

What's News

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Energy Rivals Near Big Merger

Diamondback, Endeavor to create giant with \$50 billion market value

By LAUREN THOMAS AND LAURA COOPER

Rivals Diamondback Energy and Endeavor Energy Resources are finalizing a merger that would create an oil-and-gas behemoth worth more than \$50 billion, as higher oil prices and a rush to grab prime acreage have fueled consolidation in the energy sector.

Diamondback could announce a deal with the closely held Endeavor as soon as Monday, according to people familiar with the matter, assuming the talks don't hit a last-minute snag.

Endeavor, founded by wildcatter Autry Stephens, has long been one of the most prized businesses in the consolidating Permian Basin, the largest U.S. oil patch that straddles West Texas and New Mexico.

In striking a deal for Endeavor, Diamondback fended off competition from other parties including ConocoPhillips, some of the people said.

The stock-and-cash deal would value Endeavor at around \$25 billion, and Diamondback shareholders would own the majority of the combined company after it closes, they said.

A pair of megadeals by Exxon Mobil and Chevron late last year helped prompt a flurry of deals in the sector. It is another sign the U.S. economy is proving surprisingly resilient and that for many companies, it is business as usual even amid elevated interest rates.

Already, deal volumes in the U.S. are up 78% compared with a year earlier, according to Dealogic. Pricier debt and a tighter regulatory environment crimped merger and acquisition activity in 2023, but many advisers expect a busier 2024 as companies put their extra cash to work and rates appear poised to come down.

Diamondback went public in 2012 and has been one of the fastest-growing frackers, with its crude production Please turn to page A2

Netanyahu Presses Case for New Front In Gaza

Israel's plan to pursue Hamas in Rafah widens rift with U.S.; two hostages rescued

TEL AVIV—Prime Minister Benjamin Netanyahu of Israel, raising the stakes in his widening rift with President Biden during a tempestuous election year, took his message directly to U.S. voters in two television interviews Sunday, arguing that Israel must pursue Hamas in the southern Gaza city of Rafah until the militant group is destroyed.

By Chao Deng, Carrie Keller-Lynn and Daniel Michaels

Netanyahu's determination to crush the military power of Hamas, which Israel, the U.S. and other countries deem a terrorist organization, runs against increasing concern in the White House that Israel is pressing a military campaign that is causing a humanitarian crisis and has no clear resolution.

Early Monday, Israel's military said it conducted a series of strikes in southern Gaza. It also said it rescued two hostages—Fernando Simon Marman and Louis Har—in an overnight raid on a building in Rafah. They were determined to be in good condition.

Shaping both Biden's and Netanyahu's agendas are constricting domestic political realities. Biden, a Democrat, is locked in a fight for re-election against likely Republican candidate Donald Trump, who—like many members of Congress from both parties—vocally supports Israel.

Biden also faces growing pressure from his party's left wing and crucial pockets of minority voters to moderate his support for Israel and bring the four-month war to an end. Particularly worrying to the administration is the prospect of losing backing among Arab-American voters in Michigan, a swing state that is pivotal to Biden's hopes of remaining in the White House.

Netanyahu, meanwhile, is working to reverse sliding public support among an Israeli public that blames his government for lapses in security on Oct. 7 when Hamas attacked Israel and killed 1,200 Please turn to page A7

◆ Hamas hid compound under U.N. agency office..... A6

Chiefs Beat 49ers 25-22 for Second Straight Title



BACK TO BACK: Patrick Mahomes holds up the NFL championship Vince Lombardi Trophy after leading Kansas City at the Super Bowl Sunday night in Las Vegas. The Chiefs are the first to repeat as champs since the Patriots in 2004 and 2005. A18

Sports Streaming Bet Is a Hail Mary

Venture to bundle live sports needs to cover high costs and keep leagues on board

Executives at the National Football League were in Las Vegas on Tuesday preparing for the Super Bowl when they got word from news reports that their

By Joe Flint, Jessica Toonkel, Isabella Simonetti and David Marcelis

business—and the sports media industry writ large—was about to change in a fundamental way.

Disney's ESPN and Fox, two of the league's biggest media partners, announced that alongside Warner Bros. Discovery they would create a new streaming service to offer all their live-sports programming. The NFL, a titan that's used to having a seat at the table in any discussion affecting its future and content, was out of the loop.

Executives including Commissioner Roger Goodell and media chief Brian Rolapp were caught off guard by the news.

That the media behemoths were willing to risk the ire of the NFL shows the sense of urgency—even desperation—they feel about solving what is arguably

the biggest riddle in their industry: finding a business model that can work in the streaming economy.

To do that, they made a profound shift without consulting powerful partners like the NFL, revealing it days before the biggest sporting and television event of the year. They're taking the chance that, by joining forces with big rivals, they won't draw antitrust scrutiny. And they're doing it with a product that consumers might not even want—in part because the new service won't Please turn to page A12

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Frustrated Executives Look Past Delaware

By THEO FRANCIS AND ERIN MULVANEY

Three powerful businessmen are trying to loosen Delaware's long-held grip over public companies.

Tripadvisor, under media executive Greg Maffei, wants to reincorporate in Nevada, over the objection of minority shareholders. Billionaire Barry Diller is awaiting a ruling that could relax Delaware's scrutiny of transactions like the 2020 split of some of his online businesses. And Elon Musk, who reincorporated Twitter as X in Nevada last year, has said he would ask shareholders about reincorporating Tesla in Texas.

"I recommend incorporating in Nevada or Texas if you prefer shareholders to decide matters," Musk turned to X on Please turn to page A2

◆ Investors wonder about Tesla's future..... B4

INSIDE



PERSONAL JOURNAL Online quizzes, like the citrus peel challenge, put relationships to the test. A13



BUSINESS & FINANCE A Buffett protégé bets on San Francisco, bidding on near-vacant office buildings. B1

Hands Off! Going Out in Public Wearing a \$3,500 Headset

Early adopters of Apple's Vision Pro are walking magnets for stares and interruptions

By JOSEPH PISANI AND SALVADOR RODRIGUEZ

Yam Olisker was walking around New York City's Times Square getting stares and questions from strangers. That can happen when you have a \$3,500 hunk of tech

strapped to your face. Olisker was wearing Apple's new Vision Pro, the mixed-reality headset that looks like giant silver ski goggles. Yes, even in bustling Times Square—among naked cowboys, costumed Spidermen Please turn to page A12

NATO Denounces Trump's Comments Undercutting Pact

President Biden and NATO leaders denounced former President Donald Trump's comments that he would encourage Russia to invade U.S. allies that don't contribute sufficiently to military defense.

By Annie Linskey, Aaron Zitner and Alex Leary

"NATO remains ready and able to defend all Allies," said NATO Secretary-General Jens Stoltenberg in a statement. "Any suggestion that Allies will not defend each other undermines all of our security, including that of the U.S., and puts American and European soldiers at increased risk. I expect that regardless of who wins the presidential election the U.S. will remain a strong and committed NATO Ally."

Leaders in Germany and Poland also swiftly criticized Trump's comments, illustrating how closely top officials

are monitoring the U.S. presidential campaign and its implications for a world that is already on edge.

The unusual and immediate responses came after presidential candidate Trump, speaking at a campaign rally in South Carolina on Saturday, said he would encourage Russia to attack NATO countries that don't pay enough into the alliance. Invoking a scenario in which a country not paying enough were to be attacked by Russia, Trump said, "No, I would not protect you. In fact, I would encourage them to do whatever the hell they want. You got to pay. They got to pay your bills."

Successive U.S. presidential administrations have pushed NATO members to increase their spending to 2% of their GDP, but during his time in the White House, Trump re Please turn to page A8

◆ Trump exerts control over a GOP in disarray..... A4



U.S. NEWS

Climate Tax Credits Outpace Projections

By RICHARD RUBIN
AND AMRITH RAMKUMAR

President Biden's 2022 climate law is driving faster-than-expected growth in electric-vehicle purchases and clean-energy projects, doubling the projected cost to taxpayers while potentially accelerating emissions reductions.

The Congressional Budget Office this past week bumped up its projection of the law's climate tax credits through fiscal 2033 by \$428 billion, putting an official stamp on what public and private analysts had been saying for the past year. The law, known as the Inflation Reduction Act, is expected to spur up to \$3 trillion in total public and private investment over the next decade.

The CBO's increase is driven by a flood of clean-energy factory announcements, proposed environmental regulations that would push more buyers to electric vehicles and rules allowing leased electric cars to qualify for generous tax breaks with fewer restrictions.

When enacted, the IRA was expected to include \$271 billion in tax breaks over a decade,

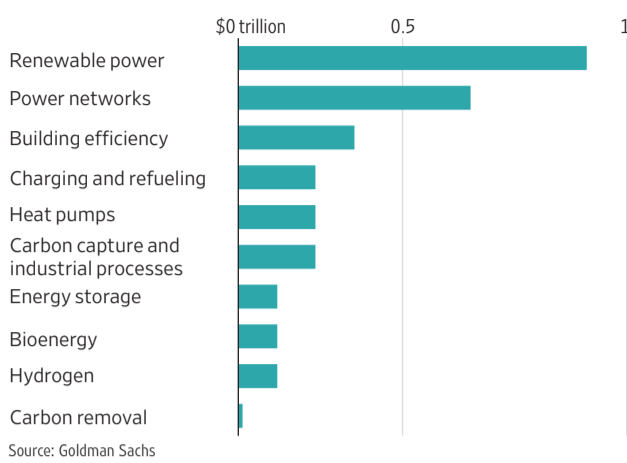
though that can't be compared directly to the \$428 billion increase. The CBO said this past week that the IRA's budgetary effects are still highly uncertain.

The tax credits' popularity and cost could fuel concerns about rising government budget deficits and make the energy incentives a target for some Republicans if they take full control of Congress and the White House next year.

But many analysts think it will be difficult for lawmakers to repeal subsidies that are popular among a swath of businesses including fossil-fuel, manufacturing and transportation companies. The subsidies are designed to increase energy security and have been boosting job creation, particularly in Republican districts.

"These dollars will soon be flowing quickly out the door to projects and factories across the U.S., with a really strong concentration in red states," said Eric Scheriff, who leads energy and sustainability advising at Capstone, a Washington-based firm that tracks regulatory and legislative issues. "That's going to do a lot in terms of members supporting

Estimated total potential clean-energy investment driven by Inflation Reduction Act over next decade



keeping these credits around."

Proponents of the law, which passed without any Republican votes, argue that the higher expenses are worth it because they will reduce the long-term costs associated with climate change and extreme weather, including major storms, droughts and wildfires.

Companies announced more than \$100 billion in clean-energy manufacturing facilities in the year after the law passed. "The Inflation Reduction

Act is bringing billions in private-sector capital off the sidelines to invest in America," said White House spokesman Michael Kikukawa, who said the law's other provisions, including expanded tax enforcement, mean it will reduce budget deficits in the long run.

One potential risk is that some companies will try to abuse the system or reap benefits without changing their behavior. Critics say much of the money for wind and solar-

power projects is subsidizing investment that would have happened anyway.

"It's not like there was no interest in wind, solar, offshore wind. There was, and we had some existing credits. They just put them on steroids," said Douglas Holtz-Eakin, a former CBO director who now runs the conservative American Action Forum.

When Congress passes laws, it asks its official nonpartisan experts—the CBO and the Joint Committee on Taxation—to estimate the fiscal impact.

The task is sometimes relatively easy and accurate, like predicting the cost of a \$2,000-per-person stimulus check. The IRA's tax credits were harder to forecast because they required estimates of new industries like clean hydrogen and guesses about consumer behavior while interest rates and prices were rapidly changing.

Tighter rules for products like electric cars and hydrogen as well as project delays could shrink the amount of tax credits claimed in the coming years.

In explaining the revision, the CBO said the biggest

change came from the Environmental Protection Agency's proposed rule to tighten vehicle-emissions standards. That would force automakers to increase EV production, driving more sales that will qualify for tax credits worth up to \$7,500.

The impact is even larger than it looks because the CBO only includes half the effects of any proposed rule. If the EPA completes the rule as expected, the CBO would include the other half in its next update.

The rules for leased vehicles created another discrepancy from original forecasts. For purchases, the EV tax credits are limited by the buyer's income and the vehicle's cost and manufacturing location. But those rules don't apply to commercial vehicles.

That commercial-vehicle section was projected to cost just \$3.6 billion, but the Treasury Department said leased vehicles can qualify for the open-ended commercial-vehicle credits rather than the restrictive regular credits. EV leasing has since expanded.

A Treasury official said Treasury's leasing rules clearly follow the statute.

Energy Rivals Near Big Deal

Continued from Page One growing around 50 times in the past decade to reach more than 260,000 barrels of oil a day. It has been adding to its inventory of wells through acquisitions.

A combination with Endeavor would grant the combined company top-tier status in the Permian, endowing it with nearly as much acreage in the basin as rival Conoco-Phillips and crude production likely eclipsing 400,000 barrels a day.

Endeavor's Stephens is an 85-year-old billionaire who has drilled aggressively in West Texas for decades. He formed a sole proprietorship and drilled his first well in 1979 and turned that proprietorship into Endeavor Energy Resources in 2000.

He has since built it to have one of the most sought-after land positions of any oil-and-



A compressor station feeds gas to pumps where it can be taken away for use elsewhere in Diamondback's Permian operation.

gas conglomerate in the world. Its operations cover roughly 350,000 net acres across the Midland Basin counties.

Endeavor has explored selling itself on and off for years, attracting interest from the likes of Shell, Exxon and Pio-

neer Natural Resources at various times, people familiar with the matter have said.

Stephens himself is known for his intense work ethic, frugal spending and encyclopedic knowledge of his company's deals. He has been known to

work late, show up to his offices on weekends and walk the building's staircases for exercise. He sometimes flies on commercial flights despite his estimated fortune of nearly \$15 billion.

While many U.S. frackers

have seen oil-well productivity decline as they have drilled through their best locations—a big factor in recent deals—Endeavor has the largest remaining inventory of top-tier oil acreage of any private Permian company, ac-

ording to energy-analytics firm Flow Partners.

It has also been one of the most active producers in the region. The company was among private operators that kept drilling through the Covid-19 pandemic and helped U.S. crude production recover rapidly after a lull.

Following Exxon's nearly \$60 billion all-stock deal to buy Pioneer last fall, Chevron announced a \$53 billion all-stock deal to purchase Hess the same month.

Occidental Petroleum late last year revealed a \$10.8 billion agreement to buy West Texas producer CrownRock. Last month, energy company APA agreed to buy smaller peer Callon Petroleum in a deal valued at about \$4.5 billion including debt.

Elsewhere in the energy space, Southwestern Energy and Chesapeake Energy agreed to a merger in January that created one of the largest natural-gas producers in the U.S.

Reuters reported in December that Endeavor was again exploring a sale.

—Collin Eaton and Benoît Morenne contributed to this article.

Billionaires Take On Delaware

Continued from Page One Jan. 30, the day a Delaware court threw out his \$55.8 billion Tesla pay package. On Thursday, Neuralink, Musk's closely held brain-implant company, incorporated in Nevada, state records show.

Delaware has long held primacy in U.S. corporate law, including the scrutiny devoted to transactions between a public company and any shareholder who effectively controls it. Nevada and Texas are among the states hoping to appeal to at least some companies by setting up an alternative legal environment.

Companies most commonly register in their home state or Delaware. Still, states are doing more to compete. Four have created new statewide business courts since 2019, joining about two dozen that

had them. A specialized business court in Texas, among the newest, is scheduled to open in September.

Nevada has been at it for years, passing legislation designed to lower litigation costs and offer greater protections for directors and executives. One tally ranks Nevada second to Delaware in attracting corporations.

"Nevada has clearly made a play to take on Delaware and try to attract companies, either from the beginning or getting them to move," said Adam Chodorow, an Arizona State University law professor.

The ferment isn't likely to unseat Delaware immediately. The small state remained the legal home of just over two-thirds of Fortune 500 companies in 2022, up slightly from five years earlier, state records show. Nearly 80% of initial public offerings in 2022 were registered there, slightly below 2019 levels.

Lawyers said they prefer the simplicity of a single state with decades of precedent covering nearly any corporate development. Also, most corporate law in Delaware is handled by a

group of specialized judges in nonjury trials.

Last spring, online travel company Tripadvisor asked shareholders to support a plan to reincorporate in Nevada. So did its parent company, Liberty TripAdvisor, also publicly traded. Investors obliged: Two-thirds of the Tripadvisor vote supported the move; 80% did at the parent.

Most of those votes essentially reflected one shareholder's stance, that of Maffei, chairman of both companies and CEO of the parent. He held 43% of the vote at the parent, which in turn held 56% of the vote at Tripadvisor, largely through supervoting shares, securities filings show. Maffei is a longtime lieutenant of media billionaire John Malone.

Two minority shareholders sued the travel companies in Delaware, where both are incorporated, accusing Maffei and directors of the companies of steering the outcome to benefit themselves. Absent Maffei's vote, reincorporation won just 5.4% support at Tripadvisor and 30% at Liberty TripAdvisor, the lawsuit argues.

Delaware courts typically defer to a company's board on many kinds of decisions under the "business judgment" rule. A tougher standard applies when companies pursue transactions that stand to disproportionately benefit a controlling shareholder. In lawsuits over those transactions, companies generally must show the transaction was "entirely fair" to other shareholders.

Nevada, by contrast, has broad protections for directors and officers in many cases that Delaware wouldn't, including involving improper personal gain. Moving to Nevada, then, benefits Tripadvisor directors and executives at the expense of minority shareholders, who should be compensated, the Tripadvisor plaintiffs alleged. Maffei has a history of being

sued over allegations of seeking to benefit at the expense of minority shareholders, the plaintiffs argued, pointing to a half-dozen cases alleging conflicts of interest in recent years in which Delaware's Chancery Court ruled against the executive. Settlements yielded about \$300 million in four of those cases, the lawsuit says.

In court, Maffei and the companies deny wrongdoing, saying the lawsuit fails to show they benefited improperly or will benefit from Nevada's litigation protections. They also say Nevada law adequately protects minority shareholders and that past settlements in Delaware don't mean Maffei or other defendants breached

to ease the scrutiny companies receive when engaging in some transactions with a major shareholder.

Known as IAC/InterActive Corp. until June 2020, the company was previously headed by Diller, who at the time was chairman and held just under half its voting power. That month, Match split from what is now IAC Corp., in which Diller and his family held just over 40% of the voting power.

A group of pension funds sued over the breakup, alleging that Diller and Match's directors approved a transaction that improperly benefited themselves and IAC. The plaintiffs argued that the transaction favored what became IAC

or by minority shareholders. They argued that in recent years, Delaware judges have required both approvals in too many circumstances.

While competition from other states might not sway any court decisions, "I certainly think there is a political realization in the background that some people are complaining that Delaware has become more unfriendly to management," said Renee Zaytsev, a partner at law firm Boies Schiller Flexner.

Musk has a mixed record in Delaware's courts.

He won a key case there in 2022, when a judge ruled Tesla paid a fair price for SolarCity while Musk helped run both companies. He fought a long and unsuccessful battle there to abandon his \$44 billion deal to buy Twitter. After he took over Twitter, Musk in 2023 changed it to privately held X Corp. and moved its domicile from Delaware to Nevada.

On Jan. 30 another Delaware judge struck down his massive stock award and said the process for securing its approval in 2018 was deeply flawed. "Never incorporate your company in the state of Delaware," Musk tweeted after the decision.

Phil Shawe, chief executive of New York-based translation services company TransPerfect, moved its incorporation from Delaware to Nevada in 2018. Like Musk, Shawe was frustrated with Delaware's business court after lengthy litigation there over his privately held company that booked revenue of \$1.2 billion last year.

Shawe will see that they have other options, which could be more beneficial and less expensive. "Delaware is a very powerful institution and it does a lot to keep the corporate disputes for public and private companies," Shawe said. "It's a lucrative business: what gambling is to Las Vegas."



Angela Weiss/Getty Images



Normi Galante/Getty Images

their fiduciary duties.

In a securities filing, Tripadvisor said reincorporating in Nevada would save about \$250,000 a year in taxes and could cut down on legal costs and "provide potentially greater protection from unmeritorious litigation for directors and officers."

A spokesman for Tripadvisor declined to comment.

The court heard arguments in November, and a decision is expected this month. Tripadvisor and its parent have held off reincorporating until the litigation is resolved.

Match Group, which owns dating services Match and Tinder, isn't trying to move to Nevada. Instead, it has asked the Delaware Supreme Court

over other shareholders, including by transferring cash.

In court and securities filings, the defendants argued that the transaction was fair and expanded minority shareholders' stake in Match, which also no longer was controlled by a dominant shareholder. The Delaware court dismissed the case, calling the separation process fair enough to gain Diller and the directors the benefit of the doubt under the business-judgment rule.

The pension funds appealed to the Delaware Supreme Court. In responding, Diller and other defendants argued that such transactions should benefit from lighter court scrutiny if approved by either an independent board committee

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U.S. NEWS

Defense Secretary Austin Returns to Hospital

By GORDON LUBOLD

WASHINGTON—Defense Secretary Lloyd Austin returned to the hospital Sunday, marking his second stay this year at Walter Reed National Military Medical Center following a surgery he had for prostate cancer in December. His previous hospitalizations, in December, and a subsequent stay in January were both initially kept secret from the public and many senior officials—even from President Biden—sparking controversy over who was running the Pentagon.

Austin, 70 years old, was taken by his security detail Sunday afternoon to the hospital for what Pentagon officials described as “an emergent bladder issue” that was thought to be related to the surgery he had in December for prostate cancer.

Initially, the Pentagon said Austin had retained his normal authorities as the head of the Defense Department. But later on Sunday evening, Maj. Gen. Pat Ryder, a department spokesman, said that those authorities had been transferred to Deputy Defense Secretary Kathleen Hicks.

Austin had been expected to travel to Brussels on Tuesday for meetings. The status of that trip was unclear Sunday.

Austin’s return to the hospital is the latest wrinkle in an episode that began Dec. 22 when Austin had scheduled surgery for prostate cancer that was kept secret from the White House, Congress and the public for two weeks. Austin, a retired four-star Army general, chose not to share his situation with anyone but a small cadre of trusted staff.

The situation came to light only after he returned to the hospital for complications from the surgery. The episode has drawn sharp criticism from both parties in Congress.

Austin, who spoke to reporters about it for the first time earlier this month, took responsibility for the secrecy.

Last week, Pentagon officials said an internal review was complete, but a public summary of the investigation hasn’t been released.



A class at Bryant-Webster Dual Language School in Denver includes recently arrived migrants. Mayor Mike Johnston, above, says there is a humanitarian crisis in the city. Hot meals are served at an encampment of mostly Venezuelan migrants in the Denver area.

Denver Strains Under Migrant Influx

Mayor hoped for aid from failed border bill as tens of thousands of people seek help

By ALICIA A. CALDWELL AND MICHELLE HACKMAN

DENVER—Standing in his downtown office Tuesday, Denver Mayor Mike Johnston got word that a Senate bill to overhaul U.S. asylum law was doomed. He shook his head as the optimism drained from his face. Washington, once again, had failed to solve his biggest civic problem.

This city of 713,000 people has absorbed nearly 40,000 migrants in a little over a year, more per capita than any other U.S. city. It is second only to New York in the total number of foreigners who have arrived since 2022.

The influx is straining the city’s budget, crowding schools and hospitals and swelling the ranks of the city’s homeless population. Denver has spent more than \$42 million in the past year to house and feed the new arrivals. Public schools have ballooned by more than 3,000 students, creating a budget shortfall of roughly \$175 million. The city’s safety-net hospital has seen at least 9,000 migrant patients in the past year, costing at least \$10 million in unreimbursed care.

The Senate bill that failed Wednesday held the promise of immediately unlocking \$1.4 billion to reimburse cities and nonprofit aid groups that have been caring for migrants. Last year the government paid out about \$790 million to reimburse cities and aid agencies

for migrant costs, a fraction of what cities say they need to become whole. The legislation would have in effect shut down the border to asylum seekers if more than 4,000 a day attempted to cross, potentially cutting in half the total of arriving migrants.

With the bill’s sudden collapse after several months of high-profile negotiations, Denver and other cities are now facing the reality that help from the federal government isn’t on its way.

“Today is a day the residents of Denver should be heartbroken,” Johnston said in an Instagram post after lawmakers scuttled the bill. The mayor is a Democrat whose office is officially nonpartisan. “And they should be furious because we know we have a humanitarian crisis in this city,” he said.

In New York, Mayor Eric Adams estimates the city will spend \$10.6 billion caring for migrants through 2025, including offers of places to stay under the city’s mandatory shelter law and a program under which migrants will receive prepaid cards for food.

“We developed our financial plan without relying on federal assistance because after many trips to Washington—10, to be exact—I realized that the federal cavalry was not coming to the rescue,” Adams said while testifying Tuesday at the State Capitol in Albany.

Chicago has spent more than \$156 million on its migrant response since June 2022, in part because of laws requiring shelter be provided to anyone in need.

In Denver, as many as 100 migrants arrive on some days, funneling into city-provided



Many Fear Ending Up Homeless

Immigrant advocates and others worry that housing limits imposed earlier this month will leave an untold number of migrants homeless.

Rafael Crinzone, a 28-year-old Venezuelan man, arrived in Denver about two months ago after he, his wife and their 2-year-old son crossed the Rio Grande into Eagle Pass, Texas.

They rode to Colorado aboard a Texas-funded bus and have been living in a Quality Inn not far from downtown Denver ever since. Crinzone, who on Tuesday spent lunchtime

with his son in the hotel’s dining room, said he wasn’t sure what the family will do when they are forced to leave later this month.

“We are going to ask for asylum, but it’s a long process,” Crinzone said, adding that he initially left Venezuela for Peru, before migrating north.

At home, he said, he was only able to make about \$5 a week and couldn’t support his family.

“I’m just a person who wants to work,” he added. “Things are complicated, but I am going to do whatever I can to stay,” Crinzone said.

hotels where they receive two meals a day.

Officials estimate the city’s costs could rise to as much as \$180 million this year as migrants continue to arrive.

Without additional federal help, Johnston said, nearly every city department is likely to face a 15% budget cut.

Denver has rented hundreds of rooms at eight hotels

around the city—at a rate of about \$90 a night per room—offering families stays of up to 42 days. Single adults can stay in city-run shelters for up to two weeks.

Denver’s migrant crisis started in 2022, after Texas Republican Gov. Greg Abbott insisted that large cities and states run by Democrats take more ownership of the border crisis given their more-welcoming stance toward immigrants. Buses of migrants from Texas began showing up unexpectedly in Denver in December of that year.

After that initial shock, the city was largely able to manage what had been a steady influx of arrivals. Johnston said the Biden administration’s approval of Temporary Protected Status for Venezuelan citizens who were in the country by July 31, 2023, staved off a crisis for much of the year. The protection program allows recipients to work legally.

That protection didn’t apply to later arrivals. Starting in about October, the number of arrivals steeply increased and almost none of the newcomers were work-eligible, leaving most unable to find and pay for their own housing. In December, the number of buses from Texas increased again as a record number of migrants crossed the border illegally.

The more than \$42 million that Johnston said his city has spent caring for nearly 40,000 migrants includes about \$6 million on travel for those who opted not to stay in Denver.

The Biden administration has pledged about \$11 million in reimbursements for Denver.

—Erin Ailworth contributed to this article.

California Flood Defenses Showing Their Age

By JIM CARLTON

Los Angeles averted a flooding disaster during torrential rains this past week—thanks to an elaborate system of bulwarks.

It seldom rains in Southern California, but when it does, the result can be deadly. So engineers have created reservoirs and debris basins to capture the water, mud and boulders that can come tumbling down the 10,000-foot San Gabriel Mountains, and have encased streams and rivers in concrete to quickly carry waters to the Pacific Ocean.

But experts warn the aging system could crack as storms become more extreme, a result of a changing climate. A 2022 report from UC Irvine determined that a 100-year flood event in Los Angeles would expose more than 400,000 people



Heavy rains can send mud and boulders down mountainsides.

to danger, with property damage of more than \$50 billion.

The danger exists in many parts of California, but the biggest stakes are in Los Angeles County, the nation’s most populous. When dry, the concrete-lined Los Angeles River

is benign and often serves as a backdrop in movies, such as in a chase scene in “Terminator 2: Judgment Day,” starring Arnold Schwarzenegger, later the state’s governor. During storms such as this past week’s, the river is trans-

formed into a torrent, so dangerous that the L.A. County Fire Department deployed seven swift-water rescue teams, said Fire Chief Anthony Marrone.

One threat to the system is the buildup of sediment at faster rates in the 14 reservoirs established decades ago to slow water as it runs off the mountains, said Mark Pestrella, director of Los Angeles County Public Works. The sediment, which reduces the storage capacity by as much as 20%, can be removed, but at an estimated cost of \$500 million for 1.5 million truckloads.

The U.S. Army Corps of Engineers operates large earthen dams to catch storm runoff, and they also face age-related issues. One, the 67-year-old Whittier Narrows Dam, straddles the San Gabriel River along the I-605 freeway and

has a top that federal officials say could become compromised by an onslaught from a 500-year storm.

“You are talking about a very large uncontrolled release of water, which wouldn’t be good for the people downstream,” said Aaron Smith, a senior dam safety adviser for the Corps of Engineers, which he said is embarking on a project to armor a 3-mile section of the dam, at a cost of up to \$500 million.

Aging infrastructure is a problem in other parts of the world facing more-powerful storms. The problem is exacerbated in California, where increasingly large wildfires are scorching forests and leaving them even more prone to flooding, said Kurt Schwabe, professor of water economics and policy at the University of California, Riverside.

Nigerian Banker Among Six Killed In Helicopter

By CORINNE RAMEY

Six people, including a prominent Nigerian banker, died in a helicopter crash in California’s Mojave Desert, officials said.

Two crew members and four passengers on board the helicopter were fatally injured, said Michael Graham of the National Transportation Safety Board.

Herbert Wigwe, who the bank referred to as group chief executive officer of Nigeria’s Access Holdings, was among those who died, the bank confirmed.

In addition to Wigwe, the casualties included the banker’s wife and son, according to Ngozi Okonjo-Iweala, the director-general of the World Trade Organization.

The helicopter departed Palm Springs, Calif., on Friday around 8:45 p.m., en route to Boulder City, Nev., Graham said. At 10:08 p.m., he said, the helicopter crashed in the Mojave Desert near Halloran Springs, Calif. “Witness reports of the weather conditions at the time of the accident suggest rain and a wintry mix,” Graham added.

The helicopter didn’t have a cockpit voice recorder or flight data reporter, Graham said. He said the agency was aware of downed power lines around the accident site, and that officials would look into those reports.

Plaintiffs’ Lawyers Challenge Boy Scout Sex-Abuse Settlement

By SOMA BISWAS

Lawyers representing a group of sex-abuse victims with claims against the Boy Scouts of America are asking the Supreme Court to pause payments to survivors from a \$2.4 billion settlement fund created as part of the youth organization’s bankruptcy plan.

The lawyers, who represent a fraction of over 82,000 Boy Scouts sex-abuse plaintiffs, argued that since a central feature of the youth organization’s settlement is being litigated in

the Supreme Court in the challenge to Purdue Pharma’s similar bankruptcy plan, the Boy Scouts plan should be suspended until the high court reaches a decision in the opioid maker’s case, according to court papers filed last week.

Federal courts in October rejected earlier efforts by the same lawyers to suspend the Boy Scouts bankruptcy plan. U.S. District Judge Richard Andrews in Wilmington, Del., said then that unlike Purdue’s bankruptcy plan, the group’s reorganization had already gone into

effect and many of the transactions had already happened.

The Supreme Court is set to examine the issue of legal immunity granted in the Purdue reorganization plans that is also a main feature in the Boy Scouts settlement: whether bankruptcy courts can extinguish claims against third parties that aren’t in chapter 11 without the consent of all claimants. Purdue’s plan would release its Sackler family owners from future opioid-related liabilities in return for up to \$6 billion in payments over time

from the family members, who have denied wrongdoing. Similarly, the Boys Scouts’ affiliated councils and partner organizations are shielded from sex-abuse lawsuits under its plan.

The organization’s bankruptcy plan went into effect in April after winning the support of the overwhelming majority of victims who filed claims. The plan is now being appealed to the Third U.S. Circuit Court of Appeals in Philadelphia.

The abuse plaintiffs argue that a high court decision on the Purdue case is likely to

strike down the legal immunity sooner than an appeals court reaches a final decision on their challenge. The Supreme Court is likely to rule on the Purdue case by midyear, while the appeals court may not rule on the Boy Scouts appeal for more than a year, they said.

By that time, much of the settlement funds may already be distributed to victims and it may be too late to reverse the chapter 11 plan even if the appeals court rules to strike down the Boys Scouts plan, the plaintiffs’ lawyers also argue.

U.S. NEWS

Trump Exerts Grip on a GOP In Disarray

As congressional Republicans bicker, presumed nominee flexes his muscle

By LINDSAY WISE AND ALEX LEARY

WASHINGTON—A flurry of drama over the past week has made it clear that Republicans have just one dominant leader: Donald Trump.

The former president, the party's presumptive nominee for the third straight election, is asserting himself over Washington's policy debates as Senate Minority Leader Mitch McConnell and House Speaker Mike Johnson struggle to manage their raucous conferences, and as colleagues publicly question their skills.

McConnell drew open scorn from Republican colleagues who opposed a bipartisan border deal that died in the Senate last week after the Kentucky Republican endorsed it. Ultimately all but four Senate Republicans voted against advancing the deal, with McConnell joining the no votes.

But McConnell, a veteran strategist, ended up pulling a victory from defeat, rallying the votes needed to advance a \$95 billion national-security package that would fund aid for U.S. allies in Ukraine, Israel and Taiwan and replenish U.S. military stockpiles.

Johnson, who has held the

job for less than four months, suffered a double blow when his efforts to impeach Homeland Security Secretary Alejandro Mayorkas and pass a standalone bill providing aid to Israel fell short in the House.

Meanwhile, Trump exerted control over the party, expelling Republican National Committee Chair Ronna McDaniel. He is also preparing to take more power over the party's fundraising operations, according to people familiar with the discussions.

"We live in the times of Trump," GOP strategist Scott Reed said.

The unrest reaffirms that Trump is the strongest figure in the Republican Party, but doesn't mean the GOP is unified. The party has been unable either to advance its priorities on the Hill or cut advantageous deals with President Biden.

Stunned House Republicans said after the impeachment and Israel aid votes that they couldn't believe Johnson and his team put the measures on the floor without being certain they had lined up the votes to pass them. "Is it that hard?" said Rep. Ralph Norman (R., S.C.).

Constrained by a bare 219-212 majority, Johnson has had to rely on help from Democrats to pass stopgap spending bills and other must-pass legislation since his surprise rise to the speakership in October. The more he bypasses the right wing of his party to



Republican voters waiting to caucus last week in Nevada, where presumptive nominee Trump gobbled up more delegates.

advance bills, the more tenuous his grip on power could become. A House rule allows a single lawmaker to force a vote to oust the speaker.

"Democracy is messy," Johnson told reporters on Capitol Hill after the failed votes. He pledged that the House would vote again soon on Mayorkas's impeachment and that it would pass.

In the Senate, McConnell's critics are becoming more vitriolic, though they lack concrete plans—or the votes—to challenge his leadership.

"I think we need a leader who's in line with the American people" said Sen. Ted Cruz (R., Texas), who joined other conservatives in bashing the longtime leader.

When the billionaire Elon Musk posted, "It's time for

Mitch to go," on social media Thursday, Sen. Mike Lee (R., Utah) quoted him.

McConnell dismissed the criticism, saying he has had a similar group of critics the whole time he has been in the top Senate GOP job. "I think we can all agree that Senator Cruz is not a fan," he said at his weekly news conference.

Trump has fixated on immigration since he launched his presidential campaign in 2015. The current crisis at the border has helped keep it in focus. Polls of Republican voters who participated in the early nominating states of Iowa and New Hampshire indicated it is a top concern.

As Senate negotiations continued, Trump and many conservatives in the chamber were in sync in saying that the

border deal was a bad idea. Last Monday, Trump called it a "great gift to the Democrats, and a Death Wish for The Republican Party." By Tuesday, the deal was scuttled.

Even without the border component, the foreign-aid legislation remains a target for Trump, who—in contrast with McConnell—is trying to push the GOP away from helping Ukraine and other European allies. On Saturday, as the Senate was debating the slimmed-down measure, Trump declared on his social-media platform that "no money" should be given "to any country unless it is done as a loan, not just a giveaway," though he also suggested the money would come with few strings. That afternoon during a rally in Conway,

S.C., Trump took another shot at NATO, saying other member nations need to contribute more to the defense alliance, a long-running gripe of his.

Trump has pushed behind the scenes to replace McConnell. The falling-out dates to when the senator said Biden had won the 2020 election, despite Trump's continuing efforts to fight the results.

The 2022 midterm elections were a disappointment for the GOP, and Trump was criticized for backing several high-profile candidates who lost. But he has roared back. He has a favorability rating of 84% among Republican voters, according to a new NPR/PBS NewsHour/Marist poll. Just 53% of GOP voters said they approved of the job Republicans are doing in Congress.



'My memory is fine. Take a look at what I've done since I've become president,' Biden says.

Biden, Despite Legislative Wins, Struggles With Voters' Perceptions

By AARON ZITNER

A president can fill the role of global statesman, master negotiator with Congress, consoler-in-chief during hard times or an entertainer on television.

A challenge for President Biden is that many voters don't see him as embodying any of these identities, despite his success in notching a range of legislative and diplomatic achievements.

Instead, these voters view Biden as failing to fully inhabit the office of the presidency, putting him at risk of being defined by matters beyond his control, such as the renewed focus on his age.

The president's advanced years and mental robustness drew fresh attention Thursday when an investigative report on his handling of classified documents said he displayed "diminished faculties" in interviews and called him an "elderly man with a poor memory." Biden compounded the matter in reacting publicly to the report, when he referred to Egypt's President Abdel Fattah Al Sisi as "the president of Mexico."

Prior presidents have made verbal slips. George W. Bush was known for tortured locutions such as, "They misunderestimated me." Donald Trump, the Republican presidential front-runner, recently confused former South Carolina Gov. Nikki Haley, his rival for the nomination, with former House Speaker Nancy Pelosi.

But Biden's errors have the potential to shape views of him more than prior presi-

dents' missteps colored their images, pollsters and analysts say—not just because Biden, at age 81, is the nation's oldest sitting president, but also because he hasn't built an image as a strong leader or created an emotional bond with voters.

"It's a huge problem," said Rich Thau, of the nonpartisan message-testing company Engagious, who runs focus groups of voters who backed Trump in 2016 but abandoned him in 2020. "I have multiple people in every focus group who will mention that they don't think the president has all of his faculties."

Biden can point to many accomplishments, such as navigating major spending on infrastructure, semiconductor plants and green-energy programs through a divided Congress. He has led Western nations in countering Russia's invasion of Ukraine and has visited that war zone, taking a 10-hour train ride to Kyiv. He flew to Israel shortly after the Oct. 7 Hamas attacks touched off war and other skirmishes in the region.

Yet when asked, voters often can't name any of Biden's accomplishments. Worse, says Thau, the swing voters he talks with often repeat conspiratorial ideas about the president's leadership. "A component to the age thing that I hear in focus groups is that he's not really the one in charge, that other folks in the

administration or Congress are pulling the strings," he said.

William Mallon, 45, an electrician from Tucson, Ariz., voted for Biden in 2020 and hasn't ruled out supporting him again. Mallon said Biden has "done a decent job with the presidency," such as helping the country move on from the Covid pandemic. But he said the president's acuity weighs on his decision.

"You have to have good cognitive skills to hold the highest position in the land, one of the most powerful positions in the world," he said. "I don't want to be an ageist or anything like that, but it seems like his mental capacity is in decline."

Biden last week challenged the idea that his cognitive skills are fading and reacted angrily to claims of a faulty memory made by a special counsel looking into how classified documents wound up in his personal possession. "My memory is fine. Take a look at what I've done since I've become president," he said.

In contrast with Biden, Trump has built a more solid connection with his supporters. Trump voters, far more than Biden backers, say their vote is more a sign of support for their candidate than it is a signal of opposition to the rival party, Wall Street Journal polling finds.

—Eliza Collins contributed to this article.

Pushback Was More Than Special Counsel Expected

By SADIE GURMAN AND C. RYAN BARBER

WASHINGTON—Robert Hur, the special counsel behind a withering report detailing President Biden's sloppy handling of classified documents, always expected blowback, friends and former colleagues say. It has been particularly intense.

A bipartisan chorus is accusing Hur, a Justice Department official during the Trump administration, of trying to skew the 2024 presidential election. Republicans allege a double standard: Hur found that charges weren't warranted against Biden, while former President Donald Trump faces felony charges related to his own handling of classified material. Democrats say Hur's portrayal of Biden as a doddering old man dealt the president a political blow that feels intentional.

Some current and former law-enforcement officials came to Hur's defense, saying a detailed report was necessary to explain his team's decision that charges weren't justified.

The special counsel "is statutorily required to provide a report to the department and the American people thoroughly detailing what he deems to be the facts, and Hur did that," said Jay Town, a former Trump-appointed U.S. attorney.

Still others said the tone went beyond a reasoned explanation of his decision and strayed into the kind of criticism one would expect from a political opponent.

He came to the task with a

Hur's 345-page report "contains way too many gratuitous remarks and is flatly inconsistent with longstanding Justice Department traditions," said Eric Holder, attorney general in the Obama administration.

Former federal prosecutor Mimi Rocah said, "Once Hur said, 'The evidence does not establish Mr. Biden's guilt beyond a reasonable doubt,' he should have stopped."

Hur, 50 years old, previously had a front-row seat to the reputational damage that comes with being a special counsel. As the top aide to former Deputy Attorney General Rod Rosenstein, he helped oversee Robert Mueller's investigation into ties between Trump's campaign and Russian interference in the 2016 election. The inquiry, which was highly critical of Trump's conduct but also didn't yield criminal charges, left Mueller with little support across the political spectrum.

Hur appears to be joining that lonely club. Vice President Kamala Harris on Friday said Hur's characterization of the president's demeanor "could not be more wrong" and was politically motivated, while Rep. James Comer (R., Ky.), chairman of the House Oversight Committee, said the Justice Department was allowing Biden to live above the law.

Appointed by Attorney General Merrick Garland in early 2023, Hur viewed the job as one he couldn't refuse. Associates joked he was a glutton for punishment.

He came to the task with a

reputation for being by-the-book and even-keeled. His appointment was cheered by some of the Democrats who are now criticizing him, including Rep. Jamie Raskin of Maryland, who last year called him a "trustworthy lawyer who will get to the bottom of it."

Garland praised his long legal career, which included a stint during the George W. Bush administration as an adviser to Christopher Wray, then leading the Justice Department's criminal division and is now the director of the FBI.

After his unanimous Senate confirmation in 2018 to become the top federal prosecutor in Maryland, Hur led politically sensitive public-corruption cases and prosecutions involving charges of unlawful retention of classified records.

To become special counsel, Hur left the firm Gibson, Dunn & Crutcher and what promised to be a lucrative client: the National Football League.

The quiet efforts of Hur's small team of prosecutors burst into view Thursday when Garland made Hur's report public, fueling a firestorm that Hur's allies said he didn't deserve but could have seen coming.

"For Rob this is not about politics, this is a principled decision," Rosenstein said. "He went through a rigorous process, and his conclusion that an indictment was not warranted is well-defended."

Rosenstein and other former prosecutors said the report reads like other internal Justice Department memos that prosecutors write to justify decisions not to bring charges. Hur, they said, was anticipating possible defenses Biden could raise that would make him a sympathetic defendant who jurors might believe had simply forgotten he still had the documents.

Such memos are usually kept out of public view. But if a special counsel chooses not to pursue charges, he is required to disclose why a target's missteps, however problematic, weren't criminal.

A spokesman for Hur declined to comment. Garland made no public statement on the findings, but said in a letter to Congress that Hur had never proposed an investigative step he found inappropriate.



Robert Hur viewed the assignment as one he couldn't refuse.

U.S. NEWS

GOP Rising Star Mike Gallagher to Quit Congress

By SIOBHAN HUGHES

WASHINGTON—Rep. Mike Gallagher (R., Wis.), a fourth-term lawmaker who chairs a committee aimed at helping the U.S. compete against China, said he won't run for re-election—a blow to the establishment wing of the Republican party, which had hoped he would have a bigger future in politics.

The 39-year-old former Marine Corps intelligence officer cast the decision as personal, saying he had always planned to treat his service in Congress as “a deployment, not a career.” His departure will further erode the ranks of GOP committee chairs, following

decisions by other Republican chairs not to see another term.

“Eight years is a long deployment, and it's been a hell of a deployment,” Gallagher said. A married father of two, Gallagher also said he hoped to expand his family and that “Congress is not an ideal place to build and raise a family.”

He had previously ruled out a run for U.S. Senate, saying he preferred to stay in the House, where he felt his work as a committee chair would make a lasting impact. Republicans had hoped he would run because the Wisconsin Senate seat is one of eight Democratic-held seats rated by the Cook Political Report, a nonpartisan election ar-

bit, as at risk of falling to Republican hands. Gallagher has consistently outperformed former President Donald Trump, and his principal campaign committee had more than \$4 million in cash on hand at the end of 2023, federal records show—more than any other House Republican.

Gallagher has split with his party on some high-profile issues, most recently this past week, when he voted against impeaching Homeland Security Secretary Alejandro Mayorkas.

The youngest committee chairman, Gallagher is also a member of the House Intelligence Committee—another assignment made by former

House Speaker Kevin McCarthy (R., Calif.)—and a member of the House Armed Services Committee, where he chairs a subcommittee. Gallagher's most prominent role has been as chairman of a select committee aimed at devising strategies to help the U.S. better compete against China. He has used the role to investigate where U.S. commercial links are making China stronger—and map out how to disentangle them.

“I feel that I've accomplished a lot of what I set out to accomplish,” he said.

Republican lawmakers are seeking to reach a compromise on legislation to restrict pri-

vate U.S. companies from investing in China, restrictions that Gallagher favors but other Republicans have opposed.

During his tenure, Gallagher has taken the view that Apple's supply chain is dangerously exposed to China and that Walt Disney has undercut American values by editing films to appease Beijing's censors, among other allegations.

Gallagher also declined to object to the results of the 2020 presidential contest in Arizona and Pennsylvania, putting him in the minority of House Republicans. After the storming of the Capitol on Jan. 6, Gallagher said that “this is the cost of countenancing an

effort by Congress to overturn the election” and urged then-President Trump to “call it off.” Gallagher didn't vote to impeach Trump.

His decision to leave puts the number of House lawmakers who won't be part of the next Congress at 49, based on a tally maintained by the House press gallery.

Gallagher said he envisions other ways to carry out a self-described mission to “restore deterrence in order to prevent World War III.”

“There are other ways I can have an impact on advancing that mission, either from the private sector or from a different perch,” he said.

U.S. WATCH

TEXAS

Shooter Is Killed At Megachurch

A woman in a trench coat opened fire with a long gun inside celebrity pastor Joel Osteen's megachurch in Texas before being gunned down by two off-duty officers who confronted her, sending worshippers rushing from the building between busy Sunday services, authorities said.

The woman entered the Houston church with a 5-year-old boy shortly before 2 p.m. The child was shot and critically injured.

Houston Police Chief Troy Finner said it wasn't clear whether the child was struck by the off-duty officers who returned fire. He said a 57-year-old man also was shot and wounded. The man was stable with a hip wound.

Finner said that after the woman began shooting, both officers “engaged” her and the woman was killed. “She had a long gun, and it could have been a lot worse,” he said.

The woman wasn't immediately identified. It wasn't clear where Osteen was at the time. He joined police at a news conference afterward and said the church was devastated.

—Associated Press

NEW MEXICO

Storm Brings Snow As It Moves East

The remnants of a slow-moving atmospheric river storm that pummeled California last week delivered the first notable snowfall of the season across eastern New Mexico.

The storm system appeared to be headed next to the Texas Panhandle and central Oklahoma, where warnings were already in effect, said Jennifer Shoemaker, a meteorologist for the National Weather Service in Albuquerque. She said Albuquerque got up to 4 inches of snow Saturday, with the adjacent mountains getting between 6 inches and 9 inches.

The National Weather Service forecast up to 8 inches of snow Sunday in the west Texas city of Lubbock, with 1.3 inches already on the ground in Amarillo in the Texas Panhandle.

The storms stem from a slow-moving system that first hit California early Wednesday. It moved out after days of wind, record rain and heavy snowfall that caused power outages, street flooding and hundreds of destructive mudslides around Los Angeles.

—Associated Press

NEW YORK

Officer's Killer Denied Parole

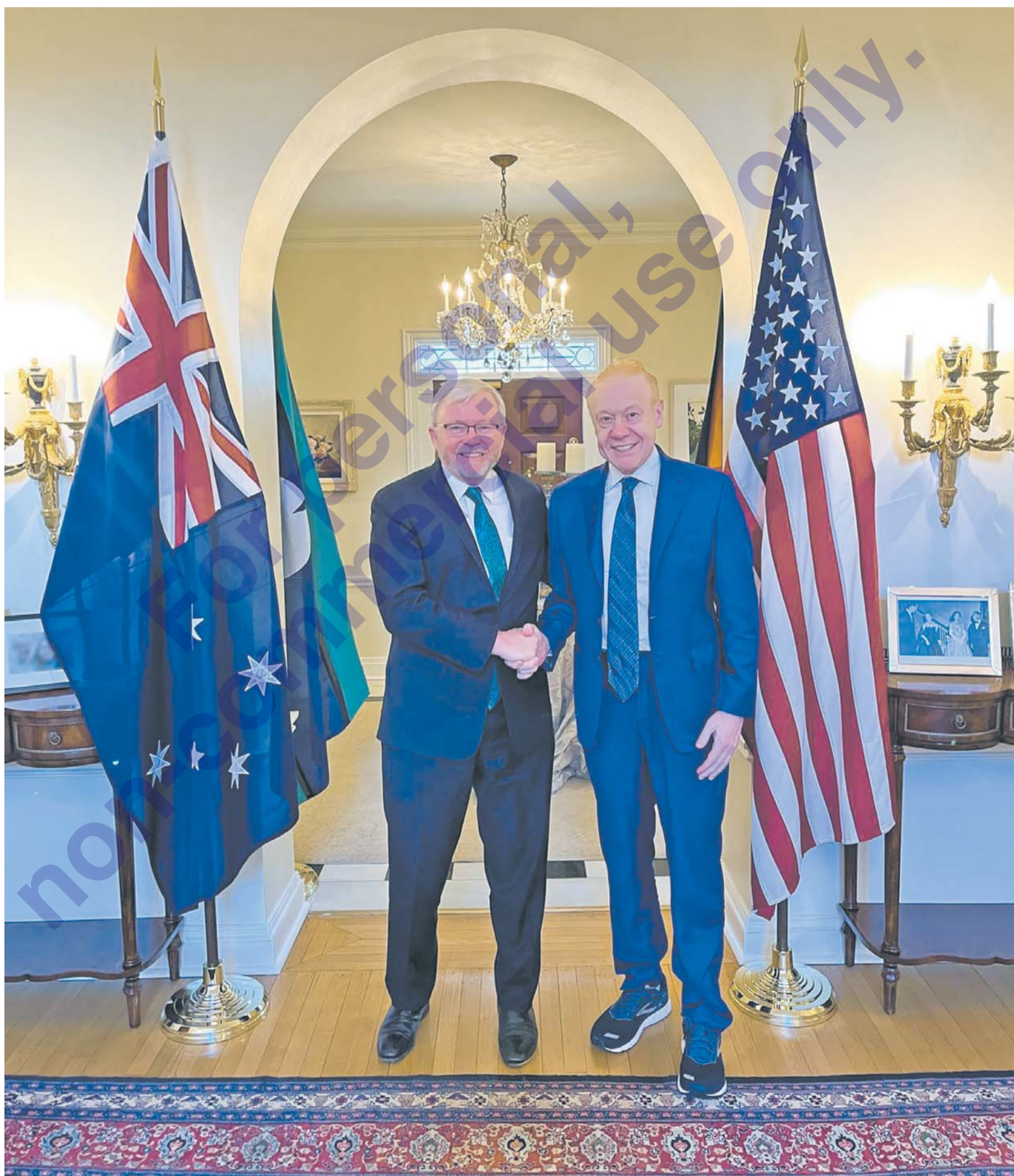
A man convicted in the killing of a rookie New York City police officer at the height of the city's crack cocaine epidemic decades ago has been denied parole, state corrections officials confirmed Sunday.

Todd Scott had been serving 25 years to life for his role in the shooting death of Officer Edward Byrne in Queens. Byrne was killed in 1988 as he sat in his police cruiser guarding the home of a witness in a drug case.

Police said Scott was part of a crew of four men paid \$8,000 to kill the 22-year-old officer, who was just weeks on the job, in retaliation for the arrest of drug dealer Howard “Pappy” Mason.

—Associated Press

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WORLD NEWS

Hamas Hid Compound Under U.N. Office

Beneath Unrwa's Gaza headquarters: computer servers and intelligence hub

By DOV LIEBER AND DAVID LUHNOW

GAZA CITY—Hidden deep below the headquarters of the United Nations' aid agency for Palestinians here is a Hamas complex with rows of computer servers that Israel's armed forces say served as an important communications center and intelligence hub for the Islamist militant group.

Part of a warren of tunnels and subterranean chambers, the compound below the United Nations Relief and Works Agency buildings in Gaza City appears to have run on electricity drawn from the U.N.'s power supply, Israeli officials said.

A Wall Street Journal reporter and journalists from other news organizations visited the site this past week in a trip organized by Israel's military. A tunnel also appeared to pass beneath a U.N.-run school near the headquarters.

The location of a Hamas military installation under important U.N. facilities is evidence, Israeli officials say, of Hamas's widespread use of sensitive civilian infrastructure as shields to protect its militant activities.

Israel's discovery of the Hamas operations below Unrwa offices is likely to put further pressure on the agency, which is facing international scrutiny after Israeli allegations that at least 12 of its employees had links to Hamas's Oct. 7 attack on Israel.

Israeli military officials assert that people working at Unrwa would have been aware of the tunnel complex, either from activities during its construction or by what they said would have been a jump in electricity usage when the complex started operating.



A room that contains a number of black server racks, below, is inside what Israeli military officials say is a Hamas intelligence hub located directly underneath the Unrwa headquarters buildings, above, in Gaza City.

Unrwa said that reports of tunnels under its Gaza headquarters "merit an independent inquiry," and said that it "does not have the military and security expertise nor the capacity to undertake military inspections of what is or might be under its premises."

Unrwa's services

The agency, which evacuated from the Gaza City compound on Oct. 12, said Israel hadn't officially informed it of any Hamas complex under its offices. It said that whenever a suspicious cavity has been discovered near an Unrwa facility, it has filed protest letters to authorities in Gaza as well as the Israeli government.

An Unrwa spokeswoman said the agency is unaware of any electricity being siphoned from its facilities by Hamas.

Unrwa provides housing, schooling, healthcare and other



services to nearly six million Palestinians in Gaza, the West Bank, Jordan, Syria and Lebanon. Unrwa is an unusual U.N. body, tasked with looking after just one group of people: displaced Palestinians.

Israeli military officials say they have known about the complex under Unrwa's headquarters for a few years but say

they decided they couldn't use airstrikes to target it because of the U.N. presence above.

Israel has long alleged that Hamas has penetrated Unrwa and radicalized the organization, particularly in Gaza, where Hamas came to power via a coup in 2007. Israeli military intelligence has estimated in recent weeks that

roughly 10% of Unrwa's 12,000 or so employees in Gaza, most of whom are Palestinian, have ties to the militant group, including nearly a quarter of its male employees. Unrwa has pushed back on the allegation and questioned how Israel came up with such a broad figure.

Journalists who accompanied the Israeli military to Gaza City's heavily damaged al-Rimal neighborhood in northern Gaza were shown the Hamas tunnel network, which snaked for about a half-mile beneath U.N. and other buildings in the area.

To show that the subterranean intelligence hub was underneath the Unrwa compound, an Israeli military officer, a lieutenant colonel who asked to be identified by his first name, Ido, placed a few small items belonging to the journalists in a white bucket, which he lowered deep into a well-like hole dug by

the Israeli military. The next time the journalists saw their things, they were in the same bucket inside the electricity room powering the Hamas base. "20 meters above us, it's the U.N. headquarters," the officer said, pointing up as he handed the items back.

Underground lair

Next to the room with computer servers, which was air-conditioned, was an electricity-supply room fitted with massive batteries, apparently to serve as a backup if power was disrupted.

To get to the server hub, the group of journalists first traveled to a location about half a mile from the U.N. headquarters, where the Israeli military had dug through a parking lot to access the tunnel network leading to the underground base.

The group walked for some 10 minutes through the tunnel before arriving at the heart of the underground compound.

The compound consisted of a long, wide hall with a variety of rooms, all of which had white tiles on the floor and walls. Another room had a cluster of comfortable office chairs. An Israeli officer said that room was used as a command and control site.

Nearby, a few other rooms appeared to have been largely emptied. One room had a safe, which was closed, as well as an empty server rack. There had also been several computers in the room, said the officer, that had been taken away to be studied by the military.

Near the electricity and server rooms were posters left by Hamas's military branch, the Al-Qassam brigades, with special instructions for how the operatives should conduct themselves. One poster urged operatives to be careful to guard the site's secrets.

"You must know that keeping secrets is a religious duty," the poster begins in red.

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WORLD NEWS

WORLDWATCH

Netanyahu Vows New Gaza Front

Continued from Page One
 people, mostly civilians, according to Israeli authorities. There are still 134 hostages in Gaza, according to the Israeli military.

The prime minister, who still has support from the Israeli public to kill Hamas's top leaders in Gaza, is seeking to bounce back by declaring that victory over the group is within reach. Netanyahu's continued rule depends on avoiding snap elections and keeping his narrow parliamentary majority intact.

The U.S. and Israel are "at total loggerheads" over a growing number of issues regarding how Israel is conducting the war, said a former Israeli ambassador to the U.S., Michael Oren.

Biden and Netanyahu spoke by phone Sunday, and Biden urged the prime minister to increase aid to Palestinians and clarify Israel's military plans, according to a readout by the White House.

Biden last week called Israel's offensive "over the top."

Netanyahu made his case in interviews on ABC News and Fox News that aired earlier in the day, arguing that the administration's calls for Israel not to send its military into the southern Gaza city of Rafah

amount to a Hamas victory. "You have to dismantle Hamas as a [military] force that controls territory," he said on ABC. "We're well and within reach, and we shouldn't stop."

The U.S. ambassador to the United Nations, Linda Thomas-Greenfield, said Saturday on NPR that Israel's planned military operation in Rafah "cannot proceed" under current conditions.

Biden on Sunday "reaffirmed his view that a military operation in Rafah should not proceed without a credible and executable plan for ensuring the safety of and support for the more than one million people sheltering there," the White House said.

Analysts said Netanyahu is signaling he will extend the war in Gaza in part to compel Hamas to agree on a deal to release hostages, amid a considerable gap between the two sides.

Biden on Sunday "emphasized the need to capitalize on progress made in the negotiations to secure the release of all hostages as soon as possible," the White House said.

If Israeli forces are serious about moving into Rafah, hundreds of thousands of Palestinians will have to evacuate in the next week or so, said Aaron David Miller, a senior fellow at the Carnegie Endowment for International Peace. But "it will be another signal if negotiations pick up over a hostage deal," he said.

Israeli military experts, meanwhile, said taking Rafah has strategic value in Israel's pursuit of Hamas militants, who could flee from the city

to bordering Egypt. Yohanan Plesner, president of the Israel Democracy Institute, a Jerusalem-based think tank, said expanding into Rafah would allow Israel to shut down underground smuggling tunnels into Gaza from Egypt.

Netanyahu said on Fox News that the desire to go into Rafah wasn't just his own, but that of the Israeli people. He said that having destroyed three-fourths of Hamas's battalions, it would not make sense not to flush out the group's "last remaining bastion."

Netanyahu's comments also flew in the face of warnings from the U.N. that fighting in Rafah would exacerbate "what is already a humanitarian nightmare." Responding to concerns about a rising toll on Palestinian lives, Netanyahu said that the Israeli military is causing less than one civilian casualty for every terrorist casualty, which he said was less than that of comparable combat in other places.

"We've killed and wounded over 20,000 Hamas terrorists," of which about 12,000 were fighters, he said. "And we're doing everything we can to minimize civilian casualties, and continue to do so."

Hamas has denied that its forces have suffered heavy losses, without giving specific numbers of how many of its fighters have been killed.

About 28,000 people, mainly women and children, have been killed in Gaza since the start of the war, according to Palestinian authorities. The number doesn't distinguish between civilians and militants.

Netanyahu said Israel is working on a plan on where Palestinians would be able to go after Rafah. He mentioned "plenty of areas" north of the city that he said Israel had cleared.

Additional friction points between the U.S. and Israel include Israel's efforts to create a buffer zone within Gaza, the degree of Israel's postwar security control over Gaza, and the rate at which Palestinian civilians would be able to return to north Gaza, said Oren, the former Israeli envoy.

—Summer Said and Annie Linskey contributed to this article.



HELPING HANDS: 'Castellers' gather to form the base of a human tower at festival in Barcelona.

FINLAND Ex-Prime Minister Wins Presidency

Ex-Prime Minister Alexander Stubb won Finland's presidential election runoff on Sunday against former Foreign Minister Pekka Haavisto in a close race between two experienced politicians for the post of head of state, whose main task will be to steer the Nordic country's foreign and security policy now that it is a member of NATO, following Russia's invasion of Ukraine.

With over 99% of votes counted, center-right candidate Stubb of the conservative National Coalition Party had received 51.6% of the votes, while independent candidate Haavisto from the green left got 48.4%.

The 55-year-old Stubb, who was prime minister in 2014-2015, will become the 13th president of Finland since the Nordic country's independence from the Russian empire in 1917.

Stubb and Haavisto, 65, were the main contenders in the election where over four million eligible voters picked a successor to hugely popular President Sauli Niinistö.

—Associated Press

PHILIPPINES Landslide Kills Dozens in Village

The death toll from a massive landslide that hit a gold-mining village in the southern Philippines has risen to 54 with 63 people still missing, authorities said Sunday.

The landslide hit the mountain village of Masara in Davao de Oro province on Tuesday night after weeks of torrential rains.

Davao de Oro's provincial government said in a Facebook post that 54 bodies had been recovered. At least 32 residents survived with injuries but 63 remained missing, it said. Among those missing were gold miners who had been waiting in two buses to be driven home when the landslide struck.

The search operation has been hampered by poor weather and fears of more landslides. More than 1,100 families have been moved to evacuation centers.

The area has been swamped by heavy rains in the weeks before the landslide struck. Earthquakes also damaged houses and buildings in the region in recent months, officials said.

—Associated Press

KENYA Record Marathoner Dies in Car Crash

Marathon world record-holder Kelvin Kiptum, who was set to be a superstar of long-distance running, was killed along with his coach in a car crash in Kenya late Sunday.

Kiptum was 24 and had the world record he set last year at the Chicago Marathon (2 hours, 35 seconds) ratified by international track federation World Athletics just last week.

He was one of the most exciting prospects to emerge in road running in years, World Athletics said.

Kiptum, who was Kenyan, and his Rwandan coach Gervais Hakizimana were killed in the crash at around 11 p.m. Another Kenyan athlete, Milcah Chemos, confirmed their deaths. "I have no words to explain the loss of Kelvin," she said.

The crash happened on a road between the towns of Eldoret and Kaptagat in western Kenya, Chemos said, in the heart of the high-altitude region that is renowned as a training base for top distance runners. Kiptum was born and raised in the area.

—Associated Press



A destroyed mosque in Rafah after air strikes early Monday.

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WORLD NEWS

Moscow Is Using Starlink, Says Ukraine

Russian access to Musk's system would undercut advantage for Kyiv

By IAN LOVETT AND MICAH MAIDENBERG

KYIV, Ukraine—Russian forces are using SpaceX's satellite internet system near the front line in occupied parts of Ukraine, Kyiv's military intelligence agency said, potentially undercutting a major battlefield advantage for Ukraine's army.

Access to the system, known as Starlink, has enabled front-line Ukrainian forces to communicate via secure internet chat apps, allowing them to stay in contact without relying on cell or radio signals, which are easier to intercept.

Elon Musk, who leads SpaceX and is its largest single owner, responded on Sunday. "A number of false news re-



Starlink satellite internet terminals play a key role in Ukraine's war effort.

ports claim that SpaceX is selling Starlink terminals to Russia. This is categorically false," Musk wrote in a post on X, a platform he also owns.

"To the best of our knowledge, no Starlinks have been sold directly or indirectly to Russia."

Starlink users need such terminals to connect with the net-

work's orbiting fleet of satellites to obtain internet service.

In a statement on Thursday, Starlink said the service doesn't work in Russia but

didn't address whether it could be used in Russian-occupied parts of Ukraine. A spokesman for SpaceX didn't respond to requests for comment Sunday.

Andriy Yusov, a spokesman for Ukraine's military intelligence agency, said Kyiv had intercepted radio communications from Russia's 83rd Separate Air-Assault Brigade in the occupied Donetsk region that indicated they were using Starlink terminals.

"This is starting to become systemic," Yusov said of the Russian use of Starlink in occupied territory.

It is possible that Russian forces have captured Starlink equipment from Ukrainian soldiers, allowing them to tap in to the Starlink network. While SpaceX has the ability to track Starlink users within specific geographic locations, it might be difficult for the company to determine whether users are Russian or Ukrainian troops, especially in battlefield areas. Satellite-communications

companies work to manage where their networks offer internet service to users on the ground. Providers need permission from different countries' regulators to sell satellite-backed connections and want to avoid doing so in areas where they haven't secured those rights.

Although Starlink systems can't be purchased in Russia, Ukrainian media reported that Russian forces have been purchasing the devices in third countries and bringing them to the front.

Access to Starlink has been a politically charged issue since early in the war, when Musk decided to make the service available in Ukraine. Starlink is considered so vital to Ukrainian operations that, last year, when SpaceX said it could no longer fund access for Kyiv, the Pentagon agreed to pay to keep the service running.

—Drew FitzGerald contributed to this article.

NATO Denounces Remarks

Continued from Page One

peatedly pressed the issue publicly, chastising allies for not spending enough. He said, for example, that the U.S. government shouldn't be expected to rush to the defense of countries that refused to spend enough money to defend themselves.

Trump repeatedly threatened to withdraw the U.S. from NATO when he was president and made numerous overtures to Russia, fraying the U.S.'s relationship with other world leaders.

Biden, a Democrat, has sought to repair those ties, and on Sunday he joined the chorus of people rebuking

Trump's latest comments.

Biden said Trump, the front-runner for the 2024 GOP presidential nomination, had made "an admission that he intends to give [Russian President Vladimir] Putin a green light for more war and violence" that could expand beyond Ukraine to Poland and the Baltic states. Biden, in his statement, said Trump's comments were "appalling and dangerous. Sadly, they are also predictable coming from a man who is promising to rule as a dictator."

Sen. Mitch McConnell of Kentucky, the chamber's GOP leader, declined Sunday to answer questions about Trump's NATO comments, but he said on the Senate floor that the U.S. must reject the "dimkest and most shortsighted views of our obligations" to allies. "Will we give those who crave our leadership more reason to wonder if it's in decline, or will we invest in the credibility that underpins our entire

way of life?" he said.

Trump's allies have said his tough talk has a way of eliciting action that advances U.S. interests, as he has long alleged that European and Asian countries have relied too much on the U.S. military for their own protection.

Russia invaded Ukraine in February 2022 and intense fighting continues. Trump, on several occasions during his presidency, attempted to bring the U.S. closer to Russia, suggesting for example that it should be readmitted to the Group of Seven nations forum, startling Democrats and Republicans.

NATO is an alliance of more than 30 countries, and its "Article 5" states that if one NATO member is attacked, "each and every other member of the Alliance will consider this act of violence as an armed attack against all members and will take the actions it deems necessary to assist the Ally attacked." The alli-

ance plans to honor the 75th anniversary of its founding this year.

Other Western leaders rushed to defend NATO on Sunday, as well. Defense Minister Wladyslaw Kosiniak-Kamysz of Poland, writing on the social-media platform X, said that NATO's security guarantee to its members is a concrete commitment. He wrote that no election campaign should become a reason to undermine NATO unity.

In another apparent reaction to Trump's comments, the German Foreign Office on Sunday posted a statement of NATO unity on social media. "One for all and all for one. This #NATO creed keeps more than 950 million people safe—from Anchorage to Erzurum," said the statement on X, referring to cities in the U.S. and Turkey.

U.S. foreign-policy specialists from across the political spectrum said that Trump's comments had the potential to undermine the U.S.'s national

security. By raising doubts about whether the U.S. would keep its commitments to defend its allies, Trump risks encouraging other nations to seek other security arrangements by strengthening ties with Russia, China and other U.S. adversaries, they said.

"I was shocked to see the former president of the United States threatening America's closest friends as if we were running a mafia protection racket rather than a defense alliance," said Kori Schake, director of foreign and defense policy studies at the right-of-center American Enterprise Institute.

NATO allies' contributions for military spending have grown in recent years, though they were already on the upswing after 2014, the year when the alliance formally agreed on the 2% threshold and Russia annexed Crimea. Ten of the alliance's 31 members have now achieved the 2% goal, according to statis-

tics released by NATO last year, a significant increase from 2014, when only three members met that benchmark.

"When you don't pay your defense spending you can't be surprised that you get more war," Trump adviser Jason Miller said.

Last year, Congress included an amendment offered by Sens. Tim Kaine (D., Va.), and Marco Rubio (R., Fla.), in the annual defense-policy bill that requires the advice and consent of the Senate or an act of Congress before any president could "suspend, terminate, or withdraw" U.S. membership in NATO.

The language sets a high threshold—two-thirds of all senators—to approve a withdrawal and bars any funding from being used to support such a move by any government official. It became law when Biden signed the fiscal year 2024 National Defense Authorization Act in late December.

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WORLD NEWS



Supporters of Imran Khan's Pakistan Tehreek-e-Insaf party blocked the Peshawar to Islamabad highway on Sunday.

Tensions Build in Pakistan

Followers of jailed opposition leader Khan allege elections had been rigged

By SAEED SHAH AND WAQAR GILLANI

RAWALPINDI, Pakistan—Former Prime Minister Nawaz Sharif held talks Sunday with other parties to form a new government in Pakistan, as followers of jailed opposition leader Imran Khan took to the streets to protest the alleged rigging of this past week's election.

Thursday's election, in which no party won a majority and which has been marred by allegations made by Khan's party of vote tampering after official results were heavily delayed, has left Pakistan's next government and the country's stability in question. Sharif held negotiations Sunday with both of the parties he would need to form a coalition government, but no

agreement was announced. The Election Commission, which said on the morning of the polls that the election would be free and fair, didn't respond to a request to comment on the rigging allegations.

Thousands of followers of Khan, who previously became prime minister in 2018, came out in cities across the country, adding to the pressure building over the disputed election. It was the first demonstration from the party since a crackdown against its protests in May saw some 10,000 arrested.

Khan's party is facing off against not only the other major parties but also Pakistan's powerful military, which it believes to be behind the past week's alleged rigging as well as the prior crackdown. Khan, who was barred from running himself, was dismissed from office in a parliamentary vote in 2022 after tensions with the military.

"This momentum won't stop, even if we have to spill our blood," said Habib Ullah, a 28-year-old factory worker

heading to a protest in the northern town of Rawalpindi. "The consciousness that Imran Khan has given us can't just be put back in the bottle."

Pakistan's military, which has appealed for calm, admits to interfering in politics in the past but says it no longer does so.

Candidates associated with Khan's party emerged with the largest haul of seats, which confounded predictions of a Sharif victory based on a series of moves by the authorities that hobbled the Pakistan Tehreek-e-Insaf party's chances, including making its candidates run as independents. Candidates associated with the party won at least 90 seats, but it says that rigging robbed it of dozens of more.

Sharif's party came in second place, with 75 seats, even after the three-time prime minister returned from exile to lead the campaign. Any coalition he is able to hammer out will be potentially shaky, making it hard to carry through tough decisions needed to stabilize the fragile

economy, experts say.

There was anger against the other parties and the military at the protests Sunday, which were held outside local-election offices in locations across the country.

In Rawalpindi, those blocked from reaching the protest sites staged spontaneous mini demonstrations on the roadside. Later in the day, police used tear gas and made baton charges against the crowd in Rawalpindi, protesters said. Police said that protesters were in breach of a law that is currently being enforced which prohibits a gathering of four or more people.

"Who will save Pakistan? Prison 804," was a popular chant by the crowd in Rawalpindi, referring to Khan's prisoner number.

Watch a Video

Scan the code to see a video about protests taking place in Pakistan.

Ecuador Follows El Salvador in Taking on Gangs

By RYAN DUBÉ

El Salvador President Nayib Bukele's uncompromising approach to rooting out criminal gangs is beginning to be adopted elsewhere in Latin America, with striking results.

Homicides in Ecuador tumbled 70% in a month after President Daniel Noboa sent in the military to arrest suspected gang members and retake control of the prisons where their leaders orchestrated cocaine shipments and planned a wave of killings that had plunged the country into chaos. Other countries have said they are looking at doing much the same.

Ecuador's new approach, enacted after gangsters stunned the nation by storming a public television station on Jan. 9, uses many of the methods introduced by El Salvador's Bukele to lower homicides by 92% since 2015, when that country was the world's murder capital.

"We're delivering results, things are improving, the violence is declining," Noboa said in a recent television interview. "But we don't know when this war is going to end, no one knows."

Bukele has in four years transformed his tiny Central American nation from one of the most violent in Latin America to one of the safest.

A booming cocaine trade helped make Ecuador one of the world's deadliest nations, with homicides shooting up from fewer than 1,000 in 2018 to 8,009 in 2023.

In some of the more violent Latin American countries, politicians say they are looking to

copy Bukele's policies despite concerns by civil-liberties groups about rights abuses and his increasing, unchecked power. Honduras issued a state of emergency that curbed freedom of assembly and other constitutional rights to fight organized crime and extortion. Peru deployed troops to parts of the capital, Lima, and Congress now wants to reopen a notorious island prison once used to house Maoist insurgents.

In Ecuador, authorities say they will emulate El Salvador by building their own high-security detention centers to isolate gang leaders. Noboa says his government will contract the same company that built Bukele's biggest prison, the Terrorism Confinement Center, which can hold 40,000.

"If you want to go and spend a night, you can. Just commit a crime first," said Noboa, the 36-year-old scion of a banana magnate who took office in November, in a recent interview.

Noboa's strategy is the latest iteration of the "iron fist" security measures of the 1970s and '80s that Latin American governments, many of them military dictatorships, used to crush leftist rebels while committing widespread rights violations. Now, democracies whipsawed by crime are dusting off that model for use against gangs. Ecuador's military says it respects human rights during its operations.

Noboa's approval rating rose to 80% last month, according to local pollster Comunaliza, while Bukele won re-election on Feb. 4 in a landslide.

Homicides fall 70% as President Noboa deploys troops on the streets.

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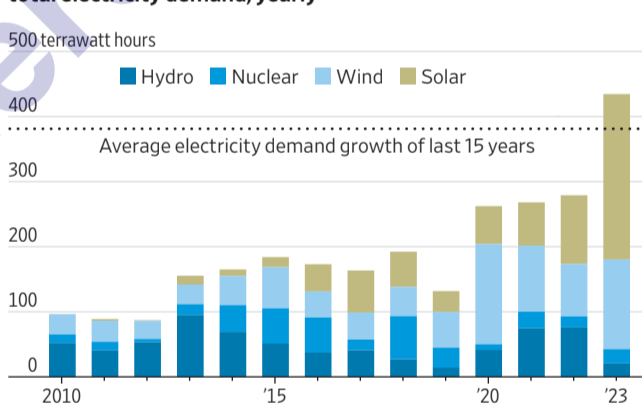
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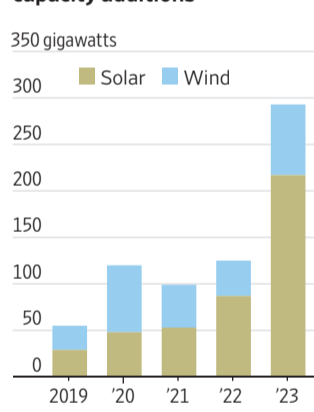
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New clean-energy capacity vs. the average increase in total electricity demand, yearly



China's solar- and wind-capacity additions



China's Emissions Reversal Is Looking Nearer Than Expected

By SHA HUA AND MATTHEW DALTON

China's rollout of renewable energy is accelerating, its investments in the sector growing so large that international climate watchdogs now expect the country's greenhouse-gas emissions to peak years earlier than anticipated—possibly as soon as this year.

China installed 217 gigawatts worth of solar power last year, according to new government data. That is more than 500 million solar panels and well above the total installed solar capacity of the U.S. Wind-energy additions were 76 gigawatts, more than the rest of the world combined. That amounted to more than 20,000 new turbines across the country, including the world's largest, planted on towers in the sea off China's east coast.

The low-carbon additions, which also included hydro-power and nuclear, were for the first time large enough that their power output could cover the entire annual increase in Chinese electricity demand, analysts say. That suggests that coal-fired generation—which accounts for 70% of the country's overall emissions for the world's biggest polluter—is set to decline, according to the Paris-based International Energy Agency and Lauri Myllyvirta, the Helsinki-based lead analyst at the

Centre for Research on Energy and Clean Air.

China's expanding renewables footprint is shaping the global response to climate change. Its companies are the leading manufacturers of clean-energy technology, from solar panels and wind turbines to electric vehicles. That is stoking concerns in the rest of the industrialized world.

At the same time, analysts and officials say, China's deployment of renewables at home is breathing new life into international climate diplomacy. Its rapid emissions growth long provided fodder for critics who said Beijing wasn't committed to fighting climate change or supporting the Paris accord, the landmark climate agreement that calls for governments to attempt to limit warming to 1.5 degrees Celsius over preindustrial temperatures.

Now, analysts and officials say Beijing's efforts are lending momentum Paris process, which requires governments to draft new emissions plans every five years.

"An early peak would have a lot of symbolic value and send a signal to the world that we've turned a corner," said Jan Ivar Korsbakken, a senior researcher at the Oslo-based Center for International Climate and Environmental Research.

In 2020, Chinese leader Xi Jinping said China would have 1,200 gigawatts of solar- and

wind-power capacity by the end of this decade. The China Electricity Council forecast last month that capacity would top 1,300 gigawatts by the end of this year.

Once the emissions peak arrives, some analysts expect a plateau to follow. That is a problem, scientists say, because the world's major emitters must sharply cut global emissions this decade to fulfill the Paris accord.

Climate Action Tracker, a scientific consortium that evaluates governments' emissions plans, rates China's current policies "highly insufficient" to meet the Paris accord goal. The actions and policies of the U.S., where emissions have been falling, were graded "insufficient."

China is still building coal-fired power plants. Beijing has been telling Western officials that the new plants won't be as polluting as they fear. They are replacing older, higher-emitting plants, and will run far below full capacity, largely to maintain electric-grid stability as China generates more of its power from intermittent wind and solar.

The exact timing of China's peak depends on factors such as economic growth and weather in the next few years, analysts say. The adoption of electric vehicles is happening so rapidly that analysts say peak gasoline demand in China was already reached last year.

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FROM PAGE ONE

Betting Big On Sports Streaming

Continued from Page One
 deliver anything close to the entire landscape of sports programming.

Sports have been the linchpin of the hugely profitable cable-TV industry for decades. But as consumers cut the cord in droves, pushing the business to the brink, making the transition to streaming has been rocky.

It's been hard enough to port entertainment programming to streaming, with services such as Disney+, Peacock and Paramount+ struggling to show investors profits. But sports are even trickier, because of the staggeringly high costs for the content.

Media companies collectively pay billions of dollars annually to the NFL and NBA alone. Cable makes the math work because of its inherent subsidy—even households who don't watch channels like ESPN pay for them on their monthly bill, meaning the high rights costs are spread among higher numbers of subscribers.

What ESPN, Fox and Warner settled on was to create a slimmed-down version of a cable bundle in streaming form that is focused on sports. The as-yet-unnamed service, expected to launch this fall, will carry 14 networks, including Disney's ESPN channels and its ABC network, Warner's TNT and TBS, and Fox's broadcast network and sports cable channel. The service will feature sports including the NFL, NBA, Major League Baseball, college football and basketball, golf and NASCAR.

By packaging together all the content, the companies are hoping they can bring in enough sports-first customers to make the economics work. Wells Fargo analyst Steven Cahall projected, based on various assumptions, that the service could break even if around six million subscribers paid at least \$40 a month.

The companies are discussing a price that could approach \$50 a month, people familiar with the situation said.

For many years, media companies resisted offering such a sports-specific package, fearing it could cannibalize the old-school cable bundle, which they wanted to preserve as long as they possibly could. Now, the cable industry is reaching a tipping point: Only 73 million households subscribe to pay-TV, either through traditional distributors such as Comcast or internet versions of cable like YouTube TV, down from about 100 million a decade ago, according to MoffettNathanson. The rate of decline has picked up pace since streaming really started to take off in 2019, when multiple services beyond Netflix became popular.

With the streaming venture, Disney, Warner and Fox have decided to leap into a new business even if it accelerates cable's collapse—with the real risk that what they are building won't be anywhere near as lucrative. As one rival executive put it, they are tearing down the house to put a shed



Disney, which owns ESPN, is one of three big media companies involved in the streaming venture, which would offer all their live-sports programming. ESPN analysts, above, last November. Eagles fans, below, watching the Super Bowl last year.



in the backyard.

"We're doing what should have happened slowly over 20 years all at once now," said Patrick Crakes, a sports media consultant and former senior executive at Fox Sports. He added, "This is not going to save anybody, but it's a start."

Missing games

Even with all the sports games the planned service will offer, it still won't be a complete, all-in-one sports platform, partly because Comcast's NBC and Paramount's CBS aren't part of the partnership. NFL fans would still need CBS to watch Sunday afternoon football, NBC's Peacock for Sunday night football and Amazon Prime Video to watch Thursday games.

Ian Schrader, a 48-year-old automotive technician from Pendleton, Ky., said he is paying for YouTube TV, which streams a package of more than 100 cable channels, exclusively because of sports. When he first signed up years ago, it was \$40 a month. Now it's \$73.

"As long as it's less than what YouTube TV is, I'm probably going to be on board," he said of the planned sports-streaming service.

Sports fans who also like all the other channels in their cable packages might not be in-

terested. And customers could resist adding another expensive streaming service to the ever-expanding assortment such as Netflix, Apple TV+ and Max.

Failing to bring the NFL, NBA and other leagues in on their plans was a risk for the media companies. The leagues have plenty of options when licensing their rights, and in the past few years tech companies such as Amazon and Apple have emerged as customers.

If the sports service does gain traction, it will deal another major blow to the cable bundle by driving more consumers to cancel their subscriptions, said Steven Bornstein, a former chairman of ESPN and a former executive with the NFL. "It just further decays the bundle, which is the lifeblood of these companies," he said. "I would be concerned if I was sitting at Disney and Fox and Warner Bros. about being part of something like this."

The companies said the venture would bring in what it called "cord nevers," younger people who had never subscribed to traditional cable.

But it could very well have broader appeal, and traditional cable companies such as Charter will likely start demanding flexibility to create slimmed-down sports-centric packages

of their own. Traditionally, deals with media companies have required the cable companies to package the attractive sports properties with smaller-audience entertainment channels.

The biggest losers in cable's collapse will likely be the owners of local TV stations and smaller entertainment networks, from A&E to AMC to Comedy Central and Syfy, that are the most dependent on cable TV. Shares of Scripps, owner of 61 local stations, are down 24% since the sports venture was announced.

"In a way, these guys just ran into the castle and pulled up the drawbridge," said Doug Shapiro, a former head of strategy at Turner, a division of Warner, who is now a consultant to media companies. "And you are either inside or outside the moat."

The new sports venture grew out of a frenetic, almost chaotic period of experimentation in the industry over the past year. Media companies have explored all sorts of potential business models for streaming and sports, some that involve going it alone and some that would require teaming up with others, through pricing bundles, joint ventures or all-out mergers.

Fox Corp. Chief Executive Lachlan Murdoch had been

having separate discussions with both Warner Bros. Discovery and Disney last year about creating a sports streaming service, people familiar with the discussions said. Fox has an ad-supported streaming service for entertainment, Tubi, and a Fox Nation streaming service for news and lifestyle programming—meant as a complement to Fox News—but didn't have a major subscription streaming option for its huge array of sports content.

Murdoch was inspired largely by Kayo Sports, a similar platform in Australia that Journal parent News Corp owns, which counts ESPN as a programming partner. Murdoch is chair of News Corp and executive chair and CEO of Fox Corp.

Warner Discovery Chief Executive David Zaslav, who has long advocated bundling streaming services, was eager to do something with Fox. Warner in September announced that its live sports content, including NBA and MLB games, would be available on its Max streaming platform for an additional \$9.99 a month. But the company wanted a way to reach even more sports fans in the streaming world.

At the same time, ESPN Chairman Jimmy Pitaro was also thinking about the idea of partnering with another media company. Bob Iger, chief executive of ESPN parent Disney, had broached the topic of a sports partnership with Murdoch as well.

ESPN had been working on a plan to offer its flagship TV channel in a stand-alone streaming app, while considering a number of other paths, including strategic partnerships with the NFL and NBA, as well as teaming up with rival media outfits. The stand-alone ESPN app is still moving forward, with a target date of fall 2025.

The talks for the new venture quickly moved forward, the people familiar with the discussions said. A hunt is now on for a chief executive.

The platform will license the channels from its parent companies, and each owner will keep the ad revenue from their respective networks.

Disney, Warner and Fox will

each own one-third of the venture, which will have an independent management team, the companies said.

The structure could pose challenges. Fox, NBC and Disney owned the streaming service Hulu together but often disagreed on strategy—it was at times referred to as "Clown Co.," partly because of the struggles to formulate a unified approach.

Disney bought out Fox's share in Hulu in 2019, as part of its acquisition of much of Fox's entertainment assets, and is now buying out NBC parent Comcast to take full control of Hulu.

Antitrust questions

The collaboration by three giants to pool a huge amount of sports programming—Citi analysts peg it at 55% of U.S. sports rights—could draw antitrust scrutiny. Smaller rivals have already raised alarms.

Disney, Fox and Warner have said they will negotiate independently for sports rights, mindful that teaming up would be a red flag to federal antitrust regulators.

The government is going to look at this arrangement and ask how it benefits sports viewers, and how content suppliers—in this case the sports leagues—are reacting, said William Kovacic, a former chair and general counsel at the Federal Trade Commission, who is now a law professor at George Washington University's law school.

It could be challenging for the media companies to prove that they are truly operating independently, Kovacic said.

The pact's focus on sports, one of the most popular types of programming among consumers, makes it even more likely that enforcers will at least examine the deal, said Michael Katz, an economist at the University of California Berkeley. The Justice Department might look at the potential impact on prices for sports programming and whether Disney and its partners would have an incentive to withhold that content from cable companies or rival streaming services, he said.

Fubo, a nine-year-old sports-centric streaming service with more than 200 channels and 1.5 million subscribers in North America, saw its company's stock drop more than 20% on the news of the joint venture. "Every consumer in America should be concerned about the intent behind this joint venture and its impact on fair market competition," Fubo said.

Cable operators, for their part, have been trying to offer such sports "skinny bundles" for years but were blocked by the very media companies doing this now, said Grant Spellmeyer, president and CEO of ACA Connects, which represents more than 500 smaller rural broadband and cable providers.

"Allowing the biggest media players to join forces—while locking out traditional linear cable providers from offering the same package at the same price—only gives even more power and leverage to the Goliaths to extract more money from customers," Spellmeyer said.

—Dave Michaels and Robbie Whelan contributed to this article.

Headsets Are Magnet For Curious

Continued from Page One
 hustling for tips for selfie pics, evangelists shouting Scripture about the end of the world, and out-of-towners trying to follow janky directional apps to the next performance of "The Lion King"—the Vision Pro stood out.

A few passerby asked Olisker to tell them how many fingers they were holding up. "They didn't believe that I could see them," says Olisker, 19, who had flown from Israel to buy the device.

Call it the curse of being first.

Since the Vision Pro went on sale, early adopters taking them into the wild have been gawked at and judged for covering their eyes and about half their faces—when they could be, well, avoiding eye contact with other humans the normal way, by staring at their

phones.

The Vision Pro is one of Apple's first major product launches in years. It does what a phone or laptop can do—send emails and show movies—but tracks your eye and hand movements when you want to click on an app or write something down.

The questions from strangers are reminiscent of when the first iPhone came out. *How do you type with no buttons?* Or when AirPods took over the streets: *Is that person talking to himself?*

Apple, which first unveiled the Vision Pro in June, calls it revolutionary—its first product you look through and not at.

Ben Parr, a tech entrepreneur and investor, says he's worn his Vision Pro on a plane and in a hotel lobby, using it for work. A dozen people have asked to wear it, he says.

"They definitely ooh and ah when they see the screen and can see everybody around them," he says. "In general though, I'm only going to let friends do it moving forward."

When he recently dined at a hot pot restaurant with friends, the waiters and



Yam Olisker, who flew from Israel to buy the new headset, drew stares and questions from strangers in Times Square.

bussers there asked what was strapped on his face.

He even had a few bites with the Vision Pro on. "You can do it, but it is close to the nose," says the 38-year-old from Los Angeles. Beverages are trickier: "Would recommend a straw for anyone wanting to drink while using a Vision Pro."

Nikias Molina, who traveled from Barcelona to buy the device, wore his Vision Pro in a crowded New York City sub-

way while typing in the air on a keyboard only he could see. Other riders were looking down and didn't seem to notice or care, but not so on Molina's flight home to Spain, where he was the in-flight entertainment of sorts.

The passenger sitting next to him asked so many questions, Molina worried the man would ask to try on his headset.

"I don't want to be sharing," says the 25-year-old You-

tuber, citing germs and the high cost of the device.

Others say they are turned off by seeing people walking around in public looking like they are about to ski down a black-diamond at Telluride.

Jonah Rothman recently went to Boston's TD Garden to catch a basketball game, and saw a man in the front row wearing the Vision Pro during the game. "If I paid for court-side seats, I would not put a device on my head," says Rothman, a 19-year-old college student in Boston.

Dante Lentini strapped on his new headset and put his Tesla Model Y into autopilot. In a video posted on X, the 21-year-old Lentini can be seen heading down the road, fully immersed in the augmented-reality aspects of Apple's new device while his Tesla does the driving.

"It was so, so futuristic and dystopian," Lentini recalls.

Many people responded angrily to the video, however, saying Lentini was probably distracted while behind the wheel. He later said the video was a skit.

Even those who live on tech's cutting edge are still

figuring out how to politely interact with those still stuck in reality.

Anshel Sag, a 34-year-old tech analyst in San Diego, says his 1-month-old daughter had fallen asleep on his chest when he came up with an idea. "I asked my wife to bring over my headset," he says.

He watched about 30 minutes of "Avatar: The Way of Water" as his baby napped, blissfully unable to hear the noise from the movie.

Yet, he's considered but held off bringing his Vision Pro headset into the bedroom. "It feels a little bit isolating for my partner," he says.

His wife, Talia Sag, says she wouldn't mind.

"We don't always have the same taste in shows," says Sag, 30, who owns a snack-food business. "That would be a nice way to spend time together while he can watch whatever he wants."

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By ANN-MARIE ALCÁNTARA

A tip for all the lovers out there: If your beloved asks you to bring them a peeled orange, do it.

The orange-peel test, as seen in videos swarming social media, aims to determine whether a romantic partner is willing to perform tiny acts of service, even if the other person is perfectly capable of peeling their own orange. It's one of several love litmus tests gaining traction online, as TikTokers and Instagrammers post videos of their partners' passes and fails. Far from scientific—or even fair—these tests give people bragging rights, and the latest way to put every aspect of life online for approval.

The videos typically begin when a woman (the tester is almost always female; the tested, male) asks her boyfriend for an orange: peeled, please.

His response, ideally, is “Yes, dear.” He stops whatever he's doing, even if he's deep in work or running out in a hurry, and soon presents ready-to-eat citrus. (Clementines count.) Sometimes he'll arrange the wedges in a fun shape like a sun or face, or say something like, “a Cutie for my cutie.”

In the bird test, someone notices, say, a bird out the window and bids his or her partner to come look. Failing to spring to the beloved's side suggests, according to the online peanut gallery, not caring about small things that matter to the other person.

Then there's the ketchup challenge: One person purposely spills some ketchup on a counter, and asks his or her partner to clean it up. Results are mixed. Some partners stand there in disbelief at the pooling ketchup, others clean it up in a flurry of paper towels.

Flaunting relationship status online is a tale as old as Facebook. These new tests let people humblebrag, as few men fail to peel an orange or look at a bird. Sharing them reassures the poster—and everyone else on TikTok—that she is correctly adored.

Most relationship tests lack scientific backing but are irresistible anyway. The current crop differs from online quizzes or questionnaires in Cosmo because they're happening in real life.

“People want diagnosis, they want answers,” says Paul Eastwick, a professor of psychology who heads the Attraction and Relationships Research Laboratory at University of California, Davis.

Couples say the tests can open up deeper dialogue, while others—often male partners—tend to be less happy about being pop-quizzed on camera. Commenters shower the couple with

► Kylee Cochran and Jake Dicker have tried several of the tests, with Dicker passing most of the time.



◀ The orange-peel test is used to see if a romantic partner is willing to perform tiny acts of service.

band, who isn't active on social media and is oblivious to TikTok and Instagram trends. He peeled the orange, then broke it in half so it was easier for her to eat. In other words: A+.

Huang Wang, 29, says the test made her feel grateful. “A lot of girls didn't get their orange peeled,” she says.

Kylee Cochran recently put Jake Dicker, her boyfriend of two years, to the ketchup test. He passed, starting with a paper towel, followed by a spritz of all-purpose cleaner.

Cochran, a 20-year-old communications and art student at University of California, Santa Barbara, says the tests provided a useful frame for assessing her relationship with Dicker. He thinks of them as cute, harmless activities.

That may be because Dicker, also a UCSB student, has passed most of the other tests du jour. He has failed the bird test on occasion, however. “Sometimes he'll come right away and he'll get all excited,” Cochran says.

“And sometimes he will be looking at a sports notification on his phone and he'll hesitate.”

If you must do it, it's good to do something like the bird test 15 to 20 times, Eastwick says. Your partner could have other things on his or her mind, and passing or failing doesn't mean it's good or bad. Whatever the result could be a chance to start a conversation to recreate a shared reality that makes the both of you happy, he says.

“You have to find the patterns that work for you and your partner and set it up so that those things keep happening,” Eastwick says. “If it's important to you that your partner demonstrates that they care about you by doing small favors like peeling oranges, then you all need to build that into your daily experience.”

Food for thought

Brianne Olsen, a 25-year-old fashion designer who lives in Philadelphia, told her boyfriend about the orange-peel theory over drinks one night in December. She told him he's the type to already peel an orange for her—no need for a pop quiz.

The two then spent the rest of their time discussing some of the “orange peels” in their relationship, such as how he stocks his fridge with her favorite soda, or how he picks her up from work with the seat warmer on and ready in the car, Olsen says.

“We're just very good at talking about what we want and need from each other,” she says. “If we ever have any disagreement or argument, we will always sit down and talk about it in such a calm, loving manner.”

House, the relationship expert at eharmony, thinks that is the real point. “This is all about bringing attention and calling out the small things that you guys already do—or can be doing better,” she says.

PERSONAL TECHNOLOGY

Putting Relationships To the Orange Test

Online quizzes, like the citrus peel challenge, can start a conversation

praise or note how their partners are just as loving. If a person fails, they sometimes urge the couple to break up.

People want to see relationship dynamics on social media that reflect what they're experiencing,

otherwise it may mean there's signs of trouble.

While the concept of some of these tests can come from a place of wanting to do something for a partner, it can be used as manipulation and be taken out of context, says Laurel House, a relationship expert at dating site eharmony. Some tests verge on the unfair (though some are staged for the camera). She warns against putting too much faith in one of these trending quizzes. Every relationship is unique, with its own version of a peeled orange.

“It's more important to be aware of the little things that are happening in your specific relationship naturally and authentically, as opposed to the little things that are happening in other people's relationships,” she says.

Small favors

Cynthia Huang Wang, a lifestyle content creator in San Francisco, recently tried the orange-peel test on her hus-

◀ Cynthia Huang Wang's husband passed the orange-peel test.



Pricy Chex Mix Has Fliers in a Frenzy

By JACOB PASSY

Call it the Consumer Chex Index. A \$9.99 bag of Chex Mix that a comedian purchased at New York's LaGuardia Airport has inspired a global scavenger hunt and impromptu internet referendum on why airport food prices can climb so high.

The stunt comes amid consumer frustration about the often high prices of once-cheap everyday goods. The government tracks inflation by sending hundreds of representatives to businesses around the country to tally the monthly consumer-price index. This homegrown riff on the CPI drives home just how variable those prices can be.

New York-based comedian Kylie Brakeman has summoned a crowd-sourced, deeply unscientific, list of prices for Chex Mix's 8.75-ounce bag of “traditional” flavor from around the U.S. and beyond. Her spreadsheet contains nearly 40 airports.

Chex Mix is Brakeman's go-to plane snack, she says. “I'm pretty ride-or-die for Chex Mix,” says Brakeman, who counts writing for “The Tonight Show” among her credits.

It cost how much?

The discovery of the costly bag of Chex Mix piqued Brakeman's curiosity. The 27-year-old posted her ini-

tial findings based on her own observations to X, and welcomed her nearly 200,000 followers to report their own findings.

She set ground rules: Bags should be around 8 ounces—not snack-size—and in the traditional flavor. Prices should be pretax.

Responses came pouring in from all over. A \$6.99 bag of Chex Mix was reported at Hermes Quijada International Airport in Tierra del Fuego province, Argentina. Brakeman shared the results with a Google spreadsheet.

The experiment gave Brakeman a crash course in what it's like to be a statistician.

She combed the responses in an effort to weed out bad data, though she admits it may not have been the most sound data-collecting practice. Some people shared photos of the prices they found as evidence.

Brakeman broke the price reports into four categories: Those she's seen herself, those she's seen photographic proof of, those she hasn't seen pictures of but suspects are true, and “I'm not sure I believe you” prices.

Not all of the data proved accurate. People reported Chex Mix at Seattle-Tacoma International Airport cost \$12.99 or \$14.99. A spokesman reviewed prices across the three concourses and said that 8.75-ounce



bags cost \$5.99.

A spokesman for Pittsburgh International Airport disputed the price of \$7.99 that Brakeman was told. A check of several stores across the airport found a lower price: \$3.79. Both airport spokesmen provided a reporter with photographic proof.

Brakeman's response: “I really don't want to make any enemies here.”

Apples to apples

Prices of items at the airport vary widely, whether it's Chex Mix or a pint of beer. And airport prices are almost always higher than those found at stores. That can frustrate

Frustration grows about the often high prices of once-cheap everyday goods.

travelers, says Ryan Hamilton, an associate professor of marketing at Emory University's Goizueta Business School.

Brakeman's experiment lifts the veil on the seemingly inscrutable math that goes into pricing goods at airports,

Hamilton says.

“When it's fully transparent and we realize that there's another group that's getting a lower price, that level of transparency kicks our fairness sensors into high gear, and we feel very angry about it,” he says.

Research from industry trade group Airports Council International-North America found that more than 80% of airports have ad-

opted an approach called street pricing plus.

Under this methodology, the price of an item like a bag of Chex Mix in airport shops is tethered to the price people would pay outside the airport. Often, airport retailers hike prices by a certain amount to account for the added costs of doing business at an airport. Most airports require that shops set prices no higher than 10% above street pricing. Metro areas that follow this model include Washington, D.C., and New York City.

Generally, the prices are based on comparable convenience stores in the area near the airport, says Blaise Waguespack, professor of marketing at Embry-Riddle Aeronautical University in Daytona Beach, Fla.

In other words: Don't expect prices like what you'd find at a dollar or big-box store. Inflation has also pushed prices higher.

Some airports, including Salt Lake City International Airport, require that the prices in the airport match street pricing, with no extra markup allowed. Even then, airport retailers have leeway in setting prices.

Two retailers at SLC set the price of Chex Mix at \$3.79, while one offers a bargain at \$2.99, according to Brad Wolfe, the airport's commercial manager. That's allowed, since both prices are within the range set by street pricing, he says.

“A whole new world has opened up to me in the realm of economic indexes of small snacks,” Brakeman says.

“If anybody has a six-figure data-scientist job lying around that they're not using, I'll happily take it.”

PERSONAL JOURNAL.



Samuel and Bob Williford's 1967 Pontiac GTO is a model widely regarded as the first muscle car.

Bob: The GTO is an icon of the muscle car era. It first came out in model year 1964 and is regarded as the first muscle car. GTO stands for Gran Turismo Omologato. [The GTO's success made an icon of its chief engineer, John DeLorean, who later invented the DeLorean car company. Omologato is the Italian word for "homologation," meaning the car could qualify in a class of racing.] For years, the GTO was my daily driver. In 1968, when I got married, my wife, Ginger, and I went on our honeymoon in this car, all the way to Canada. When I

moved to Oxford, Miss., to go to law school, the car came with me. I almost traded it in for a Volkswagen Beetle during the gas crisis in the '70s. But when it came down to it, I said no thanks. I'm keeping this car.

Samuel: My dad always took good care of it. It was originally restored by a local guy in Brandon, Miss., named Joe Ellingburg, in 1999, and later touched up by Mike Martin at Classic Restorations in Gluckstadt, Miss. It has won gold awards at national events with the GTO Association of America and the Pontiac-Oakland Club International.

Bob: I like to joke that the car has aged better than I have. It always surprises me how it never fails to get attention. People give it the thumbs up and wave.

Samuel: The car has been featured in books and in a magazine. This past winter, I got an unexpected phone call. A TV show called "The Great Christmas Light Fight" had picked a house nearby to award a winning trophy, and they wanted a red car to deliver it. They found me through my local car club. When you see Santa Claus in that episode in a red muscle car, that's me behind the beard, and that is our GTO. It's amazing that this car has not only ended up being a fun member of our family, but that we have been able to share it with others. We want people to enjoy it as much as we do.

MY RIDE | A.J. BAIME

Icon Brings Family Together

Bob Williford, 82, and his son, Samuel Williford, 50, attorneys based in Ridgeland, Miss., on their 1967 Pontiac GTO, as told to A.J. Baime.

in this car. It had manual windows I could roll up and down, and I played with the steering wheel. I didn't know what a GTO was, but I knew it didn't look or

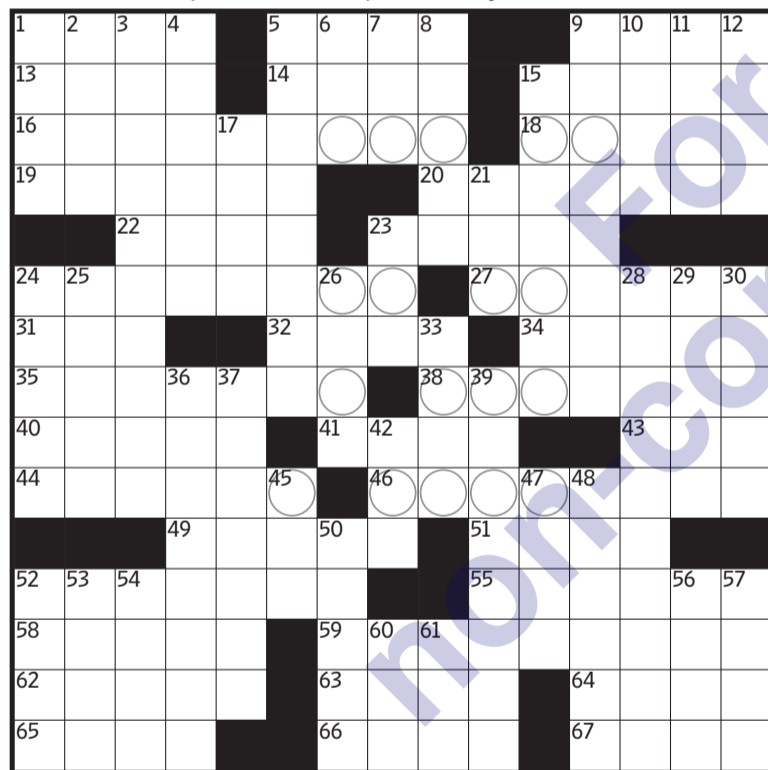
sound like my mom's Buick Skylark. I joke that my dad put the first 100,000 miles on the GTO, but I put the next 100,000 play miles on it.

Bob: In January 1967, I went with my father to a local dealership to buy a car in Greenwood, Miss. My dad tried to direct me toward a practical four-door Pontiac with an automatic transmission and air conditioning. I saw this less practical two-door red GTO with no air conditioning. I said, "Dad, that's my car right there." I bought it off the showroom floor.

Samuel: I was born in 1973, and grew up in "The Dukes of Hazzard" era. At the time, our family had moved to Madison, Miss., and there weren't many people living there. There weren't any kids to play with and there was not a whole lot for me to do, so I played



The WSJ Daily Crossword | Edited by Mike Shenk



GOOD LUCK! | By Josh Goodman

- Across**
- 1 Go from place to place
 - 5 Leaning Tower's home
 - 9 Broad inlets
 - 13 Madonna's "La _____ Bonita"
 - 14 Colorful eye part
 - 15 Merciless
 - 16 Brookings Institution or Center for American Progress, e.g.
 - 18 Played slowly, in music
 - 19 Less arduous
 - 20 One of the top how-to searches is how to do this
 - 22 Plant used in poi
 - 23 Sites for some catnaps
 - 24 Destination for a tow truck
 - 27 Forewords, for short
 - 31 Save the Children or Oxfam: Abbr.
 - 32 Do some crude painting
 - 34 Confiscate
 - 35 Container for a bourbon maker
 - 38 Is unobliged to
 - 40 Levels
 - 41 Event giveaways
 - 43 Antelope with a beard
 - 44 Hanging on every word
 - 46 Evade a tackler, maybe
 - 49 Always complaining
 - 51 Luau dance
 - 52 Pepper used in chiles rellenos
 - 55 Storied resident of the Plaza Hotel
 - 58 Boston Marathon month
 - 59 Well wishes before a performance, and what you do by filling in the circles
 - 62 Virtuous type
 - 63 Off-color
 - 64 Marlin's son, in a Pixar movie
 - 65 Exhausting work
 - 66 Old beaus
 - 67 Work on text
 - 8 Request one's presence at
 - 9 Got to the top of, as a hill
 - 10 Dad's sister
 - 11 Himalayan creature
 - 12 Gin flavorer
 - 15 Rid of filth
 - 17 Golden State Warriors coach Steve
 - 21 "Don't mind _____do"
 - 23 Moo _____pork
 - 24 \$100 bill, informally
 - 8 Request one's presence at
 - 9 Got to the top of, as a hill
 - 10 Dad's sister
 - 11 Himalayan creature
 - 12 Gin flavorer
 - 15 Rid of filth
 - 17 Golden State Warriors coach Steve
 - 21 "Don't mind _____do"
 - 23 Moo _____pork
 - 24 \$100 bill, informally

- 25 "From the top!"
- 26 Store next to St. Patrick's Cathedral
- 28 Like raccoons and some lemurs
- 29 Gas that filters out UV rays
- 30 Party preparation
- 33 _____Brith
- 36 Hardly moving, as traffic
- 37 Paving material
- 39 Brainy bunch
- 42 Curious child's question
- 45 Cookie container
- 47 Bruce Banner's alter ego
- 48 2017 U.S. Open winner Stephens
- 50 Virtuous
- 52 Go by
- 53 Shimmery gem
- 54 Vigor
- 56 Game before the finals, for short
- 57 Awards feat that Elton achieved in 2024
- 60 "Toy Story" dinosaur
- 61 Sheep that's a she

Previous Puzzle's Solution



The contest answer is **CONNIVE**. Seven presidential surnames are found in the grid: Democrats JACKSON, KENNEDY, CLINTON and CLEVELAND, and Republicans LINCOLN, GRANT and HAYES. As suggested by the clue to CENTER, go one letter left or right from each surname's central letter, depending on party, to get the contest answer.

Questions About Estimated Taxes Now That Filing Season Is Here

BY LAURA SAUNDERS

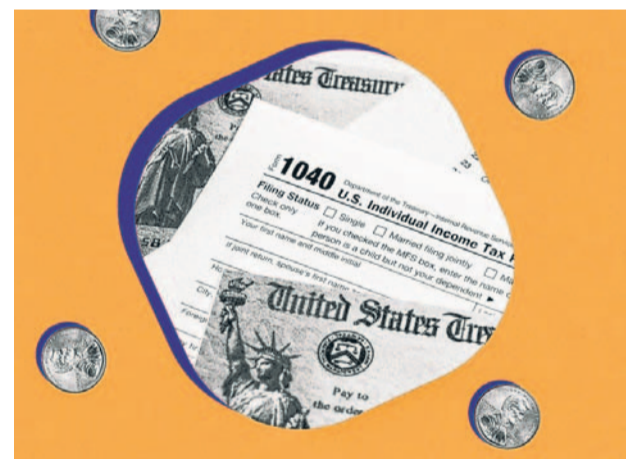
Q In December, I determined I had enough cash available to pay taxes owed on a lump sum, one-time Roth conversion of \$200,000 and sent a check for taxes using the estimated-payment form. I received a large refund, so I overpaid, but I also received an underpayment penalty. How do I avoid an underpayment penalty? At the end of the year, I convert to Roth but only if I have the available cash to send a check for the taxes. — a reader in Somerville, N.J.

A: You aren't alone: Other WSJ readers have experienced this problem.

Here is how it happens, according to an Internal Revenue Service spokesman. Say that a taxpayer has a surge of income in the fourth quarter that doesn't have withholding. If he makes a tax payment covering this income in the same quarter, the IRS's computers won't match them. Instead, the system assumes the income was earned evenly throughout the year. Then it assesses an interest-based penalty because it thinks that some of that tax was due earlier and that estimated payments should have been made in earlier periods.

To avoid the assessment of an underpayment penalty, the taxpayer should submit Form 2210. Be sure to complete the part of it called Schedule AI, which will match the income and the tax payment. If the tax was sufficient, there shouldn't be an underpayment penalty.

Filers who do their own returns should check their software. A spokeswoman for Intuit says TurboTax supports both Form 2210 and Schedule AI. At H&R Block, a spokeswoman says its online platform can handle Form 2210 but not Schedule AI, although an H&R Block tax pro could help with it virtually or in person.



The IRS spokesman adds that the taxpayer in question can ask for a refund of an incorrect penalty. To do this, filers should send in the notice of the penalty with a correct Form 2210 (including Schedule AI) and request an adjustment. Given constraints on IRS resources, resolution could take quite a while.

Q: I am retired and my income has dropped to the point that I am considering doing a Roth conversion. I know when money is moved from my traditional IRA to a Roth IRA, I pay taxes on what was withdrawn. Are these taxes automatically withheld similar to wages on a W2 or do I need to file a quarterly tax payment to avoid under-withholding penalty? — a reader in Rollinsford, N.H.

A: Tax isn't automatically withheld on traditional IRA assets converted to a Roth IRA, although you can ask the IRA sponsor to withhold it. (In that case, the withholding would be reported on your 1099-R form.) However, Roth IRA specialists advise paying the tax with "outside" funds rather than with converted funds if at all possible. Doing so leaves more in the Roth account to grow tax-free.

Savers who do pay the tax on a Roth conversion will often need to pay quarterly estimated taxes in the

period when the conversion is made. It's also possible—and often easier—to pay the tax by adjusting withholding elsewhere.

Q: I converted \$60,000 of my self-directed IRA investment(s) to Roth in November of 2023. I increased the amount of our 9/15/23 and 1/15/24 estimated payments. I anticipate that the total estimated payments will be sufficient to cover the additional tax liability for 2023 after the conversion. Are my estimated payments required to be equal even though I didn't convert these funds until November? — a reader in San Jose, Calif.

A: No. The idea with estimated taxes is to make the tax payment in the same period as the income. So the taxes could vary a lot from period to period if income varies.

In general, taxpayers who are self-employed or receive income from nonemployment sources like pensions, IRA withdrawals, dividends or interest often owe quarterly estimated tax payments on this income. By contrast, filers who receive a regular salary typically have tax payments withheld from their paychecks. Our Tax Guide overview addressed the basics of both; for more information, see IRS Publication 505.

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

ARTS IN REVIEW

ART REVIEW

Ancient Awakening At the Met

A trove of objects reveals the traditions and ingenuity of Cycladic art

By JAMES ROMM

New York

Until just recently, visitors to the Metropolitan Museum of Art's Greco-Roman galleries were greeted by an enormous funerary vase, a creation of the ninth-century B.C., depicting in somber ochre and black a grim mourning scene. Now that object has been shunted off to one side, and our first view of ancient Greece seems to speak of life rather than death. A monumental, stylized female figure, hewed out of gleaming white marble, stands at the edge of the Met's Belfer Court, new home to a stunning display of objects from the Cyclades islands (in the southern Aegean).

The anonymous artists who created this uniquely large figure, and the dozens of smaller Cycladic marbles seen in the new display—full figurines, fragments, disembodied heads, and in one case a seated harp-player—lived some 5,000 years ago, a millennium or more before the museum's next oldest Greek artifacts. Part of the allure of these works lies in their immense age and the mystery that surrounds their creation and use. Most depict females, leading to speculation that they functioned as fertility talismans or Mother Goddess icons. But a small number, including the masterly harpist, are clearly male, and one appears to have attributes of both sexes. We simply don't know why the peoples of these islands, forerunners of the Greeks who later replaced them, produced so many such figurines over a span of centuries. (Most of the finest examples date from the era called Early Cycladic II, roughly 2700-2300 B.C.).

Several decades ago, the spell that these objects exert turned entrepreneur Leonard Stern, for whom New York University's business school is named, into a devoted collector. Starting in the

1980s Mr. Stern, by then chairman of Hartz Mountain Corp., amassed some of the finest Cycladic works, a few of which were lent to the Met to augment its own holdings in this area. The museum's new exhibit consists of Stern's entire 161-piece collection, now ceded, in a novel arrangement, to Greece but lent to the Met for display for up to 50 years. This agreement, approved by the Greeks in 2022, has been hailed as a model solution to the problems of provenance and repatriation now rippling through the museum world.

By bringing so many figurines together in a single room, the Met exhibition shows us both the continuities and weird variations in the Cycladic tradition. Older versions of the female form, prior to Early Cycladic II, are sometimes wildly experimental; one displayed here has a bizarrely elongated neck,



◀ Marble seated harp player from 2800-2700 B.C., one of the items on loan to the Met for up to 50 years.

▲ Installation view of the display, which is drawn from the collection of Leonard Stern.

hands cupped beneath her squarish breasts, and a unique fez-like hat. Later, a canonical form emerged in which the woman folds her arms across her midriff and tilts her head, with its abstract, wedge-shaped nose, slightly upward. Some artists preferred rounded shoulders; others, an angular, trapezoid shape evocative of the Cubists (who were in fact strongly influenced by these sculptures, as were other early modernists including

Modigliani and Henry Moore).

The paint that would have supplied the eyes and highlighted the pubic triangle, and sometimes tattooed the face, has disappeared from these statues except for minute residues. In one instance the Met has supplied a QR code allowing smartphones to resurrect these "ghosts," a welcome way of acknowledging lost polychromy. Another problem for modern curation is the fact that, to judge by the bend in their knees and the turn of their feet, most of these women were imagined reclining on their backs. To display them that way would make them harder to view, but the Met has done so with two examples; the rest are mounted upright, airily floating an

inch or so off their shelves.

One vitrine in the Belfer Court gives insight into how the Cycladic sculptors worked. Remarkably, most of their figurines were produced before the introduction of tough metal alloys. Emery, an extremely hard stone that abounds in the Cyclades, was fashioned into primitive hammers for roughing out shapes. Then pumice, and tools made from obsidian glass—harvested on the volcanic island of Melos—were used for the finishing stages. The process may seem laborious, but modern simulators have knocked out passable figurines in less than a day. Practiced Cycladic artisans, working even more quickly, might well have mass-produced them, using the

shapes of found marble chunks to guide their designs.

Unlike the Greeks who later took over their islands, the Cycladic peoples made little use of ceramics, though a few painted pots are included in the exhibit. Their vessels were mostly of hollowed-out stone, often with holes in the sides—drilled through with emery splinters—to accommodate straps. Locally mined silver had its place as well at their tables and in their larders, as seen in one gleaming display case. But the stars of the Belfer Court exhibition are, beyond doubt, its exquisite marble women, their now-blank faces lifted to ours, declining to answer our questions.

Cycladic Art

The Met Fifth Avenue

Mr. Romm edits the "Ancient Lives" series for Yale University Press.

FILM REVIEW

Eric Rohmer's 'Four Seasons' of Love

By DAVID MERMELSTEIN

Anyone can see—well, hear—that Eric Rohmer, who died at age 89 in 2010, was at least as much a writer of films as he was a director of them. Rohmer (né Jean-Marie Maurice Schérer) first attained prominence as a French journalist and critic who, along with Jean-Luc Godard, François Truffaut and others, laid the intellectual groundwork for the French New Wave of the late 1950s and early 1960s that forever altered cinema by tweaking its tropes. Yet Rohmer delayed joining his peers behind the camera and didn't achieve international renown until the late 1960s, after the success of "My Night at Maud's," the third of his "Six Moral Tales."

Released in cinemas individually from 1963 through 1972, the "Moral Tales" were followed by another set of six films, "Comedies and Provocateurs" (1981-87), and then, in the following decade, by "Tales of the Four Seasons," the last of the director's grouped pictures. Portions of Rohmer's oeuvre have long been available on home video in the U.S., but in 2020 Criterion released "Six Moral Tales" on Blu-ray in 2K restorations that made appreciating them even easier.

Now Criterion has complemented that effort with Blu-rays of "The Four Seasons," also in crisp 2K restorations, out Tuesday. Audio interviews with the director and a cou-

ple of short films from earlier in his career enhance the package.

A tart quartet of keenly observed comedies, the "Tales" split the difference between Chekhov and Woody Allen while bowing playfully to Shakespeare. Such comparisons notwithstanding, the films are incisive and original, the loquaciousness of the characters their defining feature. Which isn't to say these movies don't have ample visual rewards. Thanks to Rohmer's affinity for atypical location shooting, they do.

There is no particular reason to watch these movies in the order they were made or in their seasonal sequence, either; characters and settings don't return. But all four share Rohmer's principal preoccupation: the continuing quest for romantic ideals, along with the mess people often make when pursuing them.

Set mostly in Paris, "A Tale of Springtime" (1990) spins a chance meeting between a hip schoolteacher, Jeanne (Anne Teyssèdre), and a young, aspiring pianist, Natacha (Florence Darel), into a sly comedy of manners. Believing Jeanne to be just the person to distract Igor (Hugues Quester), the pianist's beloved father, from the affections of Ève (Eloïse Bennett), Natacha attempts to upend everyone's romantic life but her own—leaving those affected predictably exasperated.

In "A Tale of Winter" (1992), with action divided between Paris and Nevers, a serially indecisive single



mother, Félicie (Charlotte Véry), insists on choosing between the brainy librarian Loïc (Hervé Furic) and the earthier hairdresser Maxence (Michel Voletti). But once she does, she almost immediately reverses herself. Her problem? She just can't shake memories of the man she really loves, the hunky but absent chef Charles (Frédéric van den Driessche), seen in the film's opening shots, set five years earlier. Her naive pining gets annoying, but Rohmer's deft handling of faith (he was a devout Catholic all his life) effectively transcends the probable for something much more satisfying.

Along among these films, "A Tale of Summer" (1996) centers on a male protagonist, the blankly handsome, casually narcissistic Gaspard

▲ A scene from 'A Tale of Springtime' (1990), a sly comedy of manners.

(Melvil Poupaud). He arrives on the coast of Brittany hoping for a summer of love with Léna (Aurélia Nolín), but when she fails to make their rendezvous, he befriends a nonsensical ethnologist, Margot (Amanda Latholet)—or rather she befriends him. Theirs is a strictly platonic relationship, though it sometimes threatens to tip into something more, even as Margot pushes Gaspard toward the self-confident Solène (Gwenaëlle Simon). Ultimately, Gaspard's fickle nature—he's never happy with what he has, always wondering what else is out there—prevents him from

succeeding at the very thing he claims to want most.

Rohmer's final statement in the series, "A Tale of Autumn" (1998), set amid the wine culture of the Rhône Valley, looks at love from a more mature perspective, or at least an older one. The happily married bookseller Isabelle (Marie Rivière) can't help feeling sorry for her unpartnered best friend, the prickly vintner Magali (Béatrice Romand), a widow. So she decides to find Magali a mate, ideally the courtly Gérald (Alain Libolt), whom Isabelle guilefully meets through a personal ad. As it happens, the effervescent Rosine (Alexia Portal), the girlfriend of Magali's son, has similar impulses, hoping to pair the winemaker with her own ex-lover, an older but still-handsome professor, Etienne (Didier Sandre)—even though his passions skew younger.

Which goodhearted busybody will triumph? Perhaps neither.

Rohmer's talky films are filled with all manner of assertions about the most basic of human relationships—to say nothing of frequent flights into more cerebral topics. But the abundant dialogue is also often pointedly funny, even when simultaneously poignant. This balance between the serious and the blithe, which Rohmer navigates with rare dexterity, makes his pictures hard not to love. The results are intoxicating and, like a glass (or two) of fine Burgundy, they should be enjoyed to the fullest.

Mr. Mermelstein, the Journal's classical music critic, also writes on film.

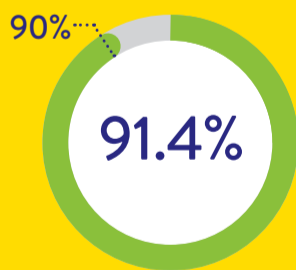


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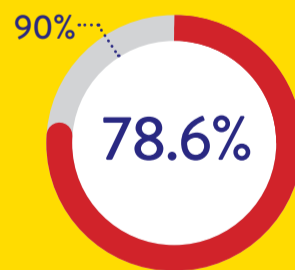
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[†]60-minute warm-up required when starting the sensor.

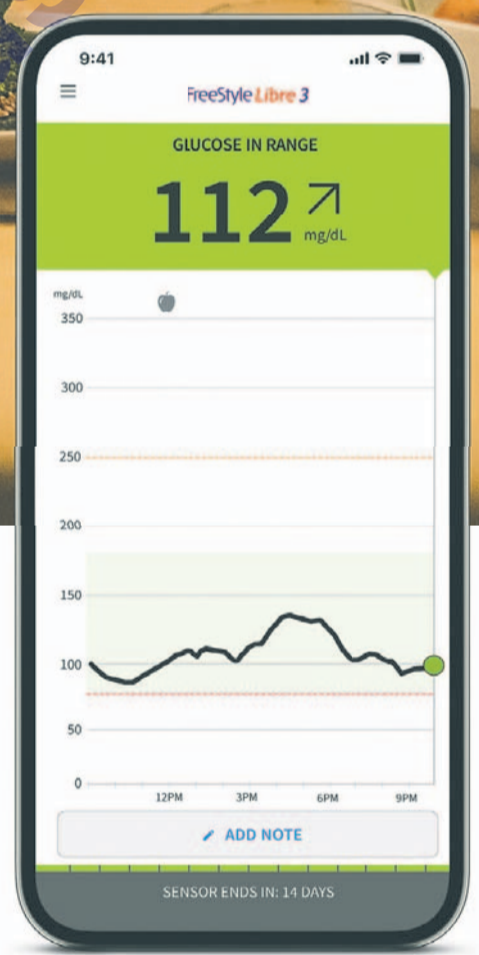
¹ Hanson K, et al. Comparison of point accuracy between two widely used continuous glucose monitoring systems. J Diabetes Sci Technol. 2024;1-10. doi: 10.1177/19322968231225676 ² Kovachev et al, Assessing Sensor Accuracy for Non-Adjunct Use of Continuous Glucose Monitoring, DIABETES TECHNOLOGY & THERAPEUTICS, Volume 17, 2015; 177-186; DOI: 10.1089/dia.2014.0272 ³ Data on file. Abbott Diabetes Care.

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*Data from these studies were collected with the outside US version of the FreeStyle Libre 14 day system. FreeStyle Libre 3 has the same features as the FreeStyle Libre 14 day system with real-time glucose alarms. Therefore, the study data is applicable to both products.

†Among patient-applied sensors.

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References: 1. Data on file, Abbott Diabetes Care. 2. Fokkert M. *BMJ Open Diab Res Care* (2019): <http://dx.doi.org/10.1136/bmjdr-2019-000809>. 3. Evans, Mark, et al. *Diabetes Therapy* (2022): <https://doi.org/10.1007/s13300-022-01253-9>. 4. Yaron, M. *Diabetes Care* (2019): <https://doi.org/10.2337/dc18-0166>

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SPORTS

Chiefs Rally to Win the Super Bowl

Patrick Mahomes led a crunch-time comeback drive to overcome the San Francisco 49ers and clinch back-to-back titles

By Andrew Beaton and Joshua Robinson

Las Vegas

For Patrick Mahomes and the Kansas City Chiefs, trailing in a playoff game and then winning anyway has become astonishingly routine.

The San Francisco 49ers had the misfortune of learning this firsthand. It was just four years ago that the Chiefs trailed the Niners by double digits midway through the fourth quarter and went on to win. The Niners had done their best to move past it, but the lesson continued to sting. Then on Sunday, Mahomes did it to them again in even more excruciating fashion.

Mahomes first erased a 10-point hole, a three-point deficit, and another three-point deficit to lead the Chiefs over the Niners, 25-22, in only the second Super Bowl ever to go into overtime. He clinched it at the end of a nail-biting 13-play drive that saw him morph back into a one-man highlight reel.

Mahomes scampered for two first downs on the drive, accumulating 27 yards, while completing all eight of his passes. The last of those landed in the hands of wide receiver Mecole Hardman for a touchdown—sending confetti into the air and the Chiefs players streaking onto the field.

The victory cemented Kansas City's status as one of the great dynasties in the sport's history. By winning a third title in five seasons, they joined a tiny club of era-defining teams that includes only the Pittsburgh Steelers of the mid-1970s, the Dallas Cowboys of the mid-1990s, and two separate generations of the New England Patriots led by Tom Brady.

"It was a microcosm of our whole season," Mahomes said, before tight end Travis Kelce belted into a rendition of Viva Las Vegas.

Sunday's win also makes the Chiefs the first back-to-back champions since the Pats 19 years ago. But getting there took recovering from a painfully slow start, chipping away at the Niners, and the certainty that their all-time quarterback would deliver when it mattered most.

San Francisco had the first pos-



Chiefs quarterback Patrick Mahomes, left, celebrates with receiver Mecole Hardman after connecting on the game-winning touchdown in overtime.

session in overtime and got all the way to the Kansas City 9-yard line before facing a major decision on fourth-and-4, knowing that the Chiefs would get the ball back whatever happened under playoff overtime rules. Niners coach Kyle Shanahan elected to kick the field goal and trust that his defense could stop Mahomes one more time.

Shanahan was wrong. With the ball in his hands and the Super Bowl on the line, Mahomes engineered one more magical drive to put himself in the rarefied atmosphere of three-time Super Bowl-winning quarterbacks.

While the game itself saved the fireworks for the very end, this

may go down as the glitziest Super Bowl in the sport's history. The first played in Las Vegas, the game was hotly anticipated as a pop culture supernova ever since pop star Taylor Swift began dating Kelce and sharing the spotlight at his games. When Swift was shown on the stadium's video board, she played to the crowd by chugging her drink.

Soon, Kansas City would give Swift—and countless less famous Chiefs fans—a real reason to cheer. Despite the Niners' valiant effort all evening to stymie the Chiefs offense, they made an epic blunder that changed the trajectory of the entire game. Late in the third quarter, San Francisco

muffed a punt return when the ball hit Darrell Luter just as Ray-Ray McCloud was about to catch it. Kansas City leapt on the ball and it took Mahomes exactly one play to make it count: He hit wide receiver Marquez Valdes-Scantling for a 16-yard touchdown to give his team a 13-10 lead.

San Francisco hardly folded. Quarterback Brock Purdy threw a touchdown pass on the next drive to retake the lead, but by that point Mahomes was in control.

It was a jarring turn of events after the Niners' defense had bottled up the Chiefs offense for most of the evening.

The season that has solidified Kansas City's place in the NFL his-

tory books was hardly their most dominant. By many measures, including touchdowns and passing yards, it was Mahomes's worst since he signed a league-record contract in 2020 worth up to half a billion dollars. Kelce also sputtered at times, posting his lowest total yardage since 2016. The Chiefs' offense led the NFL in dropped passes.

All of which led to Kansas City's ranking just 15th in total scoring. The Chiefs had to rely on a much improved defense to reach the playoffs. That unit showed up in a major way on Sunday, keeping the Chiefs in the game before Mahomes and offense finally got going.

This Family Brought The NFL to Vegas

By Joshua Robinson and Andrew Beaton

LAS VEGAS—Raiders owner Mark Davis had been pestering NFL commissioner Roger Goodell about the idea for years: He wanted the biggest sporting event in America to come to Las Vegas.

Though Mark has never been quite the source of chaos and disruption for the league that his father Al was, this was still a wild idea—even for the Davis family.

In those days, the city didn't yet have its own team. Nor did it have a pro football stadium. But Davis, who would move the Raiders here in 2020, was determined to make this bonanza happen. He just needed Goodell and his fellow owners to agree with him. So the moment Davis gained relocation approval for his franchise in 2017, he went back to the commissioner.

"When are we getting a Super Bowl?" Davis asked.

"Mark," Goodell remembers answering, "let's play a regular-season game here first."

Nearly three dozen regular-season games later, Davis and the city he has helped transform into a global sports hub finally have their Super Bowl.

To the tens of thousands of fans who have flooded Sin City's hotels, restaurants, and sports books, Vegas might seem like the most natural host city in the world. But making this happen took an unlikely partnership between the league and a family that have been at log-headers for decades.

"I think it's a marriage made in heaven," Mark Davis said when Vegas was first selected to host the Super Bowl by the league and his fellow owners. "Some others may use a different word."

The relationship between the Davis family and the NFL has

come a long way. Before Al Davis owned a team in the league, it was his job to punch back against it. A former wunderkind coach of the Oakland Raiders, he was installed as the American Football League's commissioner in 1966 while it battled the rival National Football League. But as he girded for a fight, the AFL's owners struck a deal to merge with their rivals just a couple months into his tenure. It put Davis out of a job—and laid the groundwork for his combative relationship with legendary commissioner Pete Rozelle.

Al Davis returned to the Raiders and soon wrested control of the franchise, but for all the success the team had on the field—it claimed three Super Bowls from 1977 to 1984 and his motto was "Just win, baby!"—he was more famous for something else: being a permanent thorn in the side of the league. And nothing stirred up as much trouble as his efforts to move his franchise.

First, he sued the NFL over a blocked bid to move the Raiders from Oakland to Los Angeles. He ultimately succeeded in 1982 after a court ruled in his favor. Thirteen years later, Davis had a change of heart about Southern California and decided to transplant the team back to Oakland. Once again, the dispute wound up in court, where Davis alleged that the league torpedoed his bid to get a new stadium built in the Los Angeles area. The case bounced through the legal system until it was thrown out in 2007. In all, Davis went to court against the league more than half a dozen times.

But the possibility of moving the team for a third time was never far from the Davis family's plans. After Al Davis died in 2011, Mark took over with hopes of redrawing the NFL's map again. A



Al Davis was a thorn in the side of the NFL, taking the league to court on more than half a dozen occasions.

lawsuit wouldn't be necessary this time. But Mark would have to do something perhaps more difficult: sell the NFL on the idea that Las Vegas could be a viable home for a team.

Davis succeeded in 2017 on the promise of Sin City's potential to grow as a destination for much more than gambling. And once sports gambling became legal nationwide following a Supreme Court ruling in 2018, any stigma associated with the NFL's connection to Vegas disappeared.

"The realization that regulated above-board gambling is not a threat to the integrity of sports...has made a real difference and has allowed the market to open up in Vegas," said Steve Hill, the president and chief executive of the Las Vegas Convention and Visitors Authority.

In 2020, the Raiders moved into their new home, a \$1.9 billion palace called Allegiant Stadium. And later that year, the NFL rewarded them with their showcase in 2024. For the city, it had felt like only a matter of time. There was never any doubt that Vegas could handle an event this size. On any given weekend, city officials say, some 300,000 people flock

here to gamble, shop, dine, be entertained, and generally bask in brightly-lit excess. The Super Bowl was expected to push that number to 330,000—an increase that Vegas has taken in stride.

Plus, the Super Bowl is relatively contained, at least compared with the last global event to roll through Las Vegas. When it hosted a Formula One Grand Prix last November, it happily shut down the entire Strip on a Friday and a Saturday night. In fact, Las Vegas has absorbed the Super Bowl crowd so seamlessly that Chiefs and 49ers jerseys aren't the only team gear fans have been wearing around town this week. On Tuesday, the blue and orange of the Edmonton Oilers appeared all over town as the team arrived to face the Vegas Golden Knights. By the next day, most had disappeared and the Super Bowl party proceeded without missing a beat.

But just because the NFL's relationship with this city has gone so smoothly, it doesn't mean that the league and Mark Davis have always gotten along in recent years.

Just a couple of years ago, The Wall Street Journal first reported offensive emails sent by coach Jon Gruden, which led to his split with

the Raiders in the middle of the season. Those emails had surfaced in connection with the NFL's investigation into workplace behavior inside the club now known as the Washington Commanders—and, in a moment that had shades of his father's rabble rousing, Davis wasn't afraid to call out the league for how it was handled.

At league meetings shortly after the scandal broke, Davis criticized the NFL for not disclosing Gruden's emails to the team, even though the league had been in possession of them for months. He only found out about the emails, he said, when the Journal contacted the team about them.

Now Gruden is suing the NFL, alleging that the league leaked his emails to harm his reputation. The league has denied any involvement with the leak. As the Super Bowl unfolds, both sides are anticipating the Nevada Supreme Court to rule on the NFL's request to have the case heard in arbitration.

But Davis has long accepted that some degree of conflict with the league comes with the territory of owning the Raiders. "Ask the NFL: They've got all the answers," he said of the Gruden situation in 2021. "We really don't."

2020
The year that Las Vegas was awarded the Super Bowl

NICK UTASSOCIATED PRESS

OPINION

More Soup for the Mona Lisa



INSIDE VIEW By Andy Kessler

Protesters threw soup on the "Mona Lisa" at the Louvre, which fortunately was covered with bullet-proof glass. Delicious bouillabaisse? Sadly no, it was pumpkin. The episode reminded me of great investing advice I received years ago from an art major, of all people. He said investing was all about the negative space—the unseen. We all know the Mona Lisa's inscrutable smile and eyes that follow you as you walk past, but few notice the background of the painting, the negative space. Look again: There is a winding river through a valley and a bridge, perhaps Etruscan-Roman, a connection between ancient times and the Renaissance. Britannica says the background suggests a "cosmic link connecting humanity and nature." Cool. Her face is what we see, an example of consensus thinking vs. the negative space. But that mysterious unknown is a gold mine for those who look, and it offers a way to outthink the crowd in investing, careers, sports and more. The soup splashers were part of the group Riposte Alimentaire, which translates roughly as "Food Retaliation." They shouted, "What is more important: art or the right to

sustainable food?" Wealthy countries can have both, but never mind. The group's website demands "the integration of food into the general social security system" and worries about the "deterioration of our biodiversity and the impoverishment of soils." It also insists every French resident get a €150 food card each month to buy "democratically selected" meals. Wanna bet that means crickets and plant-based foie gras?

Activists demanded heavier regulations on food as farmers protested the rules.

What's in the negative space? While the soup sprayed, French farmers in tractors were blocking roads. Was this in solidarity with the foo-foos in the Louvre? Hardly. Farmers are protesting high taxes, environmental regulations and the high cost of fuel and feed. Zut alors! Government policies are the reason food is so expensive and hard to come by in France. Fortunately, the European Union caved in to many farmer demands last week. Appropriately, it was a French economist, Frédéric Bastiat (1801-50), who wrote about the "seen" and "unseen." He says that when an economic act or law "mani-

fest itself simultaneously with its cause—it is seen." The other effects "unfold in succession—they are not seen: it is well for us if they are foreseen. Between a good and a bad economist . . . one takes account of the visible effect; the other takes account both of the effects which are seen and also of those which it is necessary to foresee." The negative space is the unseen, the consequences that need to be thought through, surmised, predicted, foreseen. It isn't easy. The lazy simply look at the seen and don't think consequences through. Bastiat pushed back at those who claimed that "public spending keeps the working class alive." He rightly noted that "public spending is always a substitute for private spending, and that consequently it may well support one worker in place of another but adds nothing to the lot of the working class taken as a whole." It's the seen (public spending) and the unseen (private spending being crowded out). Why are we still relearning this lesson from 1850? Seen is California raising its minimum wage to \$20 an hour for fast-food workers in April, a so-called living wage. Unseen are layoffs and those not hired, especially teenagers, because restaurants can't afford them. Also unseen at first: inevitable 10% price hikes on everything from In-N-Out Double-Doubles to Chick-fil-A waffle fries, mak-

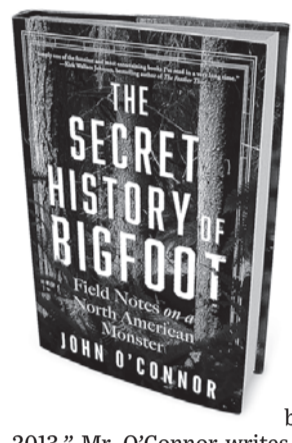
ing living costs even higher. Today more than ever, investing is a fashion, especially in technology and biotech. Every single cycle, technological obsolescence is unseen. The new comes along and the old—mainframes, minicomputers, dial-up internet access, flip phones, homework-helper apps—gets milked for too long. Investing fads emerge, get overblown, and go out with an intense selloff. Examples are personal computers, client-server, dot-com, cloud and now artificial intelligence. Momentum investors jump in late and often get burned when something unseen sneaks in. Often it's supply. There is currently a shortage of chips for AI, so Nvidia (57% operating margins) has pricing power. But silicon comes from sand; only capital and time are in short supply. Same with obesity drugs. There's a shortage now, but many new versions are awaiting approval over the next several years. When pricing power disappears, margins crater. Foresee the unforeseen. Back to the game of Masterpiece. In 2022 the Mona Lisa was smeared with custard, and in London climate activists smeared tomato soup on Vincent van Gogh's "Sunflowers." Other climate kooks in Germany threw mashed potatoes at Claude Monet's "Grainstacks." The unseen: No wonder there's food insecurity in Europe. Protesters love wasting food. Write to kessler@wsj.com.

BOOKSHELF | By Bill Heavey

The Enduring Appeal of Bigfoot

The Secret History of Bigfoot By John O'Connor Sourcebooks, 304 pages, \$26.99

"The genius of Melville," according to Carlos Fuentes, was his recognition that "this is a country that needs a monster." So we do. Then again, so have many people across the ages. The Epic of Gilgamesh, written some 4,000 years ago, depicts the gigantic ogre Humbaba, with his dragon teeth and tongue stained with human remains. Then there is the sea monster in Ovid's "Metamorphoses," the dragon in "Beowulf," the beast in the Book of Revelations and the xenomorph in the movie "Alien." In his buoyant, wide-ranging book "The Secret History of Bigfoot," John O'Connor looks at the enduring appeal of our own modern-day "North American monster." Believe what you will about its existence, but there's no doubting our culture's fascination with the creature. Every year, Mr. O'Connor tells us, "hundreds of Bigfoots are sighted across the United States and Canada." The physical descriptions are remarkably consistent: Standing between 7 and 10 feet tall, Bigfoot is said to weigh around 700 or 800 pounds and has been described as shaggy, bipedal and really stinky. Reports of sightings rise and fall, we learn, "mostly depending on what happens to be on TV. Between 2011 and



2013," Mr. O'Connor writes, "when Animal Planet's Finding Bigfoot was at the height of its popularity, sightings skyrocketed." The Bigfoot Field Researchers Organization keeps a database of more than 75,000 eyewitness reports in North America, of which 5,000 to 6,000 are deemed credible enough to make its website. BFRO's founder, Matt Money-maker—a bankruptcy lawyer and cast member of "Finding Bigfoot"—tells Mr. O'Connor that Wednesdays are the days when the organization gets the most reports. "Fridays are when we tend to get the least amount. I have no idea why. People got better s— to do on Friday, I guess." The most convincing evidence of Bigfoot's existence, still hotly debated more than 50 years later, is a 59-second video purportedly from Oct. 20, 1967, shot in northern California by Roger Patterson and Bob Gimlin. The two Bigfoot hunters happened to have had their rented Cine-Kodak K-100 running as the creature strolled across a sandbar. At one point, she—a closer look later revealed breasts—glances over her shoulder at the camera before striding away. Mr. O'Connor is skeptical of the video's veracity. "By most accounts," the author writes, "Patterson was a con artist." A costume maker said he sold a gorilla suit to Patterson shortly before the event. A Pepsi bottler from Yakima, Wash., claimed he was the one wearing it. You'd think that would be enough to discredit the film, but there are still passionate believers. "It's simply a better world if Bigfoot is real," Lynne McNeill, a folklorist at Utah State University, tells Mr. O'Connor. "We need there to be some mystery in the world." Believing in Bigfoot is also a way, Ms. McNeill says, of declaring that you can trust your own instincts and beliefs over those of scientists and institutions. Besides, believing in things we can't prove comes naturally to Americans. One survey found that there are 66 million of us who believe in Bigfoot. More than 75% of us believe in ghosts or "haunting spirits," ancient civilizations like Atlantis, or "frequent alien visitation."

Every year there are hundreds of reported sightings across North America. The numbers usually fluctuate with what's happening on TV.

Jonathan Wilk was a 20-year-old park ranger in Massachusetts doing his night rounds in 1992 when, he says, he came between a Bigfoot and its offspring. Terrified, he fled to his truck and had the radio microphone in hand before he realized that no one would believe him. He quit his job. He moved. He kept quiet for 20 years. "If I hadn't had that experience, I'd be making fun of people like us too," he says. Mr. O'Connor, who teaches journalism at Boston College, proves to be a nimble writer. Crossing a field, he writes that "crickets pinged off my trekking poles." There are "lakes glinting and wobbling under the shadows of passing clouds." Turning off a highway, he is "bluntly decanted into a maze of logging roads." A pika is described as "a short-eared and pissed-off cousin of the rabbit." Like most of us, he's a Bigfoot skeptic. After all, no one has produced a body, bones, hair, territorial markings or convincing DNA evidence. But the phenomenon of people who go to great trouble to search for Bigfoot is very real. The author crisscrosses the country to talk to both believers and skeptics. He attends festivals and participates in night expeditions. Having written about attending a Bigfoot festival myself, I can attest that he nails the vibe. Everyone is friendly, and everything seems completely normal, until you've been talking to someone for a while and he casually mentions the time he came face-to-face with a Bigfoot while fishing, at which point you say that you should probably get back to your friends. To his credit, Mr. O'Connor is appropriately suspicious of his own motives, wondering whether his interest reflects "voyeurism or exploitation, or worse: an inbred disdain for flatlanders you encounter on the Boston cocktail circuit." (It should be noted that there is no "secret" revealed in this book. The publishing industry's reflexive use of the word in every iteration of a product is "new and improved.") Mr. O'Connor observes that the demographics of Bigfooters—white, male, working-class, with "a deeply-rooted conservatism" that "came as naturally as camo detailing on a johnboat"—line up with many Trump supporters. He also senses, however, that pointing out these shared traits explains neither the phenomenon of Bigfoot belief nor Donald Trump. Nor does it explain Mike Smith, a retired Army Ranger with post-traumatic stress disorder living in Texas, who goes to the grocery store with his wife and if "there's too many cars, I'll say, 'Let's come back later.'" At the 20th Texas Bigfoot Conference, Mr. O'Connor finds Mr. Smith among several hundred people, in a room buzzing with conversation and chirping phones. "I'm comfortable around Bigfoot people," Mr. Smith says. "I don't know why, but I feel safe here." Mr. Heavey is a writer in Bethesda, Md.

Maduro Plays the Migrant Blackmail Card



AMERICAS By Mary Anastasia O'Grady

Delcy Rodríguez, Venezuela's vice-dictator, warned Washington on Jan. 30 that her government will refuse to accept deported migrants if the U.S. reimposes oil and gas sanctions: "If they make the mistake of intensifying the economic aggression against Venezuela . . . repatriation flights for Venezuelan migrants will be immediately revoked as of Feb. 13." This is an act of desperation on the part of an illegitimate government and it's been complemented by Venezuelan saber-rattling on the Guyanese border. Caracas is feeling the heat from the international community—including left-of-center democracies—to hold a free and fair election this year. Unfortunately, given President Biden's record of giving in to criminal regimes, there's reason to fear that the threats will achieve their intended outcome of more sanctions relief. But there's also a slim margin of hope that they won't. It depends on whether Mr. Biden is serious about democracy for Venezuela. Mr. Biden's timid foreign policy telegraphs trepidation to despots who want to harm America. The president's January 2022 suggestion that Russia might get away with a "minor incursion" into Ukraine is one example. More recently, there's his unwillingness to respond effectively to Iranian-

backed attacks on U.S. assets. Isolationist Republicans are part of the problem. Russia, China and Iran also smell U.S. weakness in the Western Hemisphere. Vladimir Putin and Xi Jinping hold sway over Venezuelan strongman Nicolás Maduro. The government promised a competitive vote in 2024 when it signed an October agreement—brokered by Norway—with the opposition at a meeting in Barbados. No one thought Venezuela was serious, except perhaps the Biden administration. The ink wasn't dry when the U.S. announced that for six months it would lift sanctions on oil and gas investments and sales from Venezuela. Those sanctions had been in place since the Trump administration. Secretary of State Antony Blinken gave Caracas until the end of November to set a "timeline" to reinstate banned presidential candidates and free political prisoners. When Venezuela blew through that deadline, the U.S. gave it a pass. Days of delay turned into weeks and months. In January the U.S. got its answer: Mr. Maduro's hand-picked Supreme Court disqualified popular opposition candidate Maria Corina Machado with absurd allegations of conspiracy against her country. The regime has also arrested members of her team. Ms. Machado won the opposition's primary last year with more than 90% of the vote and is the heavy favorite to beat Mr. Maduro in a level contest. If the regime can

eliminate her candidacy, it hopes a multicandidate field will emerge, fragmenting the opposition. This is an age-old tyrant's trick to hold on to power while claiming victory at the ballot box. Meantime, Venezuela hasn't yet issued a campaign calendar. Until it does, international observer teams are unable to organize their missions or launch exploratory visits ahead of the vote.

Venezuela dares the U.S. to reimpose oil and gas sanctions. Will Biden give in?

The good news is that the State Department said in January it is prepared to reimpose the sanctions in April on Venezuelan oil and gas. The bad news is that it said this will happen "absent progress" by Caracas toward a legitimate election. Those words, coming from a U.S. administration that has a history of making excuses for the regime, don't boost confidence. Caracas is so used to bullying Mr. Biden and watching him back down that it is trying again with Ms. Rodríguez's warning on migrants. But blocking entry of Venezuelans into their own country would be a violation of international law. It might give Mr. Maduro a brief feeling of righteous revenge but that's unlikely to last if the U.S. responds by ending flights between American and Venezuelan airports.

Mr. Maduro's self-imposed isolation from the largest economy in the world would reaffirm Venezuela's reputation as a rogue state. The right response is to call his bluff. If Mr. Biden sees an opportunity to throw some crumbs to Washington oil lobbyists in an election year, he could renew the sanctions relief and blame Ms. Rodríguez. But he'd be going against world opinion. On Thursday the European Parliament passed a resolution (446-21) saying it won't recognize the election if Ms. Machado isn't allowed to run. The European Union also wants sanctions on Venezuela's Supreme Court and its security forces for abuses of power against government opponents. Last week the website of Brazil's pro-Cuba President Inácio Luiz "Lula" da Silva announced Brazil's continuing support for implementing the Barbados agreement. Even Juan González, President Biden's lefty National Security Council adviser for Latin America, said last week that "all candidates must be eligible to compete." He added that Ms. Machado is "the opposition candidate." Yet if that generated any optimism among the Venezuelan opposition it evaporated when Mr. González suggested from Bogotá that Colombian President Gustavo Petro, a former left-wing terrorist, play the role of mediator between the Venezuelan dictatorship and the opposition. Apparently Raúl Castro isn't available. Write to O'Grady@wsj.com.

FAA Inspectors Won't Fix Boeing

By Phillip S. Coles

The head of the Federal Aviation Administration, Mike Whitaker, told Congress last week that in response to the problems with Boeing's 737 MAX, his agency would take "a much more hands on approach going forward" and add inspectors. Clearly Boeing is having quality issues, but why would anyone think the solution will come from the FAA? The people at Boeing build planes every day. No one at the FAA does. They are too far removed from operations to understand the FAA's problems. And the FAA's knee-jerk reaction to add inspectors is telling. Inspection can't guarantee a product's quality, which has to be built in to the manufacturing process. When a quality issue unexpectedly arises and the cause is unknown, inspection is imperative because there is no alternative in the short term.

Poorly produced parts must be sorted from acceptable ones. But this isn't sustainable. Inspection is a stopgap measure, and not a very good one. Western companies for decades relied on inspection to remove defective parts. In its 1980s-era ads, Hanes memorably promoted "Inspector 12" as evidence that the company threw out bad garments before they reached consumers. Yet quality was poor by today's standards, and costs were high. People aren't good at inspecting because it is an incredibly boring job. Workers can't maintain the attention needed to catch every defect during their shifts. If the root causes of quality problems aren't addressed, costs remain high because resources are wasted producing defective parts. Beginning in the 1970s the Japanese quality miracle caused massive disruptions in industries such as automobiles and audio equipment. In

the 1950s, W. Edwards Deming, an American academic known as the father of quality management, taught Japanese manufacturers that inspection happens too late. He advised them to focus instead on developing processes that en-

The company should focus on getting its manufacturing right.

sured defects didn't happen and instituting standard operating procedures in factories. The Toyota Production System streamlined manufacturing and organized it so each step of production flowed into the next. If problems arose, the flow stopped. The goal was to ensure that defects were discovered early in production, when they are easier to rectify. The FAA inspectors will be little more than an annoying

distraction to Boeing. Manufacturers like Boeing already have a huge incentive to make safe, high-quality products. If they don't, no one will buy them. Bureaucrats, not only at the FAA but at any government agency, have different incentives. If they delay production, they can claim it's because they aren't satisfied with product quality. They look like heroes. If they sign off on something that turns out to be unsafe, they will be called in front of Congress. So they cause delays to improvements also. We can't rely on the FAA because of its perverse incentives. And while final quality assessments are needed, they can't be relied on solely. The solution is for Boeing to focus on its manufacturing processes and get them right. Mr. Coles is an associate professor at Lehigh University's College of Business.

OPINION

REVIEW & OUTLOOK

Trump and NATO Deterrence

Donald Trump says many provocative things, often intentionally, to rile up opponents and dominate the airwaves. But his comments Saturday that he once told the leader of a NATO ally that he'd invite Vladimir Putin to invade is the reason many Americans won't vote for him again even against a mentally declining President Biden.

Riffing at a rally in South Carolina, Mr. Trump recalled a conversation with an unnamed head of state about how he'd respond if a NATO member that hadn't spent enough on defense was attacked by Russia. "One of the presidents of a big country stood up and said, 'Well, sir, if we don't pay, and we're attacked by Russia, will you protect us?'" Mr. Trump told the crowd.

"You didn't pay? You're delinquent?" the former President said he replied. "No, I would not protect you. In fact, I would encourage them to do whatever the hell they want. You gotta pay. You gotta pay your bills."

A charitable interpretation is that this is an extreme version of his boasts that he forced NATO countries in Europe to increase defense spending. There's no doubt he coaxed more money from allies in his first term.

But this isn't 2020 any more. Russia has invaded Ukraine, bombed its cities and civilians, mused about using nuclear weapons, and threatened Finland and Sweden for seeking to join NATO. Article 5 of the North Atlantic Treaty pledges every member of the alliance to aid another treaty member if attacked. The only time it has been invoked was after the 9/11 attacks on America.

Deterrence depends on a combination of force and the will to use it. Mr. Trump's boasts that he wouldn't aid an ally will sow doubt in the minds of our allies and might encourage Mr. Putin to think he could get away with another invasion. Mr. Putin has all but said that the Baltic states are rightfully Russia's.

Mr. Trump's comments drew rebukes from several governments, and even the typically diplomatic NATO Secretary-General Jens Stoltenberg. "Any suggestion that allies will not defend each other undermines all of our security, including that of the U.S., and puts American and European soldiers at increased risk," Mr. Stoltenberg said. "I expect that regardless of who wins the presidential election the U.S. will remain a strong and committed NATO Ally."

Mr. Trump's riff also comes in the context of his lobbying against more U.S. military aid for Ukraine. He boasts about his admiration for Mr. Putin, and his bromance with the dictator during their 2018 Helsinki summit was a low point of his Presidency. Mr. Trump now says he'll end the war in Ukraine in 24 hours, even before he's inaugurated. The only way to do that is to deny Ukraine more weapons and tell President Volodymyr Zelensky to give Mr. Putin what he wants. The word for that isn't peace; it's appeasement.

The U.S. should be having an election debate over the growing dangers to U.S. security and how to counter them. Instead we have an incumbent who has presided over the collapse of U.S. deterrence, and a GOP front-runner who dotes on dictators. No wonder Mr. Putin is looking so confident these days.

His latest comments about the alliance will please Vladimir Putin.

The Cost of a Dysfunctional Congress

Rep. Michael Gallagher's decision not to seek re-election this year is understandable from a personal point of view. But it's also another dispiriting sign of the decline of Congress as a place where people of intelligence and principle believe they can solve national problems.

The 39-year-old Republican said Saturday that he wants to devote more time to his young family. He believes in term limits for Congress and says he never ran for office with a goal of making it a lifetime career. He was first elected to his northeastern Wisconsin seat in 2016.

Yet Mr. Gallagher will be missed as a rare Member these days who wants to do something other than promote his social-media brand. As a former Marine intelligence officer who served in Iraq under Centcom Commander David Petraeus, Mr. Gallagher has focused on America's fading ability to deter its enemies.

In this Congress he has chaired the Select Committee on the Chinese Communist Party, a rare corner of the House that has done something useful. He and Democrat Raja Krishnamoorthi of Illinois have worked together to investigate the growing threat from China.

This includes U.S. vulnerability to Chinese espionage, cyber-attacks and influence schemes. The committee has been helpful in drawing attention to U.S. defense vulnerabilities, especially in the Indo-Pacific. Mr. Gallagher has argued in particular for urgently buying and deploying more long-range missiles in the Pacific theater that are crucial to deterring a Chinese invasion of Taiwan.

Rep. Gallagher will retire, another sign of the decline of the House.

This military expertise is especially important given the Republican Party's drift in the Trump era toward isolationism. The House GOP is increasingly dominated by Members who don't support a military buildup despite the growing cooperation of U.S. adversaries China, Russia and Iran. The Senate still has some traditional hawks, but Mr. Trump's influence is eroding support for peace-through-strength and long-time alliances even in the upper Chamber.

It's hard to believe Mr. Gallagher's decision to retire wasn't influenced by the continuing dysfunction of the current House. The select China committee may not last past the current Congress, and he's too junior to become Chairman of Armed Services. His principled stand against the GOP impeachment of Homeland Security Secretary Alejandro Mayorkas suggests his lack of patience with his party's resort to stunts that accomplish nothing.

Congress is increasingly a body for unserious people in both parties. The Adam Schiffs and Marjorie Taylor Greenes play to the cable TV and Twitter (now X) crowds and feed the partisan poison that makes legislative compromise more difficult.

This would matter less if this were the 1990s, a time of peace and prosperity. But the world is more dangerous than it's been since the 1970s, and probably the 1930s, with rogue nations on the march. The U.S. needs leaders who understand these challenges, and too many talented men and women have concluded that Congress isn't a body for people who want to make a difference.

A New York Rent-Control Bank Panic

Regional bank share prices have tumbled since New York Community Bancorp (NYCB) reported surprisingly large losses on real-estate loans. Don't blame this mini-bank panic only on underwater office buildings. Primary culprits are Albany's destructive rent-control laws.

NYCB last month reported \$552 million in credit losses, including a \$185 million charge-off mostly from two office and condo building loans during the fourth quarter. These losses were bigger than investors expected. But what worries investors more is the bank's \$37 billion multi-family housing portfolio, about half of which are comprised of New York rent-regulated units.

The bank flagged that 14% of its \$18 billion rent-regulated loan book is at risk of default. Its eventual losses could be bigger as rent-regulated buildings have recently been selling at a 30% to 60% discount from their purchase price. The values of rent-regulated buildings have fallen by some \$75 billion, according to one estimate.

NYCB acquired the failed Signature Bank's deposits and some of its loans last spring. But the Federal Deposit Insurance Corp. struggled to find a buyer for Signature's \$15 billion in loans that were backed primarily by New York rent-regulated buildings. Last autumn the agency finally unloaded the loans at a roughly 40% discount. Why have these loans become toxic?

Blame Democrats in Albany, who in 2019 restricted landlords' ability to raise rents to pay for renovations and "de-regulate" rent-stabilized units. These apartments account for nearly half of the city's rental housing. Landlords used to be able to charge the market rate once the rent exceeded \$2,800 a month and a tenant moved out. No longer.

One result is that landlords have removed rent-regulated apartments from the market and are leaving them vacant rather than spend on maintenance and improvements that they can't recoup. Tighter supply has pushed up rents in the non-regulated market—one reason Manhattan's average market-rate monthly rent has surged 30% over the last two years.

Lower anticipated future rents have also slashed property values. Loans for buildings that were issued at low-interest rates—the average coupon for NYCB's rent-regulated portfolio is 3.85%—will also have to be refinanced in the coming years. Some underwater owners may walk away. NYCB's rent-regulated portfolio could be a ticking time bomb.

Meantime, the bank needs to raise more capital to meet tougher regulatory requirements after catapulting into the league of big regional banks. Its Signature acquisition means it must comply with stricter prudential rules for banks with more than \$100 billion in assets. The Federal Reserve has also proposed toughening standards for the regional banks.

Bloomberg News last week reported that NYCB is looking to transfer the risk of its home mortgages and sell assets to raise capital. Moody's also downgraded the bank's credit rating to junk, and its stock has fallen more than 50% since it reported its fourth-quarter earnings. NYCB's travails have dragged down shares in other regional banks.

Few investors until recently appreciated the financial impact of New York's rent-control regulations. NYCB's troubles are a reminder that bad government policy is a source of financial instability. What other risks could be hiding in plain sight?

Investors fret about NYCB's multi-family housing portfolio.

LETTERS TO THE EDITOR

Parental Controls Are No Match for Teenagers

Requiring parental approval for app downloads isn't a bad idea ("Congress's Social-Media Spectacle," Review & Outlook, Feb. 2), but any parent with a teenager will tell you this won't work as parents or editorial writers intend. I pay for a parental-control app already, and my children consistently find ways around the time limits I set. They also continue to access TikTok, even though it's blocked.

Moms know that I am not alone. Our kids are smarter than the parental controls—and the parents who operate the controls. It helps that the app provides a list of websites your kids are visiting each day, but I still have limited control over what they see and no control over whom they interact with online.

The only way I can successfully limit my children's time on their devices and social media is to take away their iPhones. As a society, maybe that's what we should consider. We have age restrictions on driving a car, buying alcohol and having a job. We don't leave it up to individual parents. Why not have age restrictions for smart devices too?

The only real benefit of a mobile phone for kids is to contact parents or law enforcement in case of an emer-

gency. A flip phone can handle that. Detractors will say that I already have the option not to give my child a smartphone. But really, I don't have a choice. The school requires a smartphone app to open the doors to the building, and that's only one example of how smartphone use is now baked into everyday life. It would be the equivalent of driving my kids to school in a horse and buggy not to allow them to have a smartphone. But if no one under 18 could own a smartphone, the world would adjust to accommodate phone-free teens. It would become the norm.

KATHLEEN LINDER Raleigh, N.C.

A quick perusal of social media shows 33 posts on X, formerly known as Twitter, by Sen. Josh Hawley about his exchange with Mark Zuckerberg. Sen. Lindsey Graham posted eight times on X and seven on Facebook about social-media companies. Sen. Dick Durbin posted four times on X.

It seems like the main purpose of the Senate hearing with social-media CEOs was for senators to generate content, so they could go viral on the same social-media sites they deride.

NICK IVES Chesapeake, Va.

Secretary Mayorkas Deserves to Be Impeached

Rep. Mike Gallagher recognizes that we face an unprecedented immigration catastrophe, but he is wrong in asserting that it isn't appropriate for the House of Representatives to respond by impeaching Homeland Security Secretary Alejandro Mayorkas ("Why I Voted Against Impeaching Alejandro Mayorkas," op-ed, Feb. 8).

President Biden can't push forward his immigration agenda without a homeland-security secretary willing to abuse the powers of his department and violate the laws he took an oath to uphold. It is no excuse that Mr. Mayorkas is carrying out the president's agenda.

Mr. Mayorkas isn't accused of incompetence or "maladministration," and his actions aren't mere policy disputes or matters of enforcement discretion. The articles of impeachment detail widespread and deliberate violations of law and breaches of public trust. Mr. Mayorkas has blown through the limits of his enforcement discretion, and it is the House's constitutional duty to respond.

This type of gross misconduct and abuse of authority is precisely what the Founders envisioned as impeachable offenses. There is no comparison to the strained and politicized impeachment charges advanced against former President Donald Trump.

Impeaching Mr. Mayorkas, though an extraordinary action, wouldn't lower the constitutional bar or create a precedent for "perpetual impeach-

ment" of future cabinet officers. Indeed, his example is so flagrant, and his unlawful actions so harmful to our security and the rule of law, that if the House fails to respond, there may be little left of the impeachment power.

STEVEN G. BRADBURY Distinguished fellow, Heritage Foundation Washington

Like many Americans, I am mortified at the status of our southern border and hold Mr. Biden responsible. While the impeachment of Mr. Mayorkas might seem like the next step, after reading Mr. Gallagher's op-ed, I understand and support his principled vote. His Wisconsin district should be pleased to be represented by a politician who actually thinks about the consequences of his votes. Now, if we could only get 534 more like him.

PAUL LUCE Pleasanton, Calif.

Mr. Gallagher's op-ed arrives a week too late to prepare Republican voters for the shocking loss on the impeachment vote. Wasn't this thrashed out with House Speaker Mike Johnson before the vote? Why bring to the floor a motion that is sure to fail after months of alerting us Republican voters that it was imminent? It makes the party look rudderless. To quote Casey Stengel, the Ol' Perfessor, "Can't anybody here play this game?"

STEPHEN SCHACHER Palmetto, Ga.

Was It a Mistake for Haley to Take On Trump?

Regarding Peggy Noonan's "Nikki Haley Should Go for Broke" (Declarations, Jan. 27): A year ago, Ms. Noonan wrote similarly to encourage Ron DeSantis. How'd that work out? Seasoned politicians like Ted Cruz, Mike Pompeo and Tom Cotton weren't foolish or flattered enough to take that establishment bait.

They could have challenged Donald Trump in 2024 but wisely held back. We'll see them in 2028, after Mr.

Trump has had a few years to clean up the mess made by President Biden. SUSAN LEFEBVRE Greenland, N.H.

Ms. Haley should go for broke but ignore Ms. Noonan's other advice. "Lean into being a woman"? Nonsense. Lean into being president. Our enemies fear our ability and willingness to destroy them, not White House diversity. Campaign against President Biden and ignore Mr. Trump's bluster.

DAVID ROSS San Diego

Galston's State of the Union Tip Works for This Investor

William Galston's advice for President Biden to offer a 3% mortgage rate to first-time home buyers is foolish ("A State of the Union for the Middle Class," Politics & Ideas, Feb. 7), but I cheer it on. With high prices and a big shortage of homes for sale, bringing in more buyers with a government incentive is great for residential real-estate investors like me.

Mr. Galston, please also push for more green housing regulations that make it more expensive to build, as that keeps supply down, which moves prices on existing homes higher. The more the government interferes in the housing market, the higher home prices will go.

DAVE PALMER Rockville, Md.

This Is Not a Sugar Subsidy

Stephen Ford conflates tax policy with corporate welfare ("Republican 'Populists' for Corporate Welfare," op-ed, Feb. 7). Changing tax law to allow corporations to expense interest and research allows them to make their own decisions about what is best for shareholders. If a company spends money in pursuit of profit, why shouldn't it be able to expense it in the year spent?

STEVEN MARTIN, C.P.A. Rockwall, Texas

Pepper ... And Salt

THE WALL STREET JOURNAL



"Artificial flavoring, synthesized fruit, imitation chocolate bits, and the box is simulated cardboard."

CORRECTION

ID.me, the company that verifies taxpayer identities for the Internal Revenue Service, accepts other documents in lieu of Social Security cards and doesn't ask users for employee-identification numbers. These points were misstated in the Feb. 6 op-ed "Beware of E-Filing Your Tax Return."

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

OPINION

The Case Against Israel Rests on Lies

By Isaac Herzog

In these dark days for Israel and the civilized world, there are many things that keep me up at night. One is that the international legal system has begun to ignore reality and truth. Justice is unrecognizable, and noble ideals are perverted by terrorists and cynics.

These feelings were brought in focus as the International Court of Justice at The Hague in January considered South Africa's accusation that Israel was guilty of genocide. This absurd claim and the abuse of an august international forum convened to weigh its merits remind us how far we've come from the moral clarity of the fight against Nazism (after which the ICJ was established).

Amid the many demonstrable misrepresentations that emerged from the accusation against Israel, one caught my attention—a quote

Among them is a quote of mine that South Africa grossly distorted in its presentation to the ICJ.

attributed to me. The quote was taken from a news conference I held on Oct. 12, five days after Hamas terrorists butchered 1,200 people in southern Israel and kidnapped hundreds more. The quote, which included a line that there was "an entire nation out there that is responsible," referring to the Palestinians, was presented as if it just-



Anti-Israel protesters outside the International Court of Justice, Jan. 26.

fied the killing of civilians. South Africa used the misconstrued quote at The Hague in an attempt to prove Israel's intent to commit genocide and thus invoke the jurisdiction of the court.

At that Oct. 12 news conference, I was meeting international journalists at the president's residence in Jerusalem. Not one journalist asked me about the pain in Israel or about the global implications of this act of catastrophic terror. They were instead preoccupied with the effect this would have on Palestinians in Gaza—the territory that had produced and then celebrated the perpetrators of the attack.

The fact is that many Palestinian civilians entered Israel on Oct. 7 on the heels of the Hamas terrorists and participated in murder, rape and looting, much of it documented on film. Palestinians were filmed cheering the massacre and jeering and at-

tacking the hostages as they were led into captivity. I also pointed out that Hamas operates from within the heart of its civilian population and enjoys broad support. I then stated, in no uncertain terms, that there are many innocent Palestinians, and that the state of Israel and our security forces don't view innocent civilians as targets in any way. I made it clear that Israel acts in keeping with international law.

These words were purposely distorted when presented to the court. The claim that Israel is committing genocide can't rest on accurate information, because it is a lie. Israel is acting to protect its citizens from an explicitly genocidal enemy, as we are required to do under international law. Israel is doing so with utmost concern for civilian life, as experts from other Western militaries know well. The civilian casualties in Gaza are a tragedy—due to Hamas's

decision to attack Israelis and the way Hamas fights from under and behind its own civilians.

Differentiating civilians from combatants isn't only a basic part of my own worldview and Israel's basic values; it is essential to the values of humanity. We are at war with Hamas, not with the civilians of Gaza. I reject and condemn any call for their harm. Humanitarian aid must reach them, as it is already reaching them, even though more than 130 of our people remain hostages in the hands of Hamas, a fact that hasn't been sufficiently appreciated as an international priority. I understand that many in Israel feel that by allowing aid we are helping the people abusing our kidnapped citizens and giving up a pressure point that could hasten their release and shorten the war.

The world can't disregard what we saw on Oct. 7. The International Court of Justice has ignored most of these crimes, but we in Israel can't. The free world must not forget that the crimes against humanity in this war were perpetrated, and continue to be perpetrated, by Hamas and its allies in Gaza, Lebanon, Yemen and Iran.

The South African case, brought in support of Hamas, is a blood libel against the nation-state of the Jewish people—a shameful low for an international system that emerged from the ashes of the Holocaust. This abandonment of moral clarity, the desertion of the vision of international justice and its replacement by cynical politics and outright falsehoods, will have repercussions far beyond Israel.

Mr. Herzog is president of Israel.

The NRC Needs a New Direction

By Ted Nordhaus

Imagine the National Highway Traffic Safety Administration insisting that its duty is to keep people off the roads unless the risks of driving can be reduced to zero. Or the Food and Drug Administration refusing to approve new drugs and vaccines unless pharmaceutical companies can prove they had no side effects. Both agencies are supposed to balance public safety with the social benefits of what they regulate.

That's what Congress had in mind when it created the Nuclear Regulatory Commission. The Energy Reorganization Act of 1974 recognized the need to develop nuclear power to meet national priorities including the "needs of present and future generations," the "productivity of the national economy" and "public health and safety." But for years the commission has myopically focused on the final prong of that mandate. The NRC has ignored the benefits of nuclear

The agency that regulates nuclear power is hostile to it. That's a problem for Biden's climate agenda.

power and approved projects only if the risk of radiation exposure is infinitesimally small. The predictable result: As other advanced technologies became safer and cheaper, nuclear energy got more expensive.

That puts the Biden administration in a bind. The White House recently made clear that it can't reach its climate goals without commercializing a new generation of nuclear reactors. Yet thanks to years of the NRC slow-rolling nuclear development, the industry isn't ready. Consider NuScale Power Corp., whose small modular reactor officially received the first design certification from the NRC in January 2023, nearly five years after the commission took up its application. Ten months later the company canceled its flagship project in Idaho, in part because of rising costs.

The administration hasn't helped with some of its personnel choices. Last year Mr. Biden nominated Jeff Baran to another five-year term as an NRC commissioner despite his history of obstructing nuclear licensing and his insistence that the NRC focus exclusively on radiological health risk. "It is my job to focus on nuclear safety and security," Mr. Baran told the Senate Environment and Public Works Committee at his 2017 renomination hearing. "It is not my job to weigh in on the pros and cons of the merits of nuclear power."

Bipartisan opposition prevented the Senate from taking up a floor vote. Last month news broke that Mr. Biden was pulling his nomination. That reflects a welcome change of heart among many Democrats toward nuclear energy. Significant majorities of congressional Democrats in recent years have voted to develop a new generation of advanced nuclear reactors and to modernize the NRC's licensing process. The Inflation Reduction Act includes programs that could benefit nuclear energy, such as tax credits that flow to nuclear plants that generate zero-carbon electricity. Mr. Biden's former climate envoy, John Kerry, brokered a deal among 22 countries to triple global nuclear energy capacity by 2050.

Yet none of these developments will suffice without real leadership at the NRC. To turn those promises into reality, the commission will need Democratic officials who take the benefits of nuclear energy seriously.

That starts by understanding that overregulation isn't a virtue. NRC rules have substantially increased the cost of developing, building and operating nuclear reactors without bringing much in the way of additional public-health or safety benefits. Even worse, the continual tightening of nuclear regulations has almost certainly worsened public health nationwide. When red tape hamstring the construction of new plants, the nation's electricity system has to keep relying on polluting fossil-fuel facilities.

A new generation of safe and advanced reactors is ready to be commercialized. Private investment is waiting on the sidelines to bring nuclear-energy technologies to market. Significant majorities of Americans support nuclear energy. And the White House's climate ambitions depend on developing an innovative and globally competitive nuclear industry in the U.S. If Mr. Biden nominates a champion to the NRC who understands the importance of that mission, it will be an important step on the road to that future.

Mr. Nordhaus is founder and executive director of the Breakthrough Institute.

Concrete Jungle Where Bad Dreams Are Made Of



LIFE SCIENCE
By Allysia Finley

hour earlier, I might have been sprayed by a stray bullet—as an innocent tourist a few blocks over had been.

It was my second close run in a week. The previous Saturday evening, a man standing a few feet from me on a street corner was sucker-punched in the head. There but for the grace of God go I and every New Yorker.

According to media accounts of Thursday night's shooting, a security guard at a Times Square sporting-goods store confronted a trio of young migrant men who were shoplifting. One pulled out a gun and fired at the guard, missing but striking a Brazilian tourist in the leg.

One of the three stayed behind, but the shooter and his other friend ran off. Cops captured the friend. The gunman, however, kept running and shot at the pursuing officers on the block adjacent to the Journal before ducking into a subway entrance. Fortunately, he missed and didn't hit any bystanders.

Police on Friday afternoon hunted down and arrested the suspected

shooter, a 15-year-old Venezuelan migrant who had been staying at a hotel that was converted into a migrant shelter. He is also a suspect in a gunpoint robbery and another shooting incident in Midtown Manhattan last month, according to police.

He is being held without bail. Maybe prosecutors learned a lesson from the public uproar after migrants who were filmed allegedly kicking two police officers in Times Square last month were released. One of them reportedly had two prior arrests for assaulting retail employees who had tried to stop him from shoplifting.

Conservatives describe the process by which migrants are apprehended and let loose at the southern border as "catch and release." This is New York's version of the practice.

Passing through Times Square on my way home Thursday, I heard Alicia Keys and Jay-Z's hit song "Empire State of Mind" blasting. The song was released in 2009 when I first moved to the city, fresh out of college. It felt inspiring then: "Concrete jungle where dreams are made of / There's nothin' you can't do / Now you're in New York." Those lyrics have since taken on a decidedly different meaning. New York has become a lawless jungle where bad dreams come true and there's nothing miscreants can't do.

It's tempting to blame the city's crime on the surge of migrants. The bigger problem, it seems, is its law of the jungle. Migrants have figured out that shoplifting, pickpocketing and

violence go unpunished. They consequently run wild, as native-born criminals do. Heaven help anyone standing in their way.

Consider the young man next to me on Saturday when he was struck by an assailant running by. It was around 9 p.m., a block from my apartment.

A food-delivery man, a Good Samaritan, stopped and dragged the hulking man out of the street. I hovered to see if he was all right. His

Migrants have learned that there's nothing they can't do in New York, from shoplifting to assault.

eyes rolled toward the back of his head, and his body was limp. A foreign tourist called 911 and, because she couldn't speak English, handed me her phone.

I told the emergency dispatcher that a 20-something man had been hit and was evidently unconscious. The first question the dispatcher asked: What is the race of the victim? Black, I answered. Next question: What is the race of the attacker? Black, I replied, exasperated.

The dispatcher then asked what the attacker was wearing and in what direction he went. She then transferred me to another dispatcher, who inquired about the young man's medical condition. Two

cops showed up within minutes, but they couldn't do anything. An ambulance arrived not long after that and whisked the victim away. During the early days of the pandemic, the sound of sirens triggered thoughts that someone had fallen severely ill with Covid. When I hear a siren now, I wonder who has been stabbed, smacked or shot.

The food-delivery man speculated that the attacker might have been fleeing after committing another crime and struck the man because he was in his way. It's possible. Random assaults by the drug-addled and mentally ill aren't uncommon, a key difference between today's New York and its high-crime days four decades ago.

An Amazon delivery driver last month was randomly slashed across the face by a man wearing all black and a ski mask. "He didn't take nothing. He just wanted to cut me, I guess," the 23-year-old driver said.

It's hard to ignore the link between the city's retreat from prosecuting nonviolent offenses—misdemeanor arrests for dangerous drugs plunged by 94% between 2010 and 2022—the end of stop-and-frisk policing, and the rise in violence. Manhattan District Attorney Alvin Bragg is more interested in prosecuting Donald Trump and New Yorkers who bought fake Covid vaccine cards than menacing criminals.

Innocent New Yorkers pay the price, sometimes with their lives. No wonder so many are migrating to Florida.

Stefanik Disqualifies Herself for the Vice Presidency

By Gregory F. Jacob

The auditions to be Donald Trump's running mate have begun, and aspirants are practicing and delivering their lines. On Thursday Rep. Elise Stefanik said that if she had been vice president on Jan. 6, 2021, "I would not have done what Mike Pence did." She wouldn't have opened the certificates and counted the electoral votes as the Constitution expressly requires.

Ms. Stefanik worked for me in 2006-07 as executive assistant for the Domestic Policy Council in George W. Bush's White House. When she first ran for Congress, in

2014, she was a thoughtful, principled conservative determined to champion the interests of her left-behind upstate New York district. I enthusiastically contributed to her campaign.

But now she says she would have done something no vice president has ever done or claimed the authority to do. She would have attempted to exercise a power the Constitution doesn't grant to swing a presidential election to her preferred candidate. No one who espouses such lawless views should hold a position of authority.

Ms. Stefanik evidently has concluded it is in her interest to say what Mr. Trump wants to hear. My

fellow Republicans should recognize it is neither consistent with our character nor in our interest to embrace this view. It amounts to a suicide pact.

Ms. Stefanik's position would empower Vice President Kamala Harris on Jan. 6, 2025, to throw out votes cast for a victorious Mr. Trump. It isn't far-fetched to believe Ms. Harris and Democrats in Congress might attempt to do so. Reps. Bennie Thompson and Jamie Raskin of the Select Committee on January 6 both engaged in efforts to throw out Republican electoral votes. Particularly if Ms. Stefanik is on the ticket, these Democrats would be delighted to throw her words back in her face as they exercise their raw political will—cloaked in the rhetoric of defending the Constitution from an "insurrectionist"—to invalidate Trump electors.

It is no answer to say that Ms. Stefanik's comments are merely retrospective because Congress amended the Electoral Count Act (ECA) in 2022 to disallow such behavior explicitly. Trump lawyer John Eastman admitted in 2020 that the ECA prohibited his proposed schemes but claimed the 1887 statute was unconstitutional. If that argument were true, it wouldn't be vitiated by the 2022 amendment.

Republicans have long prided themselves on being the party of principle, dedicated to faithfully ap-

plying the law and the Constitution. Anyone can be tempted to abuse power to achieve the ends one desires and considers to be good. We have watched Democratic presidents unconstitutionally change the composition of the National Labor Relations Board (a scheme the Su-

As she courts Trump, the congresswoman says she would have tried to overturn the 2020 election.

preme Court shot down 9-0), grant amnesty to illegal aliens with the stroke of a pen, and wipe out hundreds of billions of dollars of student-loan debt owed to the taxpayers in an effort to buy votes. Why shouldn't we twist the law to get what we want too?

Because the Constitution's checks and constraints on government power are crucial to protecting individual liberty. If Republicans ignore those limits in pursuing our political ends, citizens will rightly conclude there is no difference between the two parties. If we yield to the temptation of unconstrained power, Republicans will lose ourselves—and Americans will be at risk of losing our republic.

Mr. Jacob served as counsel to the vice president, 2020-21.

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Monday, February 12, 2024 | B1

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Metrics Help Investors Value Stocks

Several popular models offer clues on which shares are too expensive to buy

By **HARDIKA SINGH**

Stocks are setting repeated highs, reigniting a debate among investors about whether they are too expensive.

The S&P 500 has climbed 5.4% to start 2024 and closed above 5000 for the first time Friday, its 10th record of the year. The Dow Jones Industrial Average has risen 2.6%, setting 11 records along the way.

When trying to gauge whether a stock or index appears cheap or pricey, strategists recommend that investors use a combination of metrics, along with weighing the economic conditions, the overall financial health of a company and the industry's record. Investors are typically willing to pay more for companies they anticipate will expand rapidly than those whose growth prospects are more limited.

Here's what some of the popular valuation models tell us about the state of the market:

S&P 500 equity risk premium*

10 percentage points



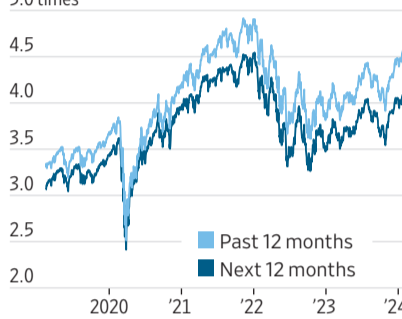
S&P 500 price/earnings ratio

30 times



S&P 500 price/book ratio

5.0 times

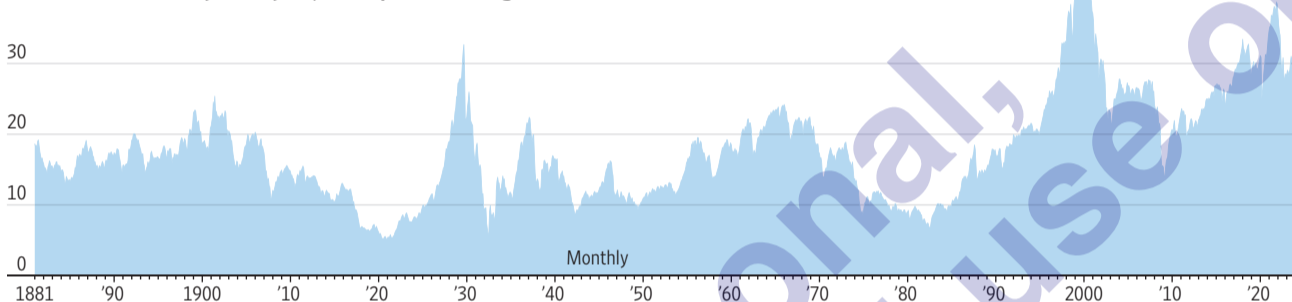


S&P 500 price/earnings growth ratio

2.4 times



S&P 500 cyclically adjusted price/earnings ratio since 1881



*Difference between earnings yield, using trailing or projected 12 months earnings, and 10-year Treasury yield.

Sources: Dow Jones Market Data via FactSet and Tradeweb (equity risk premium); FactSet (price/earnings, price/book, price/earnings growth); shillerdata.com (Cyclically adjusted price/earnings)

Price/earnings ratio

Prices are just one component of stock valuations. The other is corporate earnings. The price/earnings ratio—calculated by dividing a company's stock price by its reported or projected per-share earnings—is one of Wall Street's most popular tools for

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Buffett Protégé Bets on San Francisco Property

By **MATT WIRZ**

Most investors are running away from San Francisco's downtown real-estate market, but Ian Jacobs is heading in. Call it a family tradition.

Jacobs is an heir of the Toronto-based Reichmann real-estate dynasty, which made a fortune buying properties in nearly bankrupt New York City during the 1970s. A bargain-seeking stock investor who once apprenticed himself to Warren Buffett, Jacobs has mostly avoided the family business—until now.

The 47-year-old spent much of the past year getting financial commitments from relatives and other wealthy families to snap up San Francisco office buildings, people familiar with the matter said. Now Jacobs has to prove wrong the prevailing wisdom that downtown offices, especially those in San Francisco, will never fill up again.

"We know the Reichmanns," said the head of a Latin American family office investing in the venture. "They are a very trusted partner."

San Francisco is the epicenter of a national commercial real-estate collapse. The transition to work from home crushed demand for downtown office space. Landlords abandoned properties and de-

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Appliance Rules Challenged



HEATED: Companies are disputing regulators' approach on the energy efficiency of home appliances. **B3**

Priciest Shareholder Fight Ever Is Headed to Disney's Boardroom

By **LAUREN THOMAS**

A boardroom brawl at **Walt Disney** is expected to be the most expensive shareholder fight ever and a chance for everyday investors to have a big impact.

Two activist hedge funds—Nelson Peltz's **Triam Fund Management** and the smaller **Blackwells Capital**—are separately going toe-to-toe with Disney to gain spots on its board and challenge the strategy of Chief Executive Officer Bob Iger.

All in, the three parties could spend north of \$70 mil-

lion ahead of an April 3 shareholder vote. They are already shelling out for slick marketing materials, social-media blitzes and the services of proxy solicitors—akin to campaign strategists—who wrangle shareholder support for their clients' board candidates.

One reason for the high price: the millions of individual investors who own an outsize portion of Disney's roughly 1.8 billion shares. They control over a third of Disney's stock—more than is typical for a public company. Institutional investors such

as **BlackRock** and Vanguard hold the rest, and their votes carry heft, too. Getting the word out to such a widespread shareholder base is costly.

The costs could be much lower if the activists don't take their fights to a vote, either by settling with Disney or backing away. Triam called off its first proxy attempt at Disney last year.

At the crux of the proxy fight is a disagreement over Disney's strategy and how to best nudge the company's stock price, which has been almost cut in half from its

2021 high. The company now has a market value of around \$200 billion.

Triam and a former Marvel executive it is working with have a combined stake valued at around \$3.5 billion.

The hedge fund has been urging shareholders to "restore the magic" at Disney, with a matching internet domain name making its case.

It says the company needs to find a clear successor to Iger, make its streaming margins "Netflix-like" and pull its studios out of a rut. It is running two candidates, including

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Bank Went From Crisis Winner to Next Worry

By **GINA HEEB** AND **RACHEL LOUISE ENSIGN**

New York Community Bancorp closed a transformational deal in late 2022, buying mortgage lender Flagstar Bancorp to nearly double its size. Four months later, it struck again, buying parts of Signature Bank, which was just seized by regulators during a bank run.

The deals catapulted NYCB from a relatively small lender focused on niche commercial real estate into the regulators' group of big diversified commercial banks. It crossed \$100 billion in assets, bringing in-

creased regulatory scrutiny. In recent weeks, NYCB said it needed to make changes to ensure its balance sheet was befitting its new stature, kicking off events that rocked its stock and credit ratings, and raised questions about its soundness.

The bank swung to a loss for the fourth quarter and slashed the hearty dividend it was known for. It pointed to worrisome signs in property-loan books that make up big parts of its balance sheet. It reshaped its management, naming Alessandro DiNello, the former head of Flagstar, as executive chairman. He said he is considering selling as-

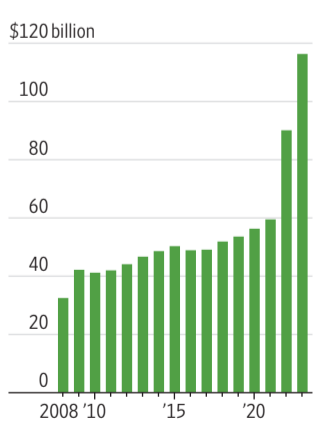
sets and shrinking the bank. "We've got a couple of, you know, tough, tough punches to the gut," DiNello told analysts on a conference call. "But we're strong."

So far, NYCB has said its deposits are stable. Customers say they are watching anxiously.

A popular WhatsApp group for people involved in commercial real estate is full of messages about the health of NYCB, similar to what happened last year with Signature, said member and commercial mortgage broker Ira Zlotowitz. Unlike last time, when those tightknit deposi-

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Total assets at New York Community Bancorp



Source: the company

Export Fight Risks Natural-Gas Swings

By **DAVID UBERTI** AND **RYAN DEZEMBER**

Americans' utility bills are getting wrapped up in the fight over President Biden's pause on most new natural-gas exports.

The White House last month effectively froze new approvals for liquefied natural gas shipments, a booming industry that helped turn the U.S. into an energy-export powerhouse. While environmentalists are urging officials to scrutinize projects' impact

on the climate, producers warn the pause could hurt the country's ability to supply allies with fuel in the future.

Now, Americans' power and heating costs are becoming a growing part of the tug of war.

As the Energy Department weighs new criteria for green-lighting future exports, some manufacturing groups and consumer advocates warn that America's ties to global markets could make price instability more likely. The fear is that additional projects in the next

Please turn to page B9

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Ratios Measure Stock Value

Continued from page B1 valuing stocks and indicates what an investor is paying for each dollar of a company's earnings.

When earnings rise and prices remain steady, valuations contract. If earnings decline, that makes stocks look even more expensive at the same price levels.

There are two ways to calculate the ratio. Investors who prefer to look at actual results use a company's trailing earnings over the previous 12 months. Others argue that projected earnings for the coming year are more relevant, particularly for fast-growing companies in the tech sector.

Based on trailing earnings, the S&P 500's multiple is 24.18, above its 10-year average of 20.36.

The index's forward multiple, at 20.38, recently rose above 20 for the first time in two years. Its longer-term average is 17.96.

Tech stocks often command rich valuations because they are expected to generate windfall profits in the future. A mania over generative artificial intelligence spurred big bets on stocks such as Nvidia, leading to its lofty valuation. The chip maker is trading at 33.48 times its projected earnings over the next 12 months.

"They look at a Nvidia and go, 'It's trading at a huge multiple.' It is on today's numbers," said Michael Landsberg, financial adviser at Landsberg Bennett Private Wealth Management.

Nvidia shares more than tripled last year to lead the S&P 500 and are the top performer in the index again in 2024, up 46%. The stock's valuation soared to more than 60 times forward earnings last year, but the multiple declined as the company reported huge profits.

Price-to-book ratio

Akin to the price/earnings ratio, the price-to-book ratio divides a company's stock price by its book value, a measure of total assets minus liabilities.

The ratio is often used by investors on the hunt for undervalued stocks at reasonable prices.

It is typically used to evaluate financial stocks, particularly banks, and shares of companies with tangible assets. It is less useful for tech companies because their growth prospects often aren't captured on company balance sheets, said Meghan Shue, head of investment strategy at Wilmington Trust.

The S&P 500 is trading at a price-to-book ratio of 4.15, above its 10-year average of 3.26 and its 20-year average of 2.76. In comparison, Nvidia's price-to-book ratio is 22.48.

Using this model, Home Depot and building-products company Masco are among the priciest stocks in the index, while Paramount Global and Invesco appear to be

among the cheapest.

Equity risk ratio

This method measures the reward for owning stocks over government bonds, calculated by taking the gap between a company's earnings yield and that of a Treasury. Equities are considered to be riskier than ultrasafe government bonds, so investors expect the former to earn a higher return over the long term.

Earnings yield is computed by dividing a company's reported or projected earnings over the next year by its stock price. Comparing the trailing earnings yield with the 10-year Treasury yield shows that the S&P 500's equity risk premium is at 0.7 percentage point, near the lowest level in about two decades. (The lower the ratio is, the more expensive stocks are.)

Matt Smith, investment director at Ruffer, a London-based investment-management services firm, recommends calculating the spread to the yield on the 10-year Treasury inflation-protected security, because corporate earnings tend to adjust with inflation. By that measure, too, the risk reward for owning stocks over bonds is at the lowest level on record, based on Dow Jones Market data going back to 2003.

P/E growth ratio

The PEG ratio is the market's valuation of a company relative to its earnings prospects.

To calculate it, divide a company's price/earnings ratio over the past 12 months by its projected annual future earnings growth. A PEG of 1 indicates the stock's price is in line with its growth expectations.

The S&P 500's current PEG ratio is 1.48, below its 10-year average of 1.49 and above its 20-year average of 1.35. Nvidia's ratio of 0.78 makes it look cheap in comparison.

CAPE ratio

The cyclically adjusted price-to-earnings ratio was derived by Robert Shiller, a Nobel Prize-winning economist. It is calculated by dividing a stock's current price with its average inflation-adjusted earnings from the previous 10 years.

Its advantage is that it corrects for extreme good times and bad times. That smooths out periods such as just before the housing bust, when unusually strong earnings made stocks look reasonably priced, and postrecession recoveries, when weak earnings make stocks look expensive.

At 33.4, the S&P 500's CAPE ratio is higher than it has been more than 96% of the time since 1881, but it is still well below the prior peaks seen in the late 1990s and 2021.

Typically, this model is used to value cyclically sensitive companies such as banks and those in the mining and the oil and gas industries because their outlooks are influenced by consumer supply and demand and economic growth.

—Mike DeStefano and Ken Jimenez contributed to this article.

BUSINESS & FINANCE



Bud Light returned to out-and-out humor this year, introducing a new brand mascot called the Bud Light Genie.

Goal for Super Bowl Ads This Year Was to Avoid Offending Anyone

The Super Bowl ads on Sunday variously appealed to America's sweet tooth, pleaded for tolerance and sought redemption for Bud Light. But most will share one thing in common: marketers' even deeper-than-usual desire to avoid offending anyone.

By Megan Graham, Katie Deighton and Patrick Coffee

Their supesize trepidation was inspired largely by the example of Bud Light, which suffered a consumer boycott last year after its social-media promotion with transgender influencer Dylan Mulvaney. The brand's marketing chief exited in the drama.

"It has usually been that when a brand gets into trouble like that, it recovers fairly quickly and people forget about it and move on," said Tim Calkins, a marketing professor at Northwestern University's Kellogg School of Management. "The Bud Light situation has been so different because the brand has been hit very hard and it hasn't really bounced back."

Super Bowl marketers as a result tried to break through with humor that didn't cross any fault lines, according to Calkins. "Nobody's pushing the edge on these jokes and nobody's hinting at anything remotely controversial," he said.

Bud Light's ad, a case in point, depicted a "Bud Light Genie" granting wishes including invisibility, metal-band hair, friendship with Hall of Fame quarterback Peyton Manning, an appearance by pop singer and rapper Post Malone, a raging house party and a T. rex to attend it.

Last year's spot went for a more subtle humor, showing husband-and-wife actors Miles and Keleigh Teller dancing to telephone hold music.

Delivery service Uber Eats was chastised for a joke in its commercial, which it released online before the game, that showed a man asking, "There's peanuts in peanut butter?" while breaking out in an allergic reaction.

Food allergy advocacy group FARE criticized the ad, saying it featured "inappropriate use of humor depicting food allergies." Uber Eats wound up running a version with the joke removed.

The stakes are high for Super Bowl advertisers even aside from politics and culture wars.

The National Football League's annual championship regularly attracts more than 100 million viewers, and last year's installment drew more than 115 million, according to media measurement firm Nielsen. Thirty seconds of ad time in Super Bowl LVIII cost around \$7 million, although prices can vary based on factors including how many spots companies buy.

Sunday's telecast on CBS included a slew of first-time national advertisers, including ice-cream brand Drumstick, Robert Kraft's "Stand Up to Jewish Hate" campaign, PepsiCo soft drink Starry, online marketplace Etsy, chocolate brand Lindt and cosmetics brand E.l.f. Cosmetics. They joined mainstays including M&Ms, Budweiser and Google.

One of the biggest surprises in the ad breaks was a commercial from a super PAC supporting the presidential campaign of Robert F. Kennedy Jr., adapted from an old campaign commercial for John F. Kennedy.

The ad—both in the original and in slightly altered form on Sunday night—made age part of the case for its candidate. "Do you want a man for president who's seasoned through and through," the revised jingle asks, "a man who's old enough to know and young enough to do?"

Brands leaned on the tried-and-tested formula of hiring celebrities to front the joke.

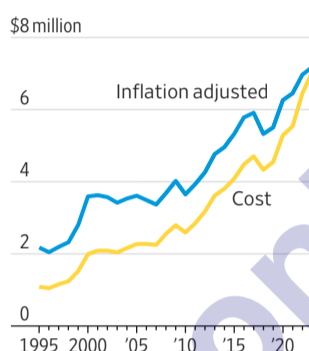
Dunkin' returned to the Super Bowl with a comedic ad starring actor Ben Affleck and singer Jennifer Lopez for the second year in a row, for example, but this time added actor Matt Damon, football champion Tom Brady, TikTok star Charli D'Amelio and rappers Fat Joe and Jack Harlow.

CoStar Group stood out with four more commercials, one for its Apartments.com apartment listing site, three for its Homes.com and all of them featuring celebrities.

"It looks to me like most have given a clear brief to deliver mainstream, nonoffensive funny," said Nick Miaritis, chief client officer, VaynerMedia, which created PepsiCo's Super Bowl ad for Starry. "It just doesn't seem like many brands are willing to put something out there that's polarizing," he said.

Advertisers also leaned into the Super Bowl's female audience, with Unilever skin and haircare brand Dove focusing on young girls playing sports and pharmaceutical company Astel-

Average price for a 30-second Super Bowl commercial



Note: In-game spots only. Inflation adjustments are to December 2023 dollars using the consumer-price index. Source: Vivvix

las running its second consecutive Super Bowl ad for a treatment to reduce hot flashes and night sweats due to menopause. E.l.f.'s ad promoted its Halo Glow Liquid Filter.

Women already make up nearly 37% of viewers for regular-season NFL games, according to Nielsen, and made up 47% of last year's Super Bowl audience.

The presence of megastar Taylor Swift, who attended Sunday's game to cheer on boyfriend Kansas City Chiefs tight end Travis Kelce, may have nudged that female audience even higher.

Lindt, a Swiss chocolatier that counts women over the age of 30 as its primary audience, bought its first Super Bowl commercial to drive awareness in the U.S., and has signed a social-media deal with Philadelphia Eagles center Jason Kelce's wife, Kylie, to extend its campaign outside the game.

But Lindt eschewed big names and jokes in its ad, which instead features its Lindor chocolate ball bouncing around various "moments of bliss" as a jaunty Perry Como soundtrack

plays.

"We considered famous people, humor, at the very beginning and we developed many ideas, but that's not who we are," said Ana Maria Dominguez, president and CEO of Lindt USA. "That's not what our brand is about."

Despite the general avoidance of cultural trip wires, Kennedy's campaign ad wasn't the only Super Bowl commercial to address social issues. Two from the "He Gets Us" campaign, returning to the Super Bowl after making its first appearance last year, will encourage viewers to love their neighbors as they say Jesus did.

And the commercial from "Stand Up to Jewish Hate" encouraged people to speak out against antisemitism along with hate toward other groups.

Some ads focused on the tech industry's topic du jour: artificial intelligence. Tech company Microsoft's ad, for example, promoted its Copilot AI product.

Brands may have been risk-averse in their messaging, but the concepts behind some campaigns appeared as elaborate as ever.

DoorDash promised to deliver one product from all the commercials that ran during the game, whether it was a bag of Doritos or a new BMW, to the winner of its Super Bowl sweepstakes.

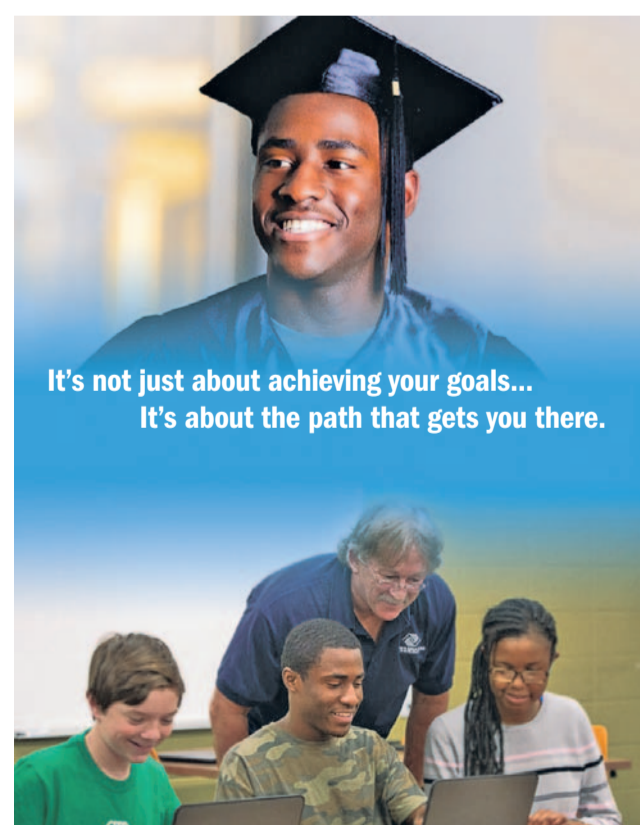
More than 20 Super Bowl advertisers agreed to participate in the campaign, said Kofi Amoo-Gottfried, chief marketing officer of DoorDash. By comparison, CBS sold more than 60 national commercials.

DoorDash will give away an item related to each national ad, even if the brand didn't participate in the campaign, according to a spokeswoman.

The Race to Make This Dying U.S. Lake The 'Saudi Arabia of Lithium'



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BUSINESS NEWS

The Energy Battle Over Appliances

Manufacturers seek new timeline on standards for dryers, stoves, dishwashers

By JOHN KEILMAN

When Jessica Romer pulls clothes out of her new washer-dryer, they feel cool and a bit damp but dry to the touch within seconds.

Using no electric heating element or natural gas, the unit's dryer employs a pump to draw in ambient heat from its surroundings, making it 50% more energy efficient than traditional models—though without producing that warm, toasty feel.

"It's different and strange," said Romer, who lives in northern Florida, "but it does work."

Whether Romer's heat-pump dryer represents the pinnacle of energy efficiency or just the latest stop on a long climb is part of a debate in Washington. The Energy Department requires appliance makers to meet efficiency stan-

dards that are periodically reviewed and tightened—a rule that sparked the recent tussle over gas stoves.

Manufacturers are pushing for a change.

An industry group says appliances are far more efficient than versions sold a few decades ago, and some can't improve much more without harming performance. It wants evolving technology to drive the standards, not government timetables.

"The reality of the laws of physics that require some amount of energy and water for home appliances to keep food cold and to clean and dry clothes and dishes has to be recognized," Kevin Messner, chief policy officer of the Association of Home Appliance Manufacturers, told a congressional hearing last year.

Andrew deLaski of the Appliance Standards Awareness Project, which advocates for greater energy efficiency, said government pressure is necessary to keep the breakthroughs coming.

For decades, home appliances weren't subject to fed-

Behind Closed Fridge Doors

Refrigerators use a closed system of coils on the inside and outside, with refrigerant—a cooling agent—circulating through it. The systems have gotten more efficient over time.

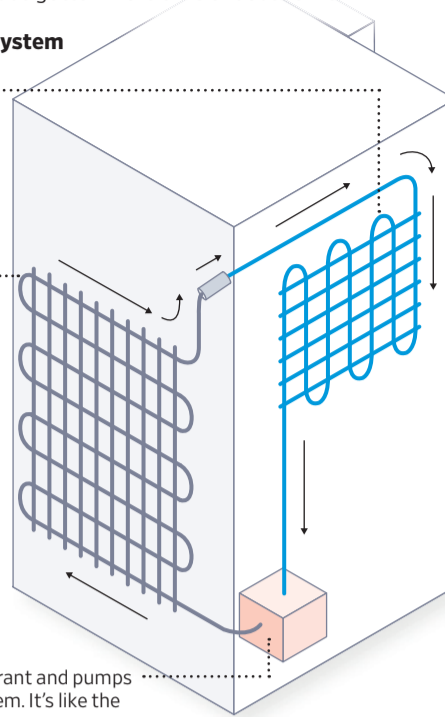
The circulation system

Evaporator coils cool internally.

Condenser coils release heat externally. Keeping the coils clean helps the system work at peak efficiency.

Compressor pressurizes refrigerant and pumps it through the system. It's like the heart of the fridge.

Source: Energy Department



ADVANCES

Sensors are more precise and can identify areas where more or less cooling is needed.

PRO TIPS

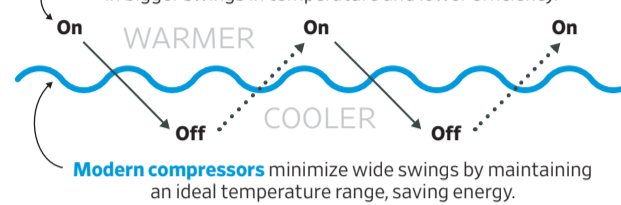
Choosing the right size can be an important factor in efficiency. Larger models consume more energy.

Insulation and sealing around doors have improved over time.

Freezer position matters. Models with the freezer on top tend to use less energy than those with the freezer on the bottom or to one side.

Compressors Get Smart

Compressors on older refrigerators stop and start, resulting in bigger swings in temperature and lower efficiency.



Peter Santilli, print design by Erik Brynildsen/THE WALL STREET JOURNAL

eral efficiency rules. In 1987, President Ronald Reagan signed the National Appliance Energy Conservation Act, which established minimum standards. The Energy Department is obligated to revisit them periodically, with new proposals six years after the previous rules are completed.

The agency recently tightened the rules for refrigerators and stoves based on agreements reached between the appliance industry and environmental and consumer groups. Standards for dishwashers, washing machines, clothes dryers and beverage coolers are expected to be completed by mid-2024.

New rules for all the products should go into effect over the next three to six years. The Appliance Standards Awareness Project said they would cut the average household's annual utility bills by \$120 and, over three decades, keep 270 million metric tons of carbon dioxide out of the atmosphere—equivalent to the annual energy use of 34 million homes.

As the standards have grown more demanding, the industry has kept pace through technical advances. Those include new compressors in refrigerators, which are better at keeping a consistent temperature, and more sophisticated termination controls that stop clothes dryers when the job is done. Dishwashers have better motors and pumps and now need only 3.5 gallons of water per load, which means water heaters don't need to use as much energy to warm the spray.

Whirlpool has developed an insulation for refrigerators that uses vacuum-sealed powder in place of polyurethane foam. That allows the fridge's interior walls to be thinner, expanding capacity by 25% or, if made at the usual thickness, to be far more efficient than traditional models.

Whirlpool's head of sustainability, Pamela Klyn, said other appliances are approaching their efficiency limits. Reducing the electricity consumption of a contemporary microwave oven, for in-

stance, would mean removing its clock, she said.

Paul Storch, whose Bronx, N.Y., company Felix Storch Inc. imports and manufactures niche appliances, said the new regulations mean the small refrigerators he sells for cramped apartments will need updated compressors, which could raise prices by as much as 10%—roughly \$50 to \$100.

"Is the higher cost recovered through the savings in energy?" he said. "That's the litmus test about whether these are logical."

Energy Department calculations show shoppers can expect a modest return once the updated standards are in place. Those who buy a standard-size refrigerator could be \$51 to \$143 ahead at the end of its expected 14.5-year lifespan once the higher price is offset by lower energy bills.

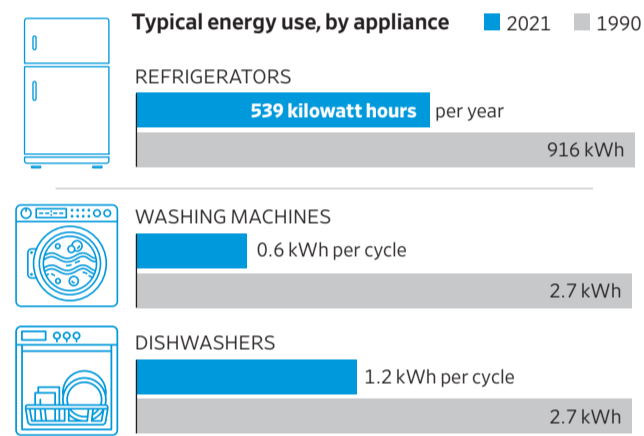
The appliance manufacturers' association said it supports the federal efficiency standards but is lobbying Congress to change the "six-year time clock." New standards should be imposed only when

technology and consumer benefits justify them, according to the group.

Rep. Debbie Lesko (R., Ariz.) in November introduced the Hands Off Our Home Appliances Act, which she said would prevent the Energy Department from mandating changes that aren't cost-effective. The Appliance Standards Awareness Project said regulators already must take that into account.

Shanika Whitehurst, associate director of product sustainability at Consumer Reports, said the group's testing has found better efficiency generally correlates with better performance and reliability. Yet many people aren't happy with the appliances.

The Energy Department's rule-making process drew scores of public complaints, with some saying energy-efficient models are too expensive, don't work well and sometimes break easily. Some commenters sarcastically suggested going back to washing clothes in a creek and drying them on clotheslines.



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TECHNOLOGY

Investors Wonder About Tesla's Future

Carmaker's mission has expanded and changed as Musk refocuses priorities

By TIM HIGGINS

Tesla has long sold investors on the hope of a brighter future. But these days, what is that mission?

At first, the electric automaker, founded 20 years ago, was to many investors and fans the answer to climate change, especially as Elon Musk showed the world that a zero-emissions vehicle could be both cool and profitable. At one point, he said helping reduce the risk of catastrophic climate change is why Tesla exists.

As time wore on and others began chasing the EV dream, Musk positioned Tesla as something else, a gateway for artificial intelligence to move from the digital world into the physical world through driverless cars and then humanoid robots.

Tesla, it seemed, was full of limitless potential. But lately, Musk sounds less urgent about climate change. And last month, Musk threw investors a curveball. That bright AI future he has talked about for so long? Well, he doesn't feel comfortable doing it at Tesla after all—unless he gets another giant payday that gives him more control.

Such threats immediately raise an existential question for Tesla investors: What makes the company special in a world where Musk doesn't see climate change as a near-term risk and is wavering on his commitment to pursue AI at Tesla?

Shares of Tesla, which valued the company well beyond any other mere carmaker, have fallen more than 20% this year through Friday while other technology giants, such as Microsoft and Nvidia, have

seen huge gains fueled by excitement around their work in AI.

In January, Adam Jonas, a high-profile analyst with Morgan Stanley, attributed 22% of his price target for Tesla's stock to the future value created by an autonomous car fleet of about 220,000 vehicles by 2030. But he also pulled back some of his expectations after Musk's comment about control.

"Tesla is the only truly AI-enabling stock under our coverage," Jonas told investors in a note. "Any change of organizational or legal structure that impedes Tesla's ability to participate in the development of AI could be detrimental to the...investment thesis."

Success in bringing out a profitable EV with the Model 3 sedan helped make Tesla the first automaker to be valued, for a time, at more than \$1 trillion. After years of struggle, Musk had delivered one of his most ambitious promises, giving him new credibility for what else he might tackle.

During that run-up in 2020, Jonas remarked that the "power of hope" was helping fuel Tesla's dramatic rise that defied traditional automotive valuations.

More than cars

By then, Musk had long been selling the future of Tesla as something more than just electric cars. In 2016, for example, he painted a picture of the automaker's future with fully autonomous vehicle technology evolving out of its driver-assistance Autopilot efforts. He targeted demonstrating a driverless car crossing the country by the end of 2017. That didn't occur.

In 2019, as some Tesla investors questioned whether the Model 3 could live up to Musk's goals, the chief executive held a special presentation for investors to tout the company's efforts to develop the autonomous technology and aimed for a robot taxi fleet by the end of



That was the kind of passion Musk once brought to Tesla's mission.

"Climate change is the biggest threat that humanity faces this century, except for AI," Musk told a journalist in 2017. "I keep telling people this. I hate to be Cassandra here, but it's all fun and games until somebody loses a f—ing eye."

These days, Musk's tone has changed. He has been advocating against corporate values such as ESG, or environmental, social and corporate governance, that aim to encourage investments in the kinds of goals he once touted. "ESG is the devil," he has said.

Humanoid robots

And Musk appears to be distancing himself from some of the green movement that had so embraced him years ago. At a public event in December, Musk described the alarm over climate change as "somewhat overblown in the short term," and called for a pragmatic approach to reducing carbon over the "next several decades."

"Some of the environmentalist movement...is part of what is causing people to lose hope in the future," Musk said. "So, I guess what I'm trying to say is that we should have hope in the future. We should be excited about the future, and we should build the future we want."

That future, in Musk's telling, involves humanoid robots, dubbed Optimus, that he says Tesla is working to develop, using the technology behind its driverless cars.

"Optimus, obviously, is a very new product, an extremely revolutionary product and something that I think has the potential to far exceed the value of everything else at Tesla combined," Musk told analysts in January.

"I think," he added, "we've got a good chance of shipping some number of Optimus units next year."



Tesla's booth at an AI conference in Shanghai last year; Musk, left, has long been selling the company's future as more than cars.

Investors seemed to buy into it. Shares more than doubled last year after a bad 2022, in part driven by investors worried that Musk was too distracted by his acquisition of the social-media platform now known as X.

Those distractions have only multiplied as he takes increasingly controversial positions on X that worry Tesla fans. That concern erupted anew this past week when some faithful, including a supporter named Chuck, asked him to show more restraint.

"Chuck labors under the illusion that western civilization is not at risk, when it clearly is. If America falls, nothing else matters, not stocks, not properties, nothing," Musk replied. "All civilizations eventually fall, as history shows, but we want this one to last as long as possible."

2020. That didn't occur.

Then, almost a year ago, Musk asked Tesla investors to take a leap of faith that the company's future was all about rolling out AI software to enable robot cars as its once-explosive delivery growth showed signs of slowing and he was resorting to

price cuts on an aging lineup.

"We do believe we're...laying the groundwork here, and that it's better to ship a large number of cars at a lower margin, and, subsequently, harvest that margin in the future as we perfect autonomy," Musk told investors last April after disappointing quarterly results.



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THE WALL STREET JOURNAL.



Nelson Peltz's Trian has been urging shareholders to 'restore the magic' at Disney.

Disney Faces Priciest Proxy Fight

Continued from page B1 ing the 81-year-old Peltz, who holds board seats at other companies, including Unilever.

Blackwells, which has a tiny stake valued at around \$15 million, has suggested its three nominees could help explore a breakup of the company.

Disney has sought to appease shareholders with a series of announcements including an investment in "Fortnite" maker Epic Games; plans to stream Taylor Swift's "Eras Tour" concert movie on Disney+, and a partnership with Fox and Warner Bros. Discovery to launch a sports-focused streaming service.

Disney enlisted the help of cartoon character Professor Ludwig Von Drake, Donald

Duck's paternal uncle, in an animated video with a step-by-step voting guide.

P&G Topped

All in, the cost is expected to top that of Trian's 2017 clash with Procter & Gamble, currently the priciest proxy fight on record, with a price tag of \$60 million.

(Peltz was ultimately given a seat on the board of the owner of Crest toothpaste after the vote ended in a near-tie.)

Disney expects its total expenses to be about \$40 million, while Trian estimated it could spend at least \$25 million, regulatory filings this month show. Blackwells expects to spend around \$6 million.

Trian appears determined to press ahead with its current quest. After Disney's shares surged more than 12% Thursday following a better-than-expected earnings report and the unveiling of new initiatives, Trian doubled down.

"It's déjà vu all over

again," it said. "We saw this movie last year and we didn't like the ending."

In addition to being one of the highest-profile proxy fights in years, the fight is captivating Wall Street advisers because it will be one of the first votes to put the newly implemented universal proxy card to the test.

Shareholders historically either had to vote for a company's entire slate of directors or an activist's. Universal cards list both sets of candidates in the same place, allowing shareholders to mix and match.

In Disney's favor

They make it more likely an activist could claim a partial victory by winning at least one board seat.

Working in Disney's favor is that the small number of individual investors who bother to vote in proxy fights tend to support the companies.

Most individual investors just aren't paying attention, according to John Ferguson, a senior partner at Saratoga Proxy Consulting, which isn't involved in the Disney fight. "To do it right," Ferguson said, "this will definitely be the most expensive fight we've seen."

\$15M

The value of Blackwells Capital's stake in the entertainment giant.



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BUSINESS & FINANCE

Big Bet On San Francisco

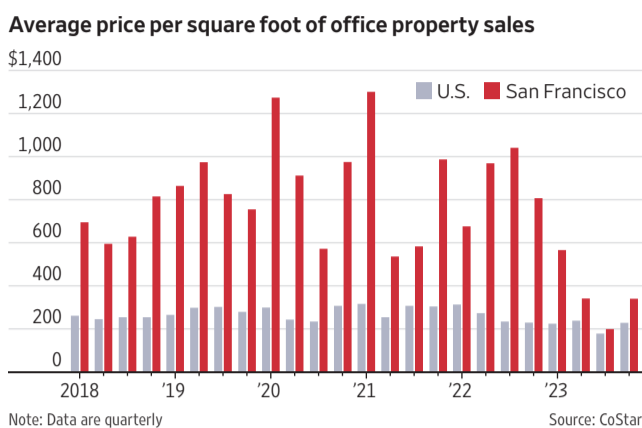
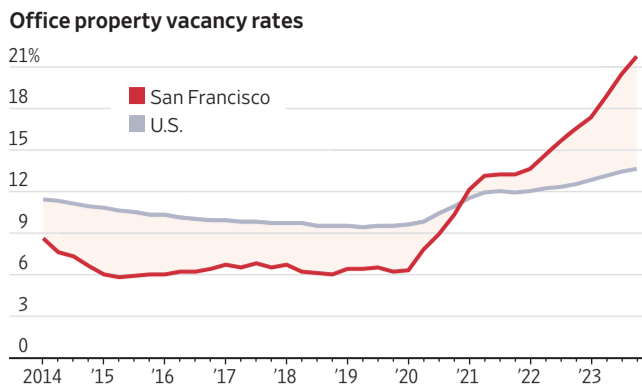
Continued from page B1 faulted on mortgages. Losses from the loans flowed through the financial system, hitting shares of banks and insurers.

This year is expected to be worse than the last for office space nationally. The situation in San Francisco is particularly challenged because its economy relied so heavily on technology companies that have now embraced remote work. Some say the city is headed for a “doom loop,” with rising vacancies prompting more companies to leave.

Jacobs has lined up commitments of \$75 million for his first few deals, the people familiar with the matter said. Ultimately, he hopes to buy 3 million square feet of office space for prices about 70% below what it would cost to build the properties, according to marketing materials for the project viewed by The Wall Street Journal. Recent building sales in San Francisco averaged between \$200 and \$300 a square foot, implying total purchases of \$600 million to \$900 million.

The plan is called “Project Uris,” a nod to the Reichmann’s 1977 purchase of eight Manhattan buildings from Uris Buildings Corp. through their company Olympia & York Developments. Like San Francisco today, New York City was struggling with crime, corporate flight and political dysfunction. Five years later, a resurgent Wall Street lifted the local economy and the buildings were valued at 10 times what the Reichmanns had paid.

The Reichmanns are an extended family of Orthodox Jews who became famous for their real-estate acumen and religious philanthropy. Jacobs’ great uncles Paul and Albert Reichmann developed Canary Wharf in London and the World Financial Center in New York. The empire grew to



Note: Data are quarterly Source: CoStar

\$10 billion by 1991, collapsed when debts bankrupted Olympia & York, then slowly recovered to at least \$880 million by 2005.

Most descendants of Jacobs’ generation—he has dozens of cousins—studied in local parochial schools known as yeshivas, then began working in real estate with their families. After yeshiva, Jacobs moved to New York, where he got a job as an equity analyst at Goldman Sachs, then entered business school. There he set his mind on working for the biggest name in value investing: Buffett, the head of Berkshire Hathaway.

“He wrote Warren a letter that said ‘you’re my role model and I’d like to make you a value proposition—I’ll pay you \$500 a week for the opportunity to intern for you,’” said Robert Salamon, one of Jacobs’ cousins.

Buffett turned down the offer and mailed back the \$500 check. But he hinted that he might find a project for Jacobs if he was ever in Omaha, Neb., where Berkshire is located. Jacobs showed up in the summer of 2002 and landed a job doing financial analysis for his idol.

After Jacobs left to start his own investment firm in 2009, Tracy Britt took over the job.

Cheap stocks were plentiful after the 2009 financial crisis, but Jacobs saw fewer opportunities as low interest rates drove stock prices higher. He sometimes went years without buying anything, the people familiar with the matter said. It is a lesson he learned from Buffett, who has held back when valuations are high and swooped in during crises.

Stock prices fell in 2022 when the Federal Reserve raised interest rates, then rebounded, prompting Jacobs to turn back to the old Reichmann playbook: buying office properties on the cheap.

Jacobs has told investors it might take San Francisco 10 years to recover, according to his marketing materials. The key to the trade will be buying cheap and holding on until technology companies ultimately return.

“His whole professional career has been around value investing in public markets,” said Max Raskin, an adviser to Jacobs on the project. “This is the first time he can do value investing in real estate.”

How Bank Became Next Worry

Continued from page B1 tors fled en masse, the messages are split between those who plan to stay with NYCB and those who plan to leave.

One New York City property owner who kept tens of millions of dollars at Signature until it failed in early 2023 and now banks at NYCB said he is considering his options.

“My finger’s on the trigger,” said the property owner. “Having gone through that and seeing this situation replay again, your risk tolerance needs to be much tighter.”

The government used emergency measures to backstop deposits at Signature, even those over the \$250,000 Federal Deposit Insurance Corp. coverage limit, but the property owner isn’t convinced the FDIC would do it again.

The fears about NYCB echo last spring’s banking crisis, when fast-growing institutions were found to have mismanaged their newfound growth, exposing themselves to losses. And the comments about commercial real estate from NYCB has others wondering if it is the tip of the iceberg.

Those fears are sending stocks down, showing the industry remains under pressure. NYCB shares have lost more than half their value since the company reported fourth-quarter results on Jan. 31, though on Friday they rose 17%. The KBW Nasdaq Regional Banking Index is down roughly 9% over that time.

Still, analysts and bankers say there is little evidence an acute crisis is brewing. The economy is strong and interest-rate pressure is easing on banks. NYCB and a few other real-estate lenders face losses, but the issues aren’t systemic. “It’s a sizable problem,” Federal Reserve Chair Jerome Powell said on “60 Minutes” this month. “It doesn’t appear to have the makings of the kind of crisis things that we’ve seen sometimes in the past, for example, with the global financial crisis.”

Tough choices

NYCB faces difficult choices, including trying to shrink itself back to health or working with third parties to beef up capital.

NYCB executives said this week the bank will consider sales of assets outside of its core businesses.

Other options under consideration include a capital raise, people familiar with the matter said, or the issuance of



New York Community Bank headquarters in Hicksville, N.Y.

financial instruments in which banks pay a fee to investors who agree to shoulder a portion of credit losses if they occur.

“If we must shrink, then we’ll shrink. If we must sell nonstrategic assets, then we’ll do that,” DiNello said. “We’ll do whatever it takes.”

‘They were a winner’

NYCB got its start in 1859 as the Queens County Savings Bank. Based in Hicksville, N.Y., the banks that operate under NYCB are spread across nearly 400 branches throughout parts of the Northeast, Midwest, West Coast and Florida.

NYCB was long a darling in New York City commercial real estate, where it has worked closely with big brokers like Meridian Capital. The bank specialized in lending to owners of apartment buildings that are rent stabilized, making huge loans that were known to go bad at a lower rate than at other banks.

“For credit, they were a winner,” said Fred Cummings, president and portfolio manager at Elizabeth Park Capital Management, which invests in U.S. banks.

But the concentration created pressure. About half of the multifamily portfolio at NYCB is subject to some sort of rent regulations.

A 2019 law put a limit on how much New York City landlords could increase rents on some units, hindering the profitability of that entire asset class. Valuations have plunged since then, threatening to stick banks with big losses.

Jay Martin, executive director of the trade group Community Housing Improvement Program, said he knows more than a dozen property owners who have struggled to refinance troubled multifamily loans that are set to come due at NYCB. “It’s a huge problem,” Martin said.

A decline in office valuations since the Covid-19 pandemic hasn’t helped, raising concerns about the broader commercial real-estate market.

NYCB has braced for big losses, piling away millions for future hits to its commercial real-estate portfolio. Net

charge-offs surged to \$185 million in the fourth quarter from \$1 million a year earlier, driven by an office loan and a co-op loan.

Rapid growth

NYCB has been trying to diversify away from those risks.

At the end of 2020, the bank’s longtime leader, Joseph Ficalora, retired. New Chief Executive Thomas Cangemi took over and started looking for a deal.

In 2021, NYCB announced the deal for Troy, Mich.-based Flagstar, which would bring a lot of loans to businesses. After several regulatory approval delays, the deal closed in December 2022.

A few months later, NYCB won the FDIC auction to get much of what was left of Signature: loans to businesses and \$34 billion in deposits. The deal lifted NYCB shares sharply in a year when many other regional bank stocks were in free fall.

Quick expansions in banks can prove problematic.

Last spring, Silicon Valley Bank, Signature and First Republic Bank all failed after periods of rapid growth. Regulators said they would have to watch fast-growing banks closer, especially those with concentrated business models.

Eric Rosengren, the former president of the Federal Reserve Bank of Boston, questioned why regulators approved NYCB’s bid for Signature in the first place. The deal put NYCB above \$100 billion, a key regulatory threshold that subjects banks to stricter capital and liquidity standards.

“The time to worry about risk management for an institution going over \$100 billion is before they go over \$100 billion,” Rosengren said.

Before the losses were disclosed, NYCB’s chief risk officer and chief audit executive both left. The bank said it would soon fill those positions, but didn’t specify a date.

There is more uncertainty down the ranks. The Signature bankers who went over to NYCB are set to be paid retention bonuses early this year, and some could leave afterward, people familiar with the matter said.

Déjà vu

Unlike the banks that failed, NYCB hasn’t operated with especially large amounts of uninsured deposits or paper losses on its bond portfolios. NYCB said 72% of its deposits were insured or collateralized as of early February, while only around 10% were insured at SVB and Signature.

And bank customers have reduced their exposure to uninsured deposits and set up side accounts over the past year, which meant there wasn’t a rush for the exits in the past few weeks.

For Signature Bank customers that stuck with NYCB, the past two weeks have brought an unwelcome sense of déjà vu. Longtime Signature customer Larry Delson kept NYCB as the primary bank for his New York import-export and consulting business but opened a few backup accounts at other regional banks after last year’s failures. He has the same banker at NYCB and says the customer experience is unchanged.

When Delson noticed headlines about potential issues about NYCB, he moved about \$200,000 out of his business account to other banks to get the balance closer to the deposit insurance limit.

“I’m going to take a wait-and-see approach,” Delson said about the rest of his funds, adding he was unsure whether the government would protect uninsured depositors again.

“At the same time, I have to protect myself,” he said.

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MARKETS DIGEST

Dow Jones Industrial Average
38671.69 ▲17.27, or 0.04% last week

S&P 500 Index
5026.61 ▲68.00, or 1.37% last week

New to the Market

Public Offerings of Stock

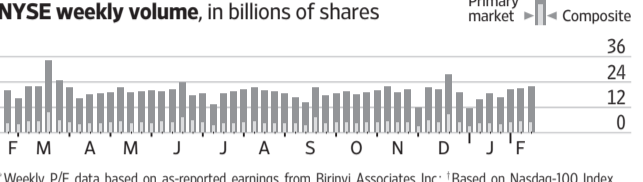
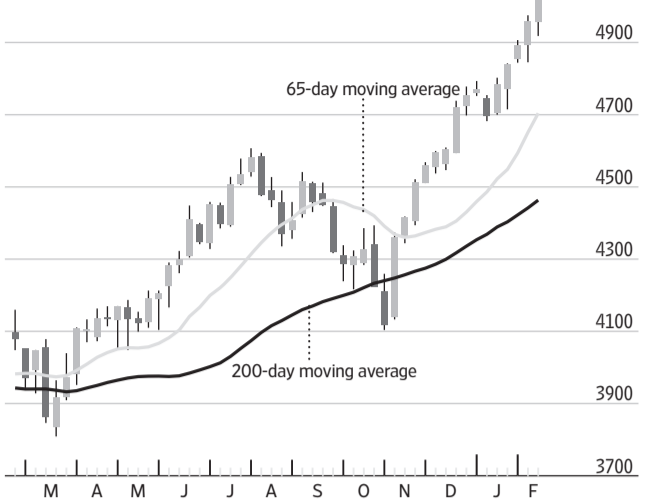
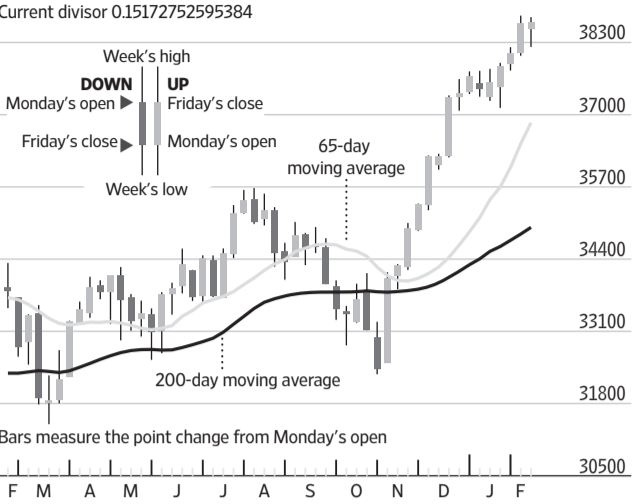
IPOs in the U.S. Market
Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Table with columns: Expected pricing date, Filed, Issuer/business, Symbol/primary exchange, Shares (mill), Pricing Range(\$), Bookrunner(s)

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Table with columns: Lockup expiration, Issue date, Symbol, Offer price(\$), Offer amt (\$ mil), Through Friday, Lockup provision



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IPO Scorecard

Performance of IPOs, most-recent listed first

Table with columns: Company, SYMBOL, IPO date/Offer price, Friday's close (\$), Offer price, % Chg From Offer 1st-day price, % Chg From Offer 1st-day price

Major U.S. Stock-Market Indexes

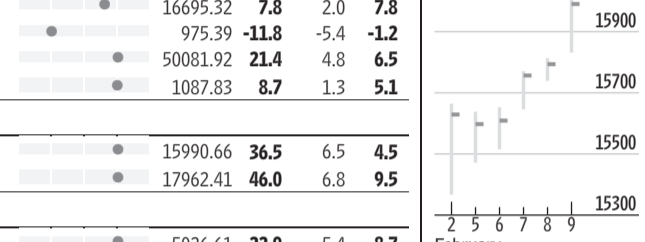
Table with columns: Index, High, Low, Latest Week Close, Net chg, % chg, 52-Week Range, High, % chg, YTD % chg

Table with columns: Index, High, Low, Latest Week Close, Net chg, % chg, 52-Week Range, High, % chg, YTD % chg

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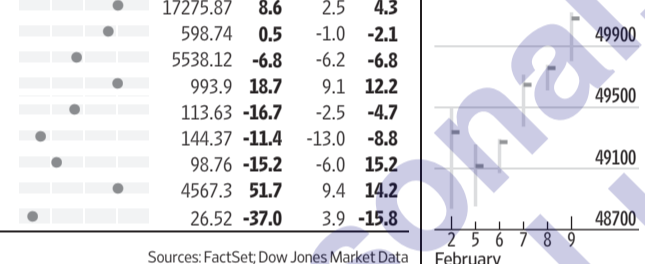
Nasdaq Composite

▲ 361.71, or 2.31% last week



DJ US TSM

▲ 743.94, or 1.51% last week



Public and Private Borrowing

Treasuries
Monday, February 12 Thursday, February 15
Auction of 13 and 26 week bills; announced on February 8; settles on February 15announced on February 13; settles on February 20

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA gained 17.27 points, or 0.04%, on the week. A \$1 change in the price of any DJIA stock = 6.59-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$30,658, or a gain of 2.19%, on the \$30,000 investment, including reinvested dividends.

Table with columns: Pct chg, Stock price, Point chg, \$1,000 Invested (year-end '23)

International Stock Indexes

Table with columns: Region/Country, Index, Close, Latest Week % chg, Low, 52-Week Range, High, YTD % chg

Commodities and Currencies

Table with columns: Commodity, Last Week Close, Net chg, % chg, YTD % chg

Go to WSJMarkets.com for free access to real-time market data. Includes a small market data chart.

Consumer Rates and Returns to Investor

U.S. consumer rates

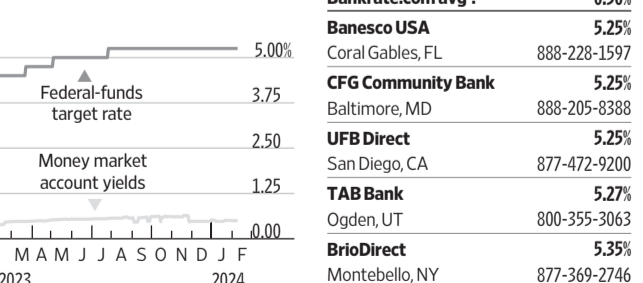
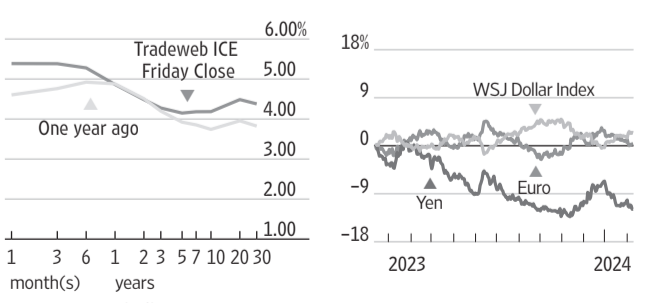


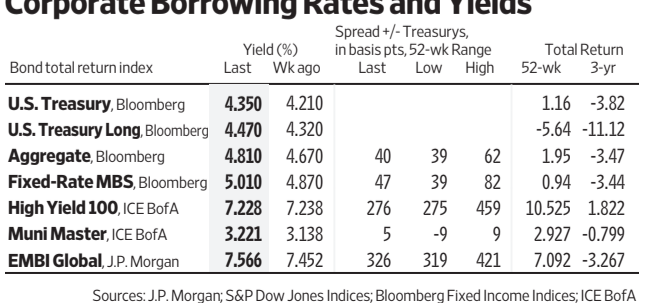
Table with columns: Interest rate, Yield/(Rate) (%) Last (Week ago), 52-Week Range (%) Low 0 2 4 6 8 High, 3-yr chg (pct pts)

Benchmark Yields and Rates

Treasury yield curve



Forex Race



Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table with columns: Country/currency, Fri in US\$, USD vs. per US\$, YTD chg (%)

CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end funds generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Source: Lipper

Friday, February 9, 2024

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes General Equity Funds like Adams Diversified Eq Inc, Central Secs, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes World Equity Funds like abrdn Gbl Prem Prm, abrdn Gbl Infra Inc, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes U.S. Mortgage Bond Funds like abrdn Gbl Income, abrdn Gbl Div, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Investment Grade Bond Funds like Angl Oak F&S Inc Trm, BR Credit Alloc Bond, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Loan Participation Funds like Apollo Senior Floating, BR Debt Strategy, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes High Yield Bond Funds like abrdn Inc Credit Str, AllianceBermGblHnc, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Other Domestic Taxable Bond Funds like Allspring Multi-Sector, Apollo Tactical Income, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Single State Mun Bond Funds like abrdn CA Mun, BR MH CA Qly Fd Inc, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes General Equity Funds like Alternative Strategies, First Trust Hdg Strat, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Specialized Equity Funds like AllBerNatlMunInc, BlackRk Inv Q Mun, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes U.S. Consumer Price Index, Canada, Japan, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Policy Rates for Euro zone, Switzerland, Britain, Australia, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Overnight Repurchase for U.S. at 5.35, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes U.S. Government Rates for Discount at 5.50, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Cash Prices for Energy, Metals, Gold, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Cash Prices for Battery/EV Metals, Metals, Gold, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Cash Prices for Fibers and Textiles, Grains and Feeds, Silver, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Cash Prices for Other Metals, Other Metals, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Cash Prices for Fats and Oils, Fats and Oils, etc.

* Half the transactions were indirect ** Two day transaction p= Pink Sheets

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Table with columns: Sector, Buying, Selling. Lists sectors like Basic Industries, Capital Goods, Consumer durables, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes FT/Sr Fltg Rte Inc, AllianceBermGblHnc, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes abrdn Inc Credit Str, AllianceBermGblHnc, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes abrdn AP Inc Fd, MS EmMktDomDebt, etc.

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Source: Refinitiv, Dow Jones Market Data

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes BNY Mellon Str Mun Bond, BNY Mellon Str Munl, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes BNY Mellon Str Munl, DWS Munl Inc, etc.

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Source: Refinitiv, Dow Jones Market Data

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes NexPointREEstStrat, PIMCO Flexible REInst, etc.

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Source: Refinitiv, Dow Jones Market Data

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Apollo Diversified Cdf, Apollo Diversified Cdl, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Apollo Diversified Cdl, Apollo Diversified Cdm, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Apollo Diversified Cdm, Apollo Diversified Cdn, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Apollo Diversified Cdn, Apollo Diversified Cdo, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Apollo Diversified Cdo, Apollo Diversified Cdp, etc.

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Source: Refinitiv, Dow Jones Market Data

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes AFA Private CreditFndr, AFA Private CreditInst, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes AFA Private CreditInst, Alternative Credit Inc, etc.

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Source: Refinitiv, Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

February 9, 2024

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table with columns: Inflation, Federal funds, International rates, Prime rates, Policy Rates, Overnight repurchase, U.S. government rates, Discount.

Table with columns: Other short-term rates, Call money, Commercial paper (AA financial), Secured Overnight Financing Rate.

Table with columns: Treasury bill auction, Fannie Mae, Notes on data, U.S. prime rate, Discount rate, DTCC GCF Repo Index.

Table with columns: Cash Prices, Energy, Metals, Gold, per troy oz, Battery/EV metals, Fibers and Textiles, Grains and Feeds, Silver, per troy oz.

Table with columns: Cash Prices, Fats and Oils, Degummed corn oil, Grease, choice white, etc.

Table with columns: Cash Prices, Fats and Oils, Grease, choice white, Chicago-l, etc.

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KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra; T=Torrella & Brookes; H=American Commodities Brokerage Co; K=B-weekly; M=monthly; N=nominal; na=not quoted or not available; P=Standard & Poor's; R=5% LME Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 2/8

Source: Refinitiv, Dow Jones Market Data

THE TICKER

MARKET EVENTS COMING THIS WEEK

Monday	Earnings expected	Dec., expected
Treasury budget	Estimate/Year Ago	up 0.4%
Jan., '23	Cisco 0.84/0.88	
\$39.0 bil. deficit	CME 2.28/1.92	
Jan., '24, exp	Equinix 2.16/1.39	down 75
\$21.0 bil. deficit	Kraft Heinz 0.77/0.85	
Earnings expected	Occidental Petroleum 0.67/1.61	
Estimate/Year Ago	Williams Cos. 0.45/0.53	
Arista Networks		
1.70/1.41		
Thursday		
Cadence Design		
Systems 1.34/0.96		
monday.com 0.32/0.44		
Principal Financial		
Group 1.69/1.70		
Trimble 0.60/0.60		
Waste Management		
1.53/1.30		
Tuesday		
Consumer price index		
All items, Dec. up 3.4%		
Jan., expected up 2.9%		
Core, Dec. up 3.9%		
Jan., expected up 3.7%		
Earnings expected		
Estimate/Year Ago		
Airbnb 0.65/0.48		
Coca-Cola 0.49/0.45		
Marriott International		
2.12/1.96		
Moody's 2.33/1.60		
Shopify 0.30/0.07		
Zoetis 1.32/1.15		
Wednesday		
EIA status report		
Previous change in stocks in millions of barrels		
Crude-oil stocks up 5.5		
Gasoline stocks		
down 3.1		
Distillates down 3.2		
Mort. bankers indexes		
Purch., previous down 1.0%		
Refinan., prev. up 12.0%		
Freddie Mac mortgage survey		
Previous weekly averages		
30-year fixed 6.64%		
15-year fixed 5.90%		
Retail sales, ex. autos		
Dec., previous up 0.4%		
Jan., expected up 0.3%		
Retail sales		
Dec., previous up 0.6%		
Jan., expected down 0.2%		
Business inventories		
Nov., previous down 0.1%		
Friday		
Building Permits		
Dec., previous 1.495 mil.		
Jan., expected 1.520 mil.		
Housing Starts		
Dec., previous 1.46 mil.		
Jan., expected 1.47 mil.		
Producer price index		
All items, Dec. down 0.1%		
Jan., expected up 0.2%		
Core, Dec. up 0.0%		
Jan., expected up 0.2%		
U.Mich. consumer index		
Jan., final 79.0		
Feb., prelim. 80.0		
Earnings expected		
Estimate/Year Ago		
Balchem 0.93/0.94		
DT Midstream 0.92/0.88		
Healthcare Realty Trust (0.11)/(0.09)		
Liberty Broadband 2.36/1.20		
PPL 0.38/0.28		
Vulcan Materials 1.40/1.08		
Monday		
U.S. stock and bond markets closed for Presidents Day		

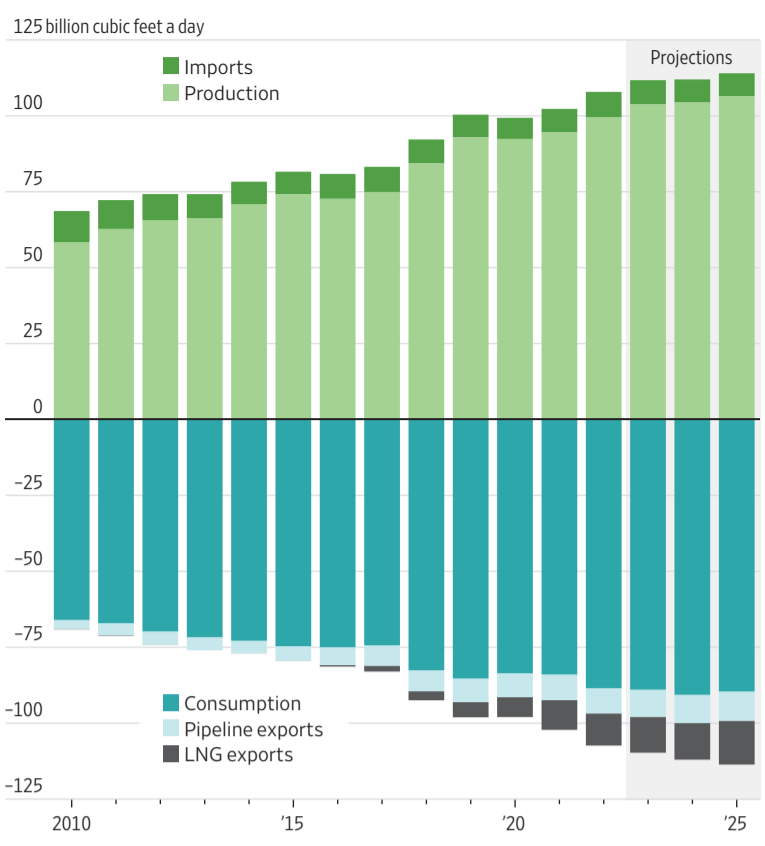
* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ♦ Adjusted for stock split.
Note: Forecasts are from Dow Jones weekly survey of economists



Deere is expected to post per-share earnings of \$5.25.

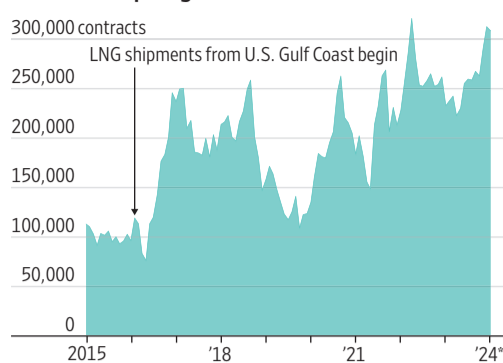
BUSINESS & FINANCE

U.S. natural-gas supply and demand

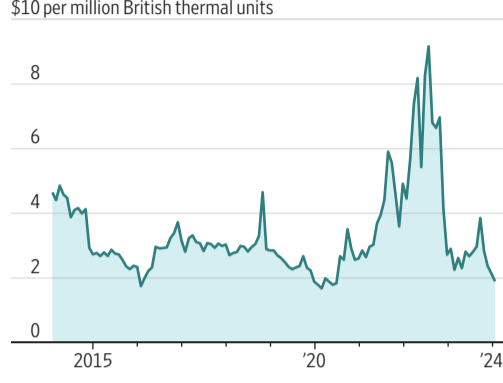


Sources: Energy Information Administration (Supply and demand); Dow Jones Market Data (open interest); FactSet (open interest, futures)

Open interest in natural-gas futures contracts expiring in 12 months or more



Natural-gas futures price, monthly



Gas-Export Fight Risks Price Swings

Continued from page B1
decade could push up Americans' heat and power bills, as well as costs to make everything from drywall to steel.
At a Senate hearing Thursday, Deputy Energy Secretary David Turk said the administration aims to preserve the country's cheap gas. "That is a huge economic advantage," he said. "Do we want to give that up as a country? Again, we need to analyze that."
The domestic impact of LNG exports has been hotly contested since the country began funneling more gas-laden tankers to foreign buyers in 2016. While record production has largely kept U.S. costs low, international shocks in recent years have helped whipsaw prices to shale-era

highs and have contributed to some of the most volatile periods in decades.
Thanks to warm weather and roaring production in Texas and Appalachia, benchmark U.S. gas prices this week fell to their lowest levels since the depths of the pandemic, closing Friday at \$1.847 per million British thermal units.
But traders are betting on a rally sparked by projects currently under construction, which will allow more gas to flow to businesses across Europe and fast-growing economies in Asia. On Friday, some futures contracts for delivery in 2027 and 2028 traded for more than \$4.50.
"Consumers can afford [\$4 gas]," said Aubrey Hilliard, president of Texican Natural Gas's Carolinas division. "What they don't want is spikes to \$9."
To limit that risk, Hilliard's company is advising customers such as glassmakers and cement producers to lock in supplies further toward 2030. The number of outstanding contracts for deliveries 12 months or more into the fu-

ture has climbed as additional export terminals in Texas and Louisiana prepare to come online, according to Dow Jones Market Data.
The U.S. is already the world's largest exporter of natural gas. Traders last year sent roughly 11% of the country's production overseas, according to the Energy Information Administration. Analysts project that share could roughly double by the end of the decade and climb higher in the 2030s depending on how many proposals pan out.
Biden's pause on new exports to countries without free-trade agreements keys in on that future wave of projects. Still, industry groups warn the freeze is chilling investment and creating uncertainty for allies that turned stateside for gas after Russia's war on Ukraine set off an economic conflict between the Kremlin and the West.
In defending the climate effects of LNG, companies are highlighting the potential of gas to supplant coal worldwide.
Toby Rice, chief executive

of EQT, a top producer, told lawmakers Tuesday that tapping deeper into the global market will push firms to pump more natural gas that can be redirected around the U.S. as needed. Surplus gas is the best defense against foreign shocks, Rice said, adding, "Exports are the only reason for us to create that surplus."
Australia served up a cautionary tale for exporters during a 2017 heat wave, when foreign shipments totaling more than 60% of production failed to leave enough gas at home to prevent prices from surging. Aluminum smelters cut output. Fishermen watched catches rot during blackouts.
Fears of a similar crunch in the U.S. didn't bear out until a string of weather events in 2021 sent prices skyrocketing.
A deep freeze in Texas in February 2021 boosted demand and clogged wells with ice. After Americans and Europeans cranked up their air conditioners during a sweltering summer, Hurricane Ida forced nearly all of the Gulf of Mexico's gas output offline.

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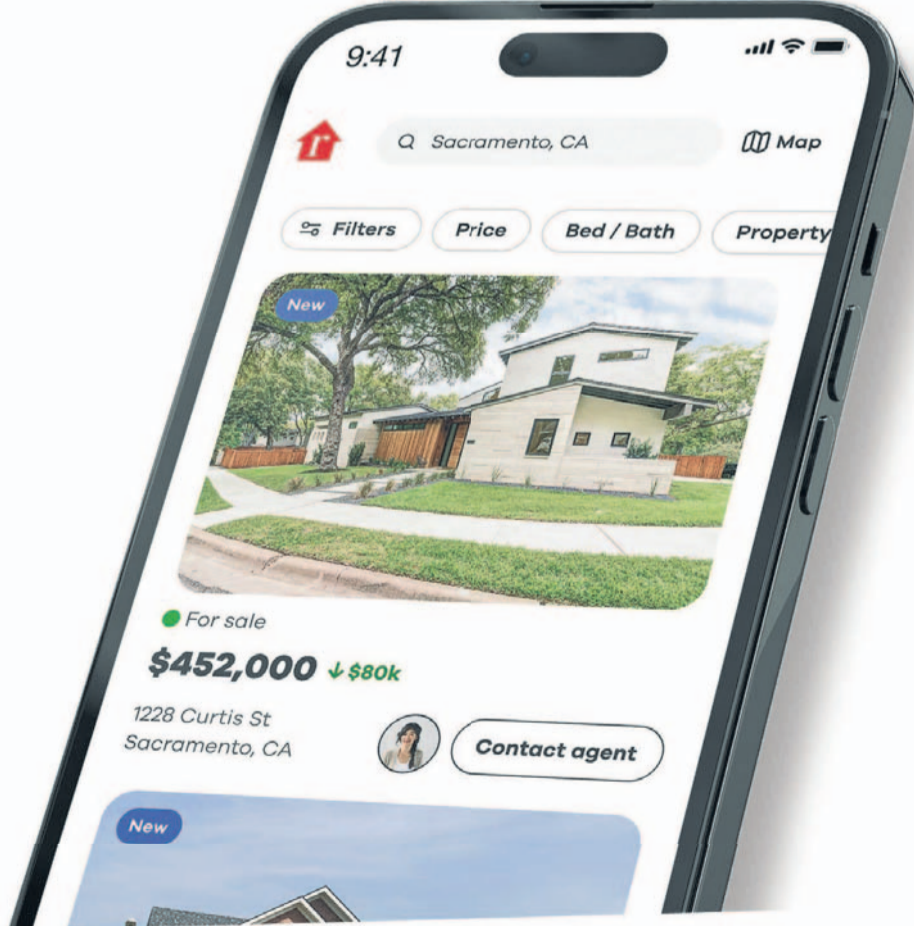


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Not really.



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