from JPMorgan Chase, UnitedHealth Group and Delta Air Lines, among others. Analysts predict that companies in the S&P 500 will report a second consecutive quarter of earnings growth.

In bond markets, the yield on the benchmark 10-year U.S. Treasury note rose to 4.016% from 4.001% on Monday. Oil prices climbed, with Brent crude at \$77.59 a barrel.

Overseas, the Stoxx Europe 600 edged down 0.2%. At midday Wednesday, Japan's Nikkei 225 was up 1.85%, blowing by the record reached on Tuesday. South Korea's Kospi was down 0.7%. S&P 500 futures fell slightly.

Auction Results table showing Treasury auction details: Applications \$138,967,271,900; Accepted bids \$52,000,056,800; Interest rate 4.000%; Bids at clearing yield accepted 14.89%; Cusip number 91282C119.

Swiss National Bank Rules Out Payouts

By Joshua Kirby

The Swiss central bank won't pay out any dividend for 2023 after a second straight year of losses, having twice hiked interest rates to combat inflation.

The Swiss National Bank's provisional net loss of around 3 billion Swiss francs, equivalent to \$3.5 billion, was down to a loss on its Swiss franc po-

sitions, totaling around 8.5 billion Swiss francs, it said Tuesday.

The bank made a profit on its foreign-currency positions and gold holdings.

The loss "precludes a distribution for the...year," the SNB said, adding this applies both to shareholder dividends and to payout agreements to the Swiss confederation and individual cantons, or states.

The loss in 2023 follows a much wider shortfall the previous year; for 2022, the SNB booked a net loss of 132.5 billion francs as an appreciating franc and market turmoil hit the bank's income. The SNB similarly ruled out paying a dividend for that year.

The bank twice increased its key policy rate in 2023 as it fought to bring down price inflation that, while never

reaching the increases recorded in the U.S. and many European nations, stood at high levels by Swiss standards, reaching a peak of 3.5% in the summer of 2022 and remaining elevated for much of 2023.

The SNB increased its key rate—which had been negative until 2022—twice over the course of last year, taking it to 1.75%.

Altman Firing Stirs Startups

Continued from page B1 young company at around \$75 million. Overnight, he was stripped of his chief executive role. Beaman, who overcame a troubled youth of addiction before he became sober, said it was still difficult to talk about getting pushed out.

"There's been no more painful experience in my life," Beaman said.

Beaman said he was pushed out before an equity stake he was eligible to own had vested. At his new company, Novel, Beaman set up a double-trigger clause to his vesting schedule. If he is fired or if the



Long-Term Stock Exchange CEO Eric Ries advises founders.

e-commerce technology company is acquired, he will receive a year's worth of vesting. His second time around, Beaman said, he also chose his early investors carefully, paying close attention to how they treated founders in the past.

Other founders are thinking

about how to build softer bulwarks in their board. Ries is encouraging a mission pledge that adds some legal language in how a board should make decisions. Others are just trying to get board members they can trust.

A few days after Altman's

firing, Max Bregman went out to dinner with seven other founders in Phoenix. Over pizza, they asked how they could protect themselves.

At 22 years old, Bregman is young even by startup-founder standards. In March, he co-founded BreatheEV, which builds software for electric-vehicle-charging stations.

Bregman said he wants to steer clear of career board members who he thinks can be conflicted. He said he was also exploring a separate ethics board or an ethics pledge for his board members.

"Someone on your board should have the best intentions for your company. They shouldn't be more worried about alliances with other board members," he said. "Setting the framework up now when not as much is at stake is important for the future."