

What's News Business & Finance

- Recent progress bringing inflation down stalled in September... Major U.S. stock indexes fell after the release of the inflation data... The FDA banned the sale of Vuse Alto menthol e-cigarettes... Illumina must unwind its \$71 billion acquisition of cancer-test developer Grail... Workers who helped build stadiums for the World Cup in Qatar sued the U.S. firm that oversaw their construction... TikTok tried to persuade a federal judge to block Montana's ban of the social-media app... Malaysia said TikTok isn't in full compliance with its laws... Northleaf Capital is spending \$200 million to acquire a majority stake in EVPassport... Former Barclays chief Jes Staley was fined more than \$2 million and banned from senior banking roles by U.K. regulators...

Israel Seeks to Wipe Out Hamas

Goal is to capture or kill all the group's leaders as evacuation order given in Gaza

TEL AVIV—Israel's military told civilians in Gaza to move to the southern part of the enclave, signaling a widening offensive and prompting the United Nations to warn of devastating humanitarian consequences.

day night asked the U.N. to evacuate its staff and approximately 1.1 million civilians to the southern part of Gaza in the next 24 hours, according to spokesmen for the U.N. and Israel's military.

"Civilians of Gaza City, evacuate south for your own safety and the safety of your families and distance yourself from Hamas terrorists who are using you as human shields," a spokesman for the Israel Defense Forces said.

By Chao Deng, Dov Lieber and William Mauldin

ony Blinken had earlier urged Israel to avoid civilian casualties amid growing fears of a wider regional conflict as Israeli forces embarked on a military campaign to dismantle Hamas, pounding Gaza with airstrikes.

with the military saying it plans to capture or kill all of Hamas's leaders, destroy the group's militant units and make it impossible for the group—which the U.S., Israel and others have designated a terrorist organization—to govern Gaza.

"Hamas is ISIS and, just as ISIS was crushed, so too will Hamas be crushed," Prime Minister Benjamin Netanyahu of Israel said.



Israel stepped up airstrikes in Gaza on Thursday targeting Hamas as the military said it aims to destroy the group's units.

Militants Obtained Detailed Maps for Attack

Documents found on Hamas fighters show scale of plans behind deadly strikes

TEL AVIV—Hamas militants who flooded into southern Israel from Gaza last weekend carried detailed maps of the towns and military bases that they targeted.

By David S. Cloud, Anat Peled and Dov Lieber

ried tactical guides identifying weak spots on Israeli army armored vehicles.

The documents, written in Arabic, were recovered from the sites of attacks or bodies of dead Hamas fighters by Israeli civilians, soldiers and emergency personnel and seen by The Wall Street Journal.

Taken together, the documents indicate that Hamas set out from the start to target not just military installations, but also to attack civilian population centers and to take hostages, and they offer evidence of the scale of Hamas's intelligence-gathering and the degree of planning for the assault.

More than 1,300 Israelis were killed in the attacks, which have deeply shaken the country's sense of security and prompted Israel to declare war on Hamas.

"They knew exactly what the targets were going to be," said Michael Milshtein, a former Israeli military intelligence officer and head of Palestinian Studies Forum at Tel Aviv University.

One 14-page document la- Please turn to page A9

X Struggles to Moderate Posts on War

By ALEXA CORSE AND SARAH E. NEEDLEMAN

The war that broke out last weekend between Israel and Hamas is one of the biggest tests of social-media's content policing in years.

Since Hamas attacked Israel on Oct. 7, social-media platforms have been dealing with a range of challenges—misidentified video footage, fabri-

cated information and violent content. Outbreaks of horrific violence challenge the moderation abilities of all social-media companies, as propagandists and opportunists inundate their platforms with falsehoods.

Along with X, TikTok and Facebook have dealt with fake and misleading content in the aftermath of Hamas's attack on Israel.

licensing false or hateful content struggled during this past week.

Now, people who study social media said X is in an especially precarious position. Musk slashed many of the company's content and safety policy jobs and started selling verification, which used to be limited to high-profile users and professional journalists.

Posts that proliferated across X in recent days included old video clips being misleadingly repurposed, videogame footage falsely presented as an attack by Hamas, and a fake White House news release.

"The platform is failing," Please turn to page A10

Scalise Quits Race For House Speaker

WASHINGTON—Rep. Steve Scalise withdrew from contention for House speaker late Thursday, after clinching the Republican Party's nomination but failing to win over a stubborn bloc of critics who stood between him and the gavel.

By Stobhan Hughes, Kristina Peterson, Katy Stech Ferek and David Harrison

The party has been trying to move quickly to fill the absence created by the ouster of Rep. Kevin McCarthy (R., Calif.) that was engineered by Republican rebels, but the intraparty splits on display last week have only grown deeper.

Scalise, the House majority leader, narrowly won the party's speaker nomination Wednesday over Rep. Jim Jordan (R., Ohio) in a 113-99 tally, a narrow margin that did little to persuade many Jordan supporters to unify behind Scalise.

"It wasn't going to happen today, it wasn't going to happen tomorrow," an emotional Scalise said. "It needs to happen soon."

Fed Bid to Combat Inflation Remains Bumpy

Consumer-price index, change from a year earlier



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

By GABRIEL T. RUBIN AND NICK TIMIRAOIS

Recent progress bringing inflation down stalled in September, offering the latest sign that the path to fully extinguishing price pressures remains bumpy.

The good news: Price gains have slowed markedly from the 40-year highs recorded last year, particularly when looking at a gauge of underlying, or core, inflation that excludes volatile food and energy prices.

But the bad news is that after a sharp slowdown in core inflation earlier in the summer, those prices rose at a modestly faster rate last month.

The latest inflation data highlight the risk that without a further slowdown in the economy, inflation might settle around 3%—well below the alarming rates that prompted a series of rapid Federal Reserve interest-rate increases last year but still above the 2% inflation rate that the central bank has set as its target.

The consumer-price index rose 3.7% from a year earlier, the Labor Department said Thursday, the same as in August but far below the 9.1% recorded in June 2022.

the second straight report after smaller gains in June and July.

Fed officials in recent days have signaled that they are likely to hold short-term interest rates steady at their next meeting, Oct. 31-Nov. 1, because a run-up in long-term interest rates over the past month could slow the economy.

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Theaters Prep for Taylor Swift Concert Movie Mayhem

Multiplexes drop etiquette rules for release, will let fans 'break most of our policies'

By JOHN JURGENSEN

Alamo Drafthouse movie theaters are loud and proud about their policy of kicking out people who don't keep quiet. To help preserve their recliner seats as a haven for film buffs, Alamo prohibits unaccompanied kids from evening showtimes at its 39 locations, regardless of the movie's rating.



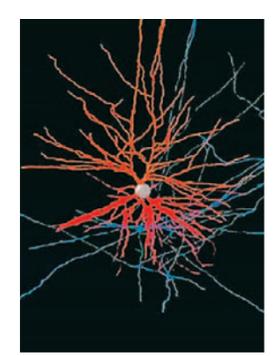
What rules?

popcorn butter before a coming onslaught of Taylor Swift fans.

To prepare for the Thursday release of a concert movie from the megastar, Alamo has lifted its age restriction for the first time and is instructing employees how to roll with the singing, dancing and screaming that a theater packed with Swifties promises.

Such rules have melted like Please turn to page A6

INSIDE



U.S. NEWS A new, comprehensive map of the brain lays foundation for treating diseases. A3



BUSINESS & FINANCE Studios halt talks with striking actors, saying negotiations have stalled. B1

U.S. NEWS

Social Security Raise Shrinks to 3.2% in 2024

By ANNE TERGESEN AND AMARA OMEOKWE

Retirees' Social Security checks got much bigger cost-of-living adjustments than usual the past two years. That won't be the case in 2024.

Starting in January, the average monthly Social Security check for retired workers will rise 3.2%, or \$59, to \$1,906, the Social Security Administration said Thursday. That is a significantly smaller increase than the 8.7% raise retirees received this year, reflecting a cooling in inflation.

Still, inflation remains elevated and price pressures persist, posing a challenge to Americans on fixed incomes.

The cost-of-living adjustment, or COLA, helps Social Security benefits keep pace with inflation over time. The annual increase is based on a Labor Department measure of what Americans paid for everyday items from July through September compared with a year ago.

Thursday's increase "will probably feel disappointing to folks because the COLA was so high this year," said Bill Sweeney, senior vice president for government affairs at AARP.

People are still feeling the sting of higher prices, he

added. Examples include staples such as gasoline and groceries.

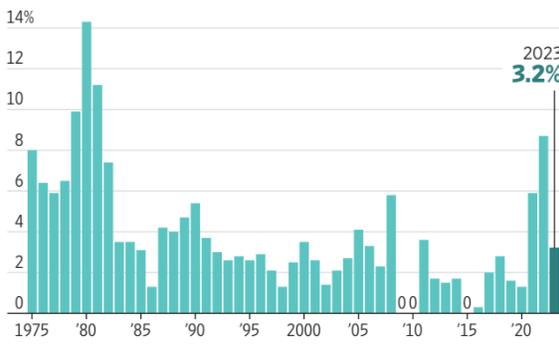
Approximately 67 million retirees and disabled people receive Social Security benefits. For many retirees, Social Security is the only source of income that adjusts for inflation. The annual COLA adjustment can make a big difference in making ends meet.

Michael Weill, 78 years old, tracks his spending in a spreadsheet and has noted increases for groceries and utilities. The Graham, N.C., resident's car-insurance premium recently jumped to \$107 a month from \$81, even though Weill said he hasn't had any accidents.

As a retiree, he draws income from Social Security, disability payments related to military service and savings accounts. Weill said a Social Security COLA in the 3% range wouldn't be as helpful as increases in recent years: "There's no way that would cover what really is going on as far as how much everything has gone up."

Among Americans ages 65 and older, 40% rely on Social Security for half or more of their income, according to an AARP analysis of recent government data. About 14% of recipients in that age group de-

Social Security cost-of-living adjustments



Note: Years shown indicate when adjustments were announced. Adjustments were effective with benefits received in July between 1975-82 and benefits received in January after 1982. The adjustment formula has changed twice since 1975. Source: Social Security Administration

pend on their benefits for nearly all their income, the analysis found.

Social Security hasn't always kept up perfectly with inflation in recent years, due in part to the timing of the COLA calculation.

In 2021, inflation was 7.8%, as measured by the December 2020 to December 2021 change in the consumer-price index for urban wage earners and clerical workers. Social Security's 5.9% cost-of-living increase the next year didn't fully compensate retirees for that surge, because inflation continued to accelerate after the COLA was announced in the fall of 2021.

The situation reversed when inflation started to trend down, said Alicia Munnell, an economist and director of Boston College's Center for Retirement Research.

This year's 8.7% increase more than compensated for the 6.3% inflation in 2022, according to Munnell.

"When inflation is going up, you don't get enough from the COLA," said Munnell. "But as inflation stabilizes and starts going down, you get too much. Over the whole cycle, it equals out," she said.

Next year's estimated increase is slightly above the

2.6% average raise over the past two decades. Prices rose 3.7% in September from a year earlier, according to the Labor Department's broader measure of inflation, the consumer-price index.

For many retirees, the annual COLA raise will be somewhat offset by higher premiums for Medicare Part B, which are typically deducted from benefits checks.

Next year, the standard premium for Part B, which covers expenses including doctor visits, is projected to rise by \$9.90 to \$174.80 a month, according to estimates Medicare's trustees released in March.

The Centers for Medicare and Medicaid Services said it would release the new Medicare Part B premium this fall.

The Social Security Administration also said the maximum amount of earnings subject to the Social Security tax will increase to \$168,600 in 2024 from \$160,200 in 2023.

This year's outsize increase is the largest in four decades, according to the Social Security Administration. That raise helped hasten the date of the trust fund's potential insolvency by a year, according to Social Security's trustees, who predict that will occur in 2034.

IRS Says Unpaid Taxes Hit Record \$688 Billion

By ASHLEA EBELING

Americans didn't pay an estimated \$688 billion in taxes due on their 2021 returns—the largest shortfall ever. Audits and other enforcement will be stepped up to reduce the gap, the Internal Revenue Service said Thursday.

The number includes \$542 billion due to underreported income, with the remainder of the shortfall owed by those who didn't file returns when they should have or never paid their bills.

The total gap is up more than \$138 billion from estimates for tax years 2017 to 2019. Much of the increase is due to economic growth. The IRS said there has also been a shift from wage income, for which taxes are withheld, to gig economy jobs, for which there is a lower degree of compliance.

Taxpayers' overall compliance rate is projected to stay relatively steady at 86.3% for tax year 2021, after audits and other enforcement actions.

The largest element of non-compliance, \$182 billion, was attributable to undeclared business and farm income reported on Schedule C and F on individual returns.

"This increase in the tax gap underscores the importance of increased IRS compliance efforts on key areas," said IRS Commissioner Danny Werfel.

The report comes as the IRS is ramping up audits on high-income taxpayers and fighting to keep funding it got in the Inflation Reduction Act to improve taxpayer service and increase enforcement. A recent bipartisan deal ratcheted back that funding. "The additional staff and hiring at senior levels is really a critical aspect of being able to expand our coverage," said Melanie Krause, IRS chief data and analytics officer.

The agency is also preparing for an onslaught of additional reporting from gig workers and entrepreneurs as new rules for reporting income through payment apps take effect for tax year 2023. Taxpayers are more likely to comply with rules when there is third-party information reporting earnings and withholding. "If people know the IRS has that information, they're not going to underreport," said Natasha Sarin, a Yale law professor and former Treasury official.

After factoring in expected IRS compliance efforts and late payments bringing in \$63 billion, the estimated net tax gap for 2021 is \$625 billion. The report will play into debates around the growing federal deficit and how to raise revenue in light of the expiration of the Trump tax cuts after 2025.

The IRS notes that its estimates don't fully include all the ways Americans evade taxes such as using cryptocurrency, parking money in secret offshore accounts and using flow-through entities.

Inflation Challenge Persists

Continued from Page One for rate increases.

The 10-year Treasury yield rose 0.115 percentage point to 4.71% on Thursday. Yields were still below the 16-year highs set last week. The Dow Jones Industrial Average fell 174 points, or 0.51% on Thursday.

Officials likely would feel more comfortable about the decision to hold rates steady with stronger evidence that price pressures and economic activity are cooling. The upshot is that they are unlikely to signal plans to pause rate increases indefinitely or to rule out a rate rise in December. Officials raised rates most recently in July to a 22-year high.

Fed Chair Jerome Powell stressed after the September decision to hold rates steady that officials would base their monetary policy on new data. Even though the Fed uses a separate inflation gauge, the CPI report is more widely watched because it is released first. Officials will receive additional data on worker pay, along with their preferred inflation measure from the Commerce Department, before their next meeting.

"The Fed can for sure claim progress on inflation," said Lara Rhame, chief U.S. economist at FS Investments. "But they definitely can't claim victory."

Fed officials want to see continued cooling in core prices, especially in services, which tend to be more closely tied to labor costs than the price of goods.

Many Americans are taking little comfort from the inflation slowdown because the run-up in the price of everything from cars to restaurant meals to housing since 2021 has been abnormally large.

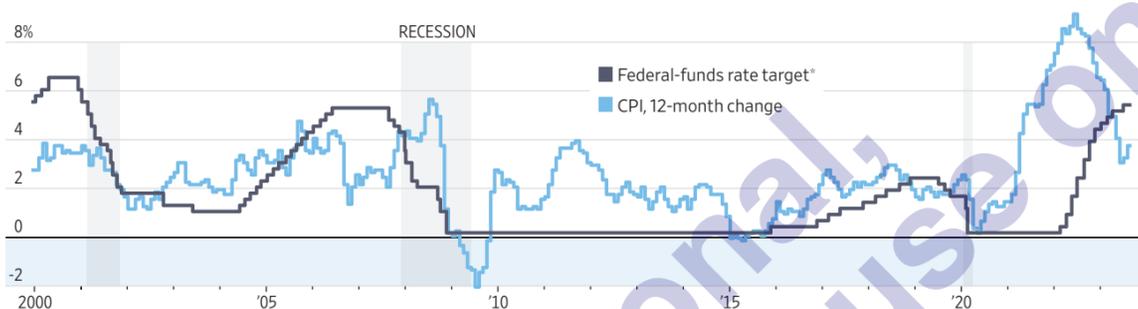
Higher prices for labor-intensive services last month could fan fears that a hot labor market will sustain higher inflation. Prices at restaurants rose at a faster rate for the second straight month in September. Prices for hotel stays and sporting events also notched large gains.

Columbia Machine Works, a Tennessee manufacturer, raised pay significantly the past two years to keep and attract the skilled employees to build and repair industrial machinery. While other expenses have risen, including utility bills, it is labor costs that weigh most on the nearly century-old company's pricing, said Jake Langsdon, 28 years old, a vice president at the company and great-grandson of its founder.

"Am I charging enough or am I charging too much when I'm forced to raise prices?" He said of the company's dilemma. "You cannot pass on 100% of the cost of inflation; your customer would balk at you."

Langsdon estimates Colum-

Interest rates and the consumer-price index

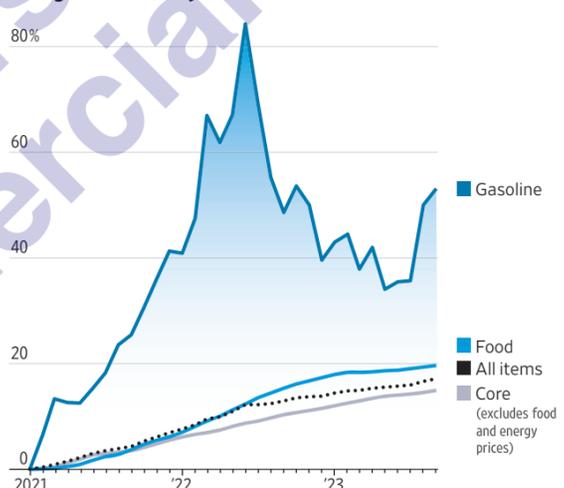


Consumer-price index for select metro areas in September, change from a year earlier



*Chart shows the midpoint of the fed-funds target range since 2008. †Seasonally adjusted Sources: Federal Reserve (rates); Labor Department (CPI)

Consumer-price index for select items, change since January 2021



A shopper in Texas. Grocery prices have kept pace with overall inflation over the past year.

bia's labor costs, with the same head count of around 70, grew 20% to 25% in the past couple of years, through raises and more expensive benefits. "You have a lot of businesses competing for a very small labor pool and you don't have a lot of new entrants," he said.

With unemployment below 4% and layoffs not showing a noticeable uptick, workers haven't lost all the leverage they gained throughout the pandemic-recovery period. Strikes by the United Auto Workers members and Kaiser-Permanente healthcare employees, and recent significant wage gains in other union contracts,

could push worker pay higher throughout the economy.

"That could keep pressure on the prices of basic services, which are one of the last things that are still not behaving as well as we would like," said Carl Tannenbaum, chief economist at Northern Trust.

Gasoline prices rose less in September and fell in recent weeks, according to the U.S. Energy Information Administration. Prices could rise again because of the war in the Middle East, which pushed oil prices higher earlier this week.

The Fed doesn't target commodity prices that are less sensitive to interest-rate

changes, but higher gasoline prices could nonetheless dent consumer confidence and spending, and flow into the costs of other products such

CORRECTIONS & AMPLIFICATIONS

Avril Wu, an analyst at TrendForce, is based in Taipei. In some editions Thursday, a Technology article about Asian chip makers incorrectly said she is based in Hong Kong.

PepsiCo's Chief Financial Officer Hugh Johnston said the pace of the company's price increases will likely slow over the next year. A Business News article on Wednesday about PepsiCo didn't make clear who had spoken.

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U.S. NEWS

A New Map of the Brain Will Help Treat Diseases

Team of scientists cataloged more than 3,000 different types of brain cells

By DANIELA HERNANDEZ

An international team of scientists unveiled the most comprehensive map of the human brain ever completed. It provides long-sought-after clues about what makes us human and sets a critical foundation for understanding and eventually treating brain-related conditions.

“It’s a dream that has been around for more than a century,” said Tomasz Nowakowski, a University of California, San Francisco neuroscientist and an author of two of 21 papers published Thursday across several scientific journals. “This is like building a map of the universe.”

The project took nearly \$500 million in federal funding, 10 years of work and, in this phase, contributions from more than 250 researchers spanning 45 institutions across three continents.

The researchers used living human brain tissue donated from surgeries or after people had died. The living tissue was cut into thin slices to study properties of individual cells, while the postmortem samples provided information about the molecular fingerprints of the brain’s multitude of specialized cells. The researchers cataloged

more than 3,000 different types of brain cells and documented how the cells change from the time we’re in the womb into adulthood.

The “goal is to create this map of the normal brain so that people studying every disease out there can use it as a reference to understand at a very, very high-level of resolution what might be going wrong and where you might target a treatment,” said Ed Lein, a senior investigator at the Allen Institute in Seattle and an author on several of the new studies.

Until now, it’s like we’ve had a map “where the cities are all blurred out. You can see the states, but you can’t see the cities, and you certainly can’t see the streets,” he said. That makes navigating the brain, and its immense complexity, nearly impossible.

Neuroscientists likened the brain-mapping initiative to the Human Genome Project, a National Institutes of Health-funded effort that gave us the first, nearly complete look at our genetic code in 2003.

That seminal scientific breakthrough laid the foundation on which the biotech industry was built and has enabled direct-to-consumer genetic and genealogy services, cancer and rare-disease diagnostics, forensic law enforcement, Jurassic-Park-style projects to revive extinct species, and even the brain-mapping work described in the new trove of papers.

By some estimates, scientists know more about our solar sys-

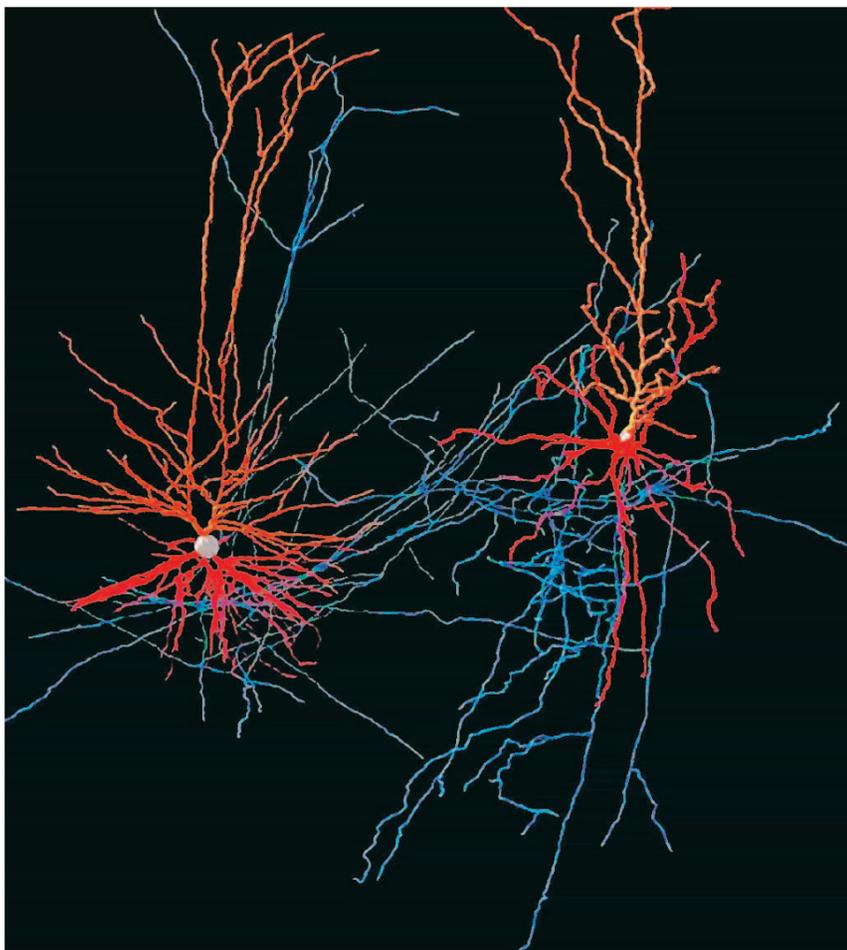
tem than they do about the constellations of cells inside our heads and how their connections give rise to our individual personalities and special talents.

Most of what we know about brain structure and function comes from probing the brains of other species, a limitation that has stunted the development of successful therapies for common brain-related conditions, such as Alzheimer’s, epilepsy, schizophrenia, autism and depression. Most seemingly promising treatments fail to make it past laboratory testing in animals, in large part, because neuroscientists don’t fully understand what makes a human brain unique from mouse and nonhuman primate brains. So it is difficult to recreate human diseases in animal models efficiently and accurately.

The new studies could change that, neuroscientists said, by capturing some of the more subtle differences across brains.

One thing that sets humans apart from other mammals, the studies found, is the proportion of cells in critical brain areas—not the kinds of cells found there. While some brain-cell types are unique to humans, most aren’t. Leveraging available components to build new, more complex systems is a nearly universal pattern in biology and chemistry that is observable down to the smallest units of matter.

The brain is composed of two major families of cells: neurons, which relay information



Researchers worldwide worked together in the largest neuroscientific collaboration to date to produce a high-definition map of the brain’s building blocks, including these human neurons.

across the brain, and are regarded as the headliners of neurobiology, and glia, which have historically received less attention and are thought of as “support” cells. The new research puts glia in the spotlight.

“They seem to be the types of cells that change the most with evolution,” said Lein. “That was a bit of a surprise.”

Police Officer Found Guilty in Death of McClain

By JENNIFER CALFAS

A Colorado police officer was convicted of criminally negligent homicide in the death of Elijah McClain, an unarmed 23-year-old Black man who died in police custody in 2019 after being stopped on his way home from a convenience store.

Randy Roedema, who is suspended from the Aurora Police Department, was also convicted of assault in the third degree. He had pleaded not guilty to the charges. The jury acquitted Jason Rosenblatt, who was fired from the department in 2020.

The verdict is the first related to the 2019 death. Local prosecutors had initially declined to bring charges, but as the case received renewed attention in the wake of George Floyd’s murder in 2020, Colorado’s governor appointed a special prosecutor to reinvestigate McClain’s death.

Prosecutors said the two officers used excessive force and



The late Elijah McClain

failed to de-escalate the situation. The defense said the officers’ actions were warranted.

Police in Aurora, a city just east of Denver, stopped McClain while responding to a caller who said a man was wearing a mask and behaving suspiciously. According to body-camera footage, McClain can be heard saying: “I’m an introvert. Please respect my boundaries.” One of the officers tells him, “Relax or I’m going to have to change this situation.”

As the situation escalated, Roedema told the other officers McClain tried to reach

for one of their guns, according to the indictment. Officers tackled him and placed him in a carotid hold, which reduces blood flow to the brain, and he temporarily lost consciousness. McClain said repeatedly he couldn’t breathe and vomited in his mask, according to prosecutors. McClain was injected with ketamine by paramedics, suffered a heart attack and died several days later.

Lawyers for Roedema didn’t respond to requests for comment Thursday.

A lawyer for Rosenblatt said his client was “thrilled, obviously” with the outcome.

State Attorney General Phil Weiser, whose office was appointed to reinvestigate McClain’s death, said his team worked hard to prosecute the case. “We have two more trials to prosecute, and I know the teams handling those cases will bring their best efforts as well,” he said.

The trial was the first of three related to McClain’s

death. A Colorado grand jury indicted several police officers and paramedics in 2021, bringing manslaughter, criminally negligent homicide and assault charges.

The trial of Nathan Woodyard, the first officer who arrived at the scene, is expected to begin Friday. Two paramedics are scheduled to face trial in November.

McClain worked as a massage therapist and was known for his kindness, according to his family. He played the violin at rescue facilities for animals. He often wore a mask for comfort, his family said.

Prosecutors said Roedema and Rosenblatt didn’t follow proper protocol. They said McClain was a victim of repeated assault, and attempted to let officers know he was in distress.

Prosecutors questioned whether McClain had attempted to reach for an officer’s gun.

—Suryatapa Bhattacharya contributed to this article.

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U.S. NEWS

Student-Debt Plan Clouds Deficit Data

By Andrew Duehren and Alana Pipe

When it comes to the size of the federal government's annual deficit, appearances can be deceiving.

The gap between spending and revenue for fiscal 2023, which ended Sept. 30, was \$1.7 trillion, the Congressional Budget Office projected ahead of the official Treasury Department figures. That would be a roughly \$300 billion widening in the shortfall from fiscal 2022.

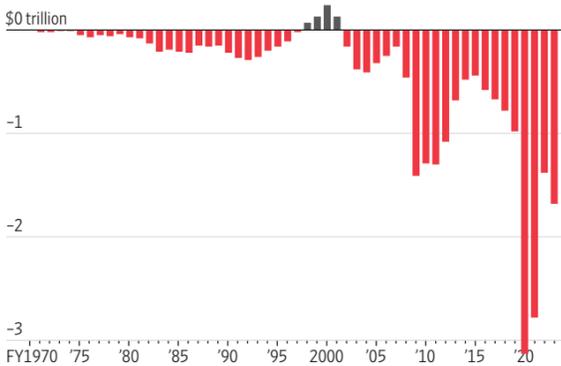
But the gap was actually much larger. That is because of the odd way President Biden's attempt to broadly cancel student debt shows up in budget figures.

When the Biden administration announced its plan to forgive federal student debt held by 40 million Americans in September 2022, it logged the long-term cost of the program, \$379 billion, on the budget all at once, even though effectively no money was spent on it that year. Treasury last year put fiscal 2022's deficit at \$1.4 trillion.

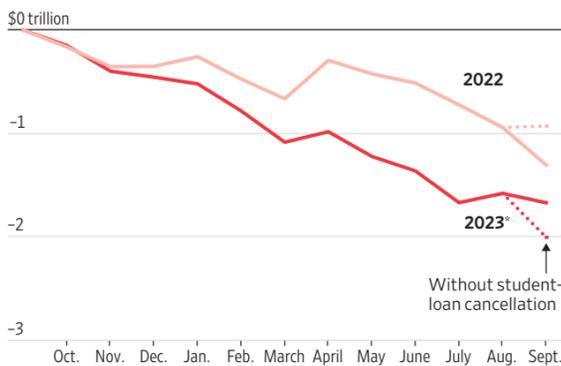
But in June 2023, the Supreme Court tossed the debt-cancellation program, meaning most of that money wouldn't actually be spent. Rather than update last year's deficit numbers, though, the Treasury recorded the changes as a \$333 billion spending cut in August 2023.

Without the student-debt-cancellation proposal muddling the numbers, the deficit for fiscal year 2022 would have been smaller than originally reported, around \$1 trillion. And the gap for fiscal 2023 would

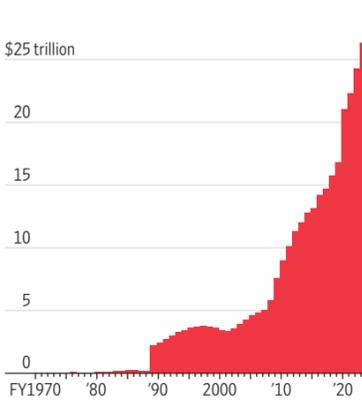
U.S. annual deficit or surplus



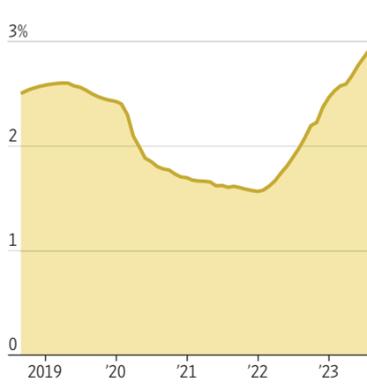
Cumulative monthly deficit this fiscal year vs. last fiscal year



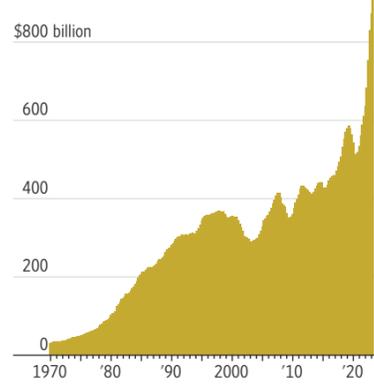
Federal debt held by the public



Average weighted interest rate for federal debt



Interest payments on federal debt, quarterly



*Figures for September 2023 are projections. †Seasonally adjusted. Note: Prior to 1977 fiscal years end June 30, and since then end Sept. 30. Sources: Congressional Budget Office; Treasury (weighted interest rate); Federal Reserve of St. Louis via Labor Department (interest payments)

be bigger, about \$2 trillion.

Either way, the deficit is growing again after retreating from its highs after the start of the Covid-19 pandemic. That is inflaming longstanding debates in Washington about the federal budget, which is already under pressure from higher interest rates.

The widening gap between spending and revenue is due to several factors, including lower tax receipts. Losses in the stock market in 2022 mean the Internal Revenue Service has experienced a drop in revenue from individual taxes that aren't withheld from paychecks this year. The IRS also delayed

the tax-filing deadline in several states affected by natural disasters, including California, until Oct. 16, after the end of the fiscal year.

At the same time, spending on Social Security, which is indexed to inflation, has increased, as has spending on Medicare and Medicaid.

Another important factor in the federal budget is higher interest rates, a result of the Federal Reserve's effort to tame inflation. Higher Treasury yields increase the amount of money the federal government has to spend paying back its debt.

The largest spending in-

crease this year was the cost of the government paying for its debt. The Treasury spent \$711 billion on net interest payments last fiscal year, an increase of \$177 billion, or 33%, from fiscal 2022, according to CBO.

Alec Phillips, chief U.S. political economist at Goldman Sachs, said the cost of the government's interest payments is less worrisome when it is adjusted for inflation. The real net interest expense is more affordable compared with the size of the economy, he said.

Still, the run-up in borrowing costs and the deficit is renewing concerns about Washington's fiscal trajectory. Treasury announced in July that it would begin to gradually increase the size of its debt auctions.

The risk is that investors demand even higher interest rates to keep buying Treasury debt, creating a cycle of growing borrowing costs and deficits.

Treasury Secretary Janet Yellen said in an interview that the Biden administration could adjust its budget plans as a result. The administration's previous plans to reduce the deficit have largely relied on tax increases that Congress has so far rejected.

"In general, the path of interest rates does matter to the deficit and the sustainability of fiscal policy. President Biden is committed to a sustainable fiscal policy," Yellen said. "I'm sure that if the fiscal outlook worsens some, the budget will be adjusted."

Scalise Quits Race For Speaker

Continued from Page One

Scalise's exit from the race thrust the party into a new phase of uncertainty. GOP lawmakers planned to gather again early Friday to talk about a path forward, potentially moving to nominate Jordan or an alternative for the role, and then trying once again to get that nominee over the finish line. While Jordan would now appear to be the front-runner, some lawmakers said backing him for the job would effectively reward the divisive behavior of the holdouts.

"All I have to say is: heartbroken," said Rep. Ann Wagner (R., Mo.), who had tried to line up votes for Scalise. Asked what she thought of Jordan, she said: "nonstarter."

A speaker needs to win a majority of the full House, meaning any nominee has little wiggle room in the 221-212 chamber, as all Democrats are expected to back their pick, Minority Leader Hakeem Jeffries of New York. Getting there took McCarthy 15 rounds of balloting in January, and forced him to make pledges to GOP holdouts that they later

accused him of breaking.

"We will achieve 217. Who that will be, I do not know," said Rep. Mark Alford (R., Mo.) after Scalise withdrew. "Look, this is a troubling time for our conference."

Rep. Mike Garcia (R., Calif.) said he anticipated the party was "going to have the same problem with Jordan that we had with Scalise. So I think it's a math problem frankly." He also said the party had a cultural problem with removing its speakers.

Meanwhile, Jeffries highlighted another option—to pick a speaker who could win votes from both parties. He said House Democrats have "continued to make clear that we are ready, willing and able to fly a bipartisan path forward."

Scalise's efforts to win over the holdouts had stalled Thursday, when a nearly three-hour meeting he called ended in an impasse and later efforts to sway his opponents came up short. Although the Louisiana Republican is well-liked within his party, some hard-line Republicans objected to promoting a figure they viewed as an extension of the status quo.

It wasn't immediately clear what the next steps would be for a chamber that has been effectively frozen for more than a week. More Republicans had been openly discussing Thursday the possibility of giving Speaker Pro Tempore



Steve Scalise (R., La.) had the House GOP nomination for speaker but couldn't persuade holdouts.

Rep. Patrick McHenry (R., N.C.) more power to bring legislation to the House floor, a move that would likely require a vote by the full House.

House Republicans met earlier Thursday in the basement of the Capitol to hash out their differences, but the closed-door meeting turned into a session for airing grievances—one lawmaker called it a "struggle session"—and left nothing resolved.

Scalise, 58 years old, who survived a 2017 shooting and is undergoing treatment for a blood cancer, used the gather-

ing to try to assuage concerns about his health, lawmakers said, while also rejecting speculation that he would cut side deals to win the speakership.

While only about a half-dozen members spoke up against him, lawmakers said, Republicans left the meeting frustrated at the impasse and uncertain about the path ahead. Scalise continued conversations with groups of GOP lawmakers into the evening.

As an indicator of Scalise's uphill climb, McCarthy on Thursday told reporters that while it was possible Scalise

could get the votes, ahead of the conference vote "he had told a lot of people he was going to be at 150, and he wasn't there."

In his own speaker fight, McCarthy had the support of 188 Republicans in the conference vote, before struggling to win on the House floor.

Congress faces pressing deadlines. A short-term spending law that funds the government is due to expire in mid-November, and little progress on spending negotiations can occur while the House is paralyzed with no speaker. The re-

cent fighting in Israel and Gaza has also added more urgency to restoring House operations, lawmakers said.

Republicans described a situation so rudderless that no one could come up with a strategy for breaking the impasse. Supporters of Scalise called for settling matters on the floor with a vote to force all members to take a public stance, but a bloc supporting Jordan promised to stop Scalise from winning. Scalise's performance on subsequent ballots would be worse than on an initial round of voting, they said.

Fueling the flames was the defeat a day earlier of a proposed rules change that would have forced the matter to be settled inside the GOP conference, by voting over and over until a single member had 217 votes. Scalise instead won with a simple majority.

"They tried to steamroll it, and that's not a good direction to go," said Rep. Chip Roy (R., Texas), who backs Jordan and had proposed the rules change.

With the House speakership vacant for a ninth day, lawmakers began to openly wonder how long the fight could last. Rep. Byron Donalds (R., Fla.) said he thought it could only stretch through the week end, because "then it gets problematic" once the Senate returns next week.

—Lindsay Wise contributed to this article.

U.S. WATCH



Sondra Martin sat in what remained of her living room of her mobile home in Dunedin, Fla., after possible tornadoes passed through portions of the Tampa Bay area early on Thursday morning. No injuries were reported.

FLORIDA

Destructive Storm Tears Across State

A storm system that moved across parts of Florida early Thursday left a path of damage to cars, houses and businesses, authorities said.

Police in Clearwater, on Florida's Gulf Coast near Tampa, said in a social-media post that no injuries were reported when two possible tornadoes touched down around 2 a.m.

The winds toppled trees and blew portions of roofs off some mobile homes and businesses in Pinellas County before moving north.

In Citrus County, officials canceled public school classes for the day. "The west side of Citrus County has experienced significant damage from an unconfirmed tornado(s)," school officials said in a Facebook post.

Photos posted by the sheriff's office showed debris on roads, local flooding and damage to mobile homes.

The damage wasn't limited to the Gulf Coast side of Florida. The Flagler County Sheriff's Office said a tornado was reported Thursday morning in a section of Palm Coast.

—Associated Press

OBITUARY

Isley Brothers Founder Dies at 84

Rudolph Isley, a founding member of the Isley Brothers who helped perform such raw rhythm-and-blues classics as "Shout" and "Twist and Shout" and the funky hits "That Lady" and "It's Your Thing," has died at age 84.

"There are no words to express my feelings and the love I have for my brother. Our family will miss him. But I know he's in a better place," Ronald Isley said in a statement released Thursday by an Isley Brothers publicist.

A Cincinnati native, Rudolph Isley began singing in church with brothers Ronald and O'Kelly and was still in his teens when they broke through in the late 1950s with "Shout." The Isleys scored again in the early 1960s with "Twist and Shout."

The Isleys' other hits included "This Old Heart of Mine (Is Weak for You)" and "It's Your Thing." In the 1970s, after brothers Ernest and Marvin joined the group, they had even greater success with such singles as "That Lady" and "Fight the Power (Part 1)." —Associated Press

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U.S. NEWS

Menendez Faces New Charge of Aiding Egypt Contractor Admits Leaking Tax Returns

By James Fanelli

Sen. Bob Menendez was indicted Thursday on a new charge of conspiring to act as an illegal foreign agent of Egypt, adding a new criminal count to the bribery case the New Jersey Democrat faces.

The new indictment charges the longtime lawmaker, his wife and a New Jersey businessman with working to promote the interests of Cairo, including in its efforts to obtain hundreds of millions of dollars in U.S. aid.

Public officials are prohibited from acting as foreign agents. Private individuals are also required to register with the Justice Department if they are acting as agents of a foreign government.

The Manhattan U.S. attorney's office charged Menendez last month in a sweeping bribery scheme for allegedly accepting cash, gold and other benefits in exchange for using his office to enrich three busi-

nessmen and aid the Egyptian government. The new illegal foreign-agent charge means Menendez now faces four criminal counts. It places additional pressure on the senator, who has vowed not to resign despite calls from members of his own party that he step down.

Menendez, his wife and three businessmen pleaded not guilty to the earlier indictment. The senator has stated that he believes he will ultimately be exonerated of the charges. He has temporarily stepped down as chair of the Senate Foreign Relations Committee.

Menendez said the new charge wasn't true and asked for the chance to present his defense. "The government's latest charge flies in the face of my long record of standing up for human rights and democracy in Egypt and in challenging leaders of that country, including President [Abdel Fattah Al Sisi] on these issues," he said. "I have been, throughout my life, loyal to



Sen. Bob Menendez

only one country—the United States of America, the land my family chose to live in democracy and freedom."

A lawyer for his wife, Nadine Menendez, said she denies the allegations in the latest indictment.

White House press secretary Karine Jean-Pierre called the charges "a serious matter" but declined to comment further.

Sen. John Fetterman (D,

Pa.) said the Senate should vote to expel Menendez. "We cannot have an alleged foreign agent in the United States Senate," he said.

Expelling a member would require a two-thirds vote in the Senate.

Menendez's indictment has created a headache for Democrats headed into 2024, as they are fighting to hang on to a 51-49 majority in the Senate. Menendez hasn't said whether he plans to run for re-election, but the scandal could make the race more competitive for Republicans.

Prosecutors previously alleged that Nadine Menendez and New Jersey businessman Wael Hana worked as go-betweens, relaying requests from Cairo to the senator and arranging a meeting in his Washington, D.C., office with Egyptian military officials, prosecutors said. Menendez also secretly helped craft a letter that Egypt intended to send to members of the Sen-

ate that lobbied for the release of \$300 million in U.S. aid, prosecutors said.

Prosecutors allege in the latest indictment that Cairo had sought the help of Menendez, his wife and Hana in resolving a human-rights matter involving an American injured in a 2015 airstrike by the Egyptian military using a U.S.-manufactured Apache helicopter.

At the time, some members of Congress had objected to awarding Egypt military aid because they believed Cairo wasn't providing fair compensation to the injured citizen, the indictment says. An Egyptian official allegedly texted Hana that if Menendez helped resolve the matter, "he will sit very comfortably."

Hana replied, "consider it done." He passed along information to Nadine Menendez, who in turn forwarded it to the senator, prosecutors allege.

A lawyer for Hana called the new allegations absurd and false.

WASHINGTON—An Internal Revenue Service contractor pleaded guilty on Thursday to leaking the tax returns of former President Donald Trump and thousands of wealthy Americans, in a case that has resolved a two-year mystery over a security breach that drew outcry from lawmakers and other government officials.

Charles Littlejohn, 38 years old, admitted during a brief appearance in Washington federal court to stealing the tax returns while working at a company contracted by the IRS and then providing them to two news organizations, ProPublica and the New York Times. As she accepted the plea, Judge Ana Reyes harshly scolded Littlejohn and stressed the importance of keeping tax information confidential.

"I cannot overstate how troubled I am by what occurred," Reyes said, adding that there would be "severe consequences to this illegal act." Reyes set Littlejohn's sentencing for Jan. 29. He faces up to five years in prison.

During the hearing, Alina Habba, a lawyer for Trump, rose to recommend the maximum sentence for Littlejohn, saying his disclosure of the former president's tax information was an "atrocious" committed for "political purposes and personal gain."

Court papers didn't name the news organizations involved and referred to Trump and the high-earning taxpayers as "Public Official A and thousands of the nation's wealthiest people." But the descriptions matched two of the most consequential disclosures of private tax information: a 2021 report by ProPublica that documented how the richest Americans, including Jeff Bezos and Elon Musk, paid relatively little in income taxes, and the publication in 2020 of information from Trump's 2016 and 2017 tax records by the New York Times.

Under questioning from Reyes, Littlejohn confirmed that he disclosed the tax information to those two news outlets and identified Trump as the government official referenced in charging papers.

Littlejohn was charged late last month with a single count of unauthorized disclosure of tax information, linking those two leaks for the first time. Prosecutors said Littlejohn stole the tax returns between 2018 and 2020 while working on an IRS contract.

In 2020, the New York Times published reports it said were based on tax information that Trump and his companies had provided to the IRS. The reporting showed that Trump paid \$750 in federal income taxes in 2016, when he was campaigning for president, and another \$750 in his first year in the White House. In 10 of the 15 previous years, Trump paid no income tax at all, largely because he reported losing more money than he made, the Times reported.

In 2021, ProPublica documented how the 25 wealthiest Americans paid relatively little in tax between 2014 and 2018 despite seeing their worth surge in that span.

A ProPublica spokesperson said the outlet "doesn't know the identity of the source who provided this trove of information on the taxes paid by the wealthiest Americans."

A New York Times spokesman said the publication remains "concerned when whistleblowers who provide information in the public interest are prosecuted."

The spokesman added that "the Times's reporting on this topic played an important role in helping the public understand the financial ties and tax strategies of a sitting president."

While the volume and nature of the records suggested it had come from inside the IRS, the government hadn't said so until it charged Littlejohn.

The reporting fueled calls from Democrats for a wealth tax to prevent billionaires from lessening their tax burdens through sophisticated financial strategies. It also drew outrage from lawmakers and other government officials.



Top, Taylor Swift at the movie premiere in Los Angeles. Theaters are rolling out the red carpet for fans excited to see the film version of her stadium shows.

Theaters Prepare for Swifties

Continued from Page One

"We're going to let them break most of our policies to celebrate as much as possible," says Chaya Rosenthal, Alamo's vice president of marketing.

From Main Street movie houses to the biggest multiplex chains, theaters are rolling out the red carpet for fans with seismic impacts. Their rush on tickets for Swift's live performances led to a Senate hearing for Ticketmaster. They have moved the needle on local economies where she has performed. NFL broadcasters have gone giddy over Swifties' attention to games where she showed up to watch tight end Travis Kelce play with the Kansas City Chiefs.

Now theaters are gearing up to woo this crowd with custom cocktails (and mocktails), friendship-bracelet stations and popcorn dusted with edible glitter.

It wasn't long ago that movie theaters carried the whiff of obsolescence—emptied by the pandemic, dissed by Hollywood studios sending more new movies to streaming platforms and ignored by potential moviegoers who stayed home. Now, after the double-feature phenomenon of "Barbie" and "Oppenheimer" took off last summer, theaters are getting another big crack at cultural relevance with "Taylor Swift: The Eras Tour."

The 2-hour, 48-minute movie is an extension of the singer's ongoing run of stadium concerts that began last spring. The live show, showcasing tunes from across the 33-year-old's 17-year career, picks up again next week before moving abroad next month, and continues on the road through 2024. The tour is on track to gross more than a billion dollars in ticket sales as the most lucrative concert tour ever.

The movie version became a blockbuster before opening day.



"The Eras Tour," slated for 8,500 theaters in 100 countries, had sold more than \$100 million in advance tickets globally as of Oct. 4, according to AMC Entertainment Holdings.

It's already the bestselling concert movie ever for the Boxoffice Company, which handles showtimes and many ticket transactions on platforms including Google and TikTok. The company says its prerelease ticket sales for "Eras" are second only to "Barbie" volume last summer, and that's with 5,500 fewer total showtimes a day on opening weekend for "Eras."

Swift's multiplex flex is the latest example of the star bending traditional industry practices to her own specifications. Instead of teaming up with a Hollywood studio to distribute her concert film to theaters, she made a direct deal with AMC, the world's biggest theater operator.

Beyoncé, whose fan base rivals Swift's in clout, recently announced that she too would be releasing a concert film through AMC. The screen version of her Renaissance World

Tour comes out Dec. 1.

Swift's movie comes with conditions. Theaters can only show "Eras" Thursday through Sunday—the better to replicate the energy of a weekend concert (and dispense with those subdued weekday matinees).

The suggested price for standard tickets is \$19.89, a figure corresponding to Swift's birth year and the title of an album she's rereleasing. The cost for kids: \$13.13, a nod to her lucky number. Theaters are getting Swift-sanctioned souvenir popcorn buckets and soda cups.

Beyond those guidelines, however, venues are pulling out the stops. Arianna Taylor, a 23-year-old manager of a Warehouse Cinemas venue in Hagerstown, Md., has been a Swift fan since girlhood, before the bandwagon got as big as it now: "There were moments when it wasn't the best thing to be a Swiftie, but I stuck through." For the concert she hit in Pittsburgh last summer, she got decked out in purple to conjure the song "Lavender Haze."

When Warehouse Cinemas

booked the movie for its three venues, Taylor, the manager, and other Swifties on staff went on a tear with ideas. She generated a list of 10 specialty drinks, one for each album Swift has been celebrating at her concerts.

"Everyone was like whoa, whoa, whoa," she recalls. "We dialed it back."

After two weeks of testing, she says, they landed on an "operationally attainable and Instagram-able" concoction: the Number 13. (Cost: \$13.13)

The drink includes a slushie swirl meant to mimic the gauzy cover art for Swift's "Lover" album. It gets a splash of grape juice, sprinkles, a garnish of pink cotton candy and a stirrer shaped like a disco ball. The over-21 crowd can buy it with a shot of vanilla vodka for, yes, \$19.89.

Swift's titles are getting raided for snacks, such as the "Sweet Nothing" cinnamon-roll bites at Cinergy Entertainment theaters. Cinemas are encouraging moviegoers to wear outfits evoking different stages of Swift's career, to trade friendship bracelets and to sing their hearts out.

"We haven't had the luxury of people dancing in the aisles before," says James Meredith, an executive at Dallas-based LOOK Dine-In Cinemas. At its theaters in six states, the floor space between front row and screen will be available to Swifties on the move.

In theaters everywhere there has been debate (and some spats) over etiquette during movies. Cinema employees are likely to side with the rambunctious in "Eras" screenings. If people get annoyed, Meredith says, "they're probably in the wrong place."

In La Grange, Ky., Sauerbeck Family Drive In plans to let in 300 vehicles at a time, 60 fewer than usual, to give Swifties space to get out of their cars and dance. "I'm sure there'll be a lot of that happening," says co-owner Stephen Sauerbeck.

To re-create moments from the tour, Sauerbeck relied on the Swifties in his life—his wife and three daughters. For \$2, moviegoers can buy a raffle ticket to win a black fedora hat, like the one Swift places on a fan's head while singing "22." LED bracelets will be available for \$6 that will flash and change colors during the show.

The drive-in bought 2,000 of the Taylor Swift popcorn buckets with her face on them, the most specialty buckets it has ever ordered. By comparison, it bought 100 pink popcorn holders for "Barbie."

"The scale of what we're putting on is huge in comparison to anything we've ever done before," he says.

B&B Theatres, a 14-state chain, has given managers at its 57 locations clearance to staff the "Eras" release at max levels. The last time that happened was for the so-called Barbenheimer weekend, which drew big crowds of moviegoers, many in costume.

That vibe surprised young employees hired since the pandemic doldrums, recalls Paul Farnsworth, executive director of communications and content. "They were like, 'Oh my gosh, this is what business feels like!'"

Now, to find movie theaters at the center of the Swift and Beyoncé universes, he says, "It feels redemptive."

—Joseph Pisani contributed to this article.



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U.S. NEWS

Climate Advocates Fighting Exxon Hacked

By ERIN MULVANEY

Federal prosecutors said private documents stolen during an extensive hacking-for-hire scheme appear to have been used to undermine investigations into Exxon Mobil's knowledge of climate change.

The documents, taken from people involved in climate-change advocacy, were among the intelligence collected as part of a five-year hacking campaign targeting thousands of individual victims and companies, according to sentencing documents filed Thursday by the Justice Department.

An Israeli private detective, Aviram Azari, who prosecutors say played a critical role, pleaded guilty in April 2022 to participating in the conspiracy. He is due to face sentencing in a New York federal court next week.

The Manhattan U.S. attorney's office said clients hired Azari to manage various projects that were characterized as intelligence gathering but were instead hacking efforts, stealing user credentials through spear-phishing messages that appeared to targets to have come from a trusted source. They say Azari was paid \$4.8 million between November 2014 and September 2019 for his role in the scheme.

Prosecutors didn't accuse anyone of hiring Azari in the court filing. In a court filing last year, prosecutors said his clients "included Israeli, European, and U.S. companies." His lawyer didn't respond to a request for comment.

The Wall Street Journal previously reported that hackers hired by Azari had successfully gained access to accounts belonging to environmentalists and others seeking to hold Exxon and other big oil companies accountable for their alleged deceptions about climate

change.

"It was intimidating," Kert Davies, a climate advocate identified by prosecutors as a target of the scheme, said in an interview. He now works for the Center for Climate Integrity but at the time worked for the Climate Investigations Center, both supporting campaigns to hold the fossil-fuel industry accountable for climate change.

"Exxon is not named as a culprit, but their interests were served by this criminal," he said.

Exxon didn't respond to a request for comment on Thursday.

An Exxon spokeswoman told the Journal in a March statement that the company "has no knowledge of Azari, had no involvement in any hacking activities and has not been accused of any wrongdoing. To be clear, Exxon Mobil has done nothing wrong."

The prosecutors said the scheme successfully hacked at least 100 victims, including a climate scientist involved in "a climate accountability campaign that sought to spotlight the role of major fossil fuel companies such as Exxon Mobil."

Other victims include individuals and companies critical of now-defunct German payment processor Wirecard AG, Mexican politicians, African government officials and others, prosecutors said. They said the true volume of individuals and entities, however, has yet to be identified is likely in the thousands and span the globe.

Hacked documents were stolen from victims that were related to New York and Massachusetts attorneys general's investigations into Exxon's knowledge about climate change and leaked to the press, according to prosecutors.

Judge Upbraids Prosecutors In Classified Documents Case

By ARUNA VISWANATHA AND SADIE GURMAN

FORT PIERCE, Fla.—The pre-trial jockeying over Donald Trump's criminal trials took an unexpected turn Thursday when the judge in the former president's classified-documents case chastised prosecutors for "frankly wasting the court's time."

The question under consideration for Judge Aileen Cannon stemmed from a unique facet of the sprawling case: A small number of lawyers have represented many Trump employees and allies, since the former president's Save America political-action committee paid their legal bills.

At the hearing Thursday, prosecutors said lawyers for two employees charged alongside Trump with mishandling classified documents at his Florida resort, Mar-a-Lago, should acknowledge they also represented other Trump employees who could testify against their clients at trial.

That posed a conflict of interest, prosecutor David Harbach argued Thursday, that should preclude one of the lawyers, Stanley Woodward, from cross-examining a previous client, and required the court to potentially limit arguments Woodward can make at trial.

That position went beyond what the government had laid out in court papers calling for the hearing, Cannon said with evident frustration, meaning she needed to schedule another one to fully consider the matter.

It was only the latest foray in the fight defense lawyers and prosecutors have been waging for months over questions of evidence and timing as they press for advantage in



Former President Donald Trump is charged with mishandling government documents at his Mar-a-Lago resort in Florida.

Trump's two federal trials—and any potential appeals—over alleged mishandling of classified documents and conspiring to reverse his 2020 election loss.

Prosecutors had requested Thursday's hearings to head off the potential that Trump's co-defendants could raise the conflict-of-interest issue as the basis for an appeal.

The litigation in Fort Pierce, about 65 miles north of Mar-a-Lago, relates to special counsel Jack Smith's indictment of Trump on charges of holding on to sensitive military secrets he knew he shouldn't have retained access to, sharing them with others and directing his staff to help him evade authorities' efforts to get them back. He and two of his employees, Walt Nauta and Carlos De Oliveira, are also charged with trying to delete Mar-a-Lago surveillance footage so it couldn't be turned over to a grand jury.

The dispute began in August, when prosecutors asked the court to examine whether Woodward, Nauta's lawyer, had a conflict of interest.

Besides Nauta, Woodward

represented seven other people whom prosecutors questioned in their investigation, including Yuscil Taveras, the IT director at the Florida club, who is expected to be a star witness at the trial.

When Woodward was his lawyer earlier this year, Taveras told a grand jury he didn't remember much about Nauta or the documents. After he got a different lawyer at prosecutors' urging, Taveras told investigators De Oliveira tried to enlist him to delete security footage after the grand jury issued a subpoena for it.

Harbach, the prosecutor, on Thursday said that made it "borderline silly" not to assume Woodward had confidential information about Taveras and said the court could conclude that he shouldn't be allowed to cross-examine his prior client.

"I don't know why they have any opinion of my representation" of Taveras, Woodward said.

At the first of two hearings in south Florida, Harbach pressed a similar point with John Irving, a lawyer for De Oliveira, a maintenance worker

at Mar-a-Lago. Irving also worked for three other people who might testify at trial and implicate De Oliveira in wrongdoing, according to prosecutors.

De Oliveira, 57 years old, who said he left Portugal when he was 17 and never finished school, indicated that he wanted Irving to continue representing him and waived his right to raise conflict of interest after the trial.

"This seems to be a solution in search of a problem," Irving said in court.

Meanwhile, the case is barreling toward a May trial date that Trump, the front-runner for the Republican 2024 presidential nomination, is trying to push back until after the November election. His team said it needed more time to review evidence and litigate related disputes and cited scheduling conflicts with Trump's other federal prosecution, in Washington.

That prosecutors want to "push forward with back-to-back multimonth trials in different districts with wholly different facts—over a defendant's objection—reveals a central truth about these cases," Trump's lawyers wrote Wednesday in their motion for a delay. "The Special Counsel's Office is engaged in a reckless effort to try to obtain a conviction of President Trump prior to the 2024 Election, no matter the cost."

Prosecutors have asked Cannon, who Trump appointed to the federal bench after he lost the November 2020 presidential election, to hold to the May 20 start date, saying they had provided the defendants with "extensive, prompt, and well-organized" documents related to the case.



Pro-Palestinian demonstrators stop a pro-Israel protester during a protest at Columbia University on Thursday.

Tensions on College Campuses Mount Over Violence in Israel and Gaza Strip

By DOUGLAS BELKIN AND MELISSA KORN

The debate on college campuses over the war in Israel and Gaza has taken a dark turn as tensions have led to shouting matches, online threats and at least one campus assault.

College students on both sides of the conflict say they fear for their safety as acrimony grows. At Harvard University, a truck with a digital sign on the back circled the campus Wednesday and Thursday doxing—identifying the names and faces—of students accused of blaming Israel for the Hamas attack last weekend.

Protesters on several campuses wore face coverings to avoid being identified and photographed.

Some campus groups in support of Palestinians issued statements blaming Israel for policies that they said led to the violence, sparking an intense backlash from supporters of Israel and putting pressure on university leaders to condemn the attacks.

In response, some outspoken advocates of Israel have demanded to see the names of the students associated with groups that signed the pro-Palestinian statements.

At Columbia University in New York on Wednesday night, police charged a 19-year-old female student with hitting a male student with a wooden stick after he confronted her as she ripped down posters advertising a rally supporting Israel, according to a New York Police Department report and the Columbia student newspaper.

Thousands of students gathered for hours Thursday on the grounds of Columbia's Morningside Heights campus, a pro-Palestinian rally on one lawn and a pro-Israel rally on another across the quad.

Amid shouts of "free Palestine" and "from Palestine to Mexico, all the walls have got to go," the pro-Palestinian

group held handwritten signs and jeered as a speaker detailed humanitarian conditions in Gaza. Protesters called on the university to stop providing financial support to Israel, including academic programs in Tel Aviv.

Most pro-Palestinian participants wore masks, with dozens declining to identify themselves to a Wall Street Journal reporter or comment generally on why they were masked.

The raucous gathering was juxtaposed by about 20 minutes of silence across the quad, with participants in the pro-Israel rally who held signs with pictures of dead or missing Israelis saying each second of silence represented a person's death at the hands of Hamas, which the U.S. and other countries deem a terrorist organization. The group then made a circle, shoulder-to-shoulder, swaying as they sang "Oseh

Shalom," a Hebrew song calling for peace.

Elisha Baker, a 20-year-old studying history who donned an Israeli flag as a cape, said the group's demonstration was a show of unity among Jewish students.

"We want to show that we're not going to be intimidated off of this campus. But we're not going to do it in any sort of a yelling or violent manner, we just want to show our unity and mourn the loss of innocent lives."

After the official rally ended, the pro-Palestinian group left the lawn and marched through the main pedestrian thoroughfare on campus. Small groups of students holding Israeli flags or wearing Star of David necklaces watched from the side, tearful.

Students for Justice in Palestine, an umbrella organization that advocates for Palestinians to return to Israel, this week called for Thursday to be a day of protests on campuses around the country. Events were held at several universities, according to social media and published reports.

Ban on Guns in Parks In New Mexico Upheld

By JOSEPH DE AVILA

New Mexico Gov. Michelle Lujan Grisham's ban on firearms in parks and playgrounds remains in effect after a federal judge declined to block it.

U.S. District Judge David Herrera Urias denied a preliminary injunction on the ban, which applies to Albuquerque and surrounding Bernalillo County, sought by gun-rights groups. The judge, an appointee of President Biden, said playgrounds and parks are sensitive places that "are excepted from the Second Amendment's commands" in a Wednesday ruling.

A spokesperson for the Dem-

ocratic governor didn't respond to a request for comment.

"The district court got this one very wrong," said Cameron Atkinson, a lawyer for We The Patriots USA, a group that advocates for Second Amendment rights and one of the plaintiffs in the lawsuit. The plaintiffs plan to appeal the ruling, Atkinson said.

The measure barring firearms in parks and playgrounds is a scaled-back version of a ban implemented by New Mexico in September. Gun-rights groups sued to stop the original measure, which also ran into opposition from state and local officials.



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WORLD NEWS

Fears About a Second Front Grow

Fighting Hezbollah on northern border would stretch Israeli army, air defenses

By Dion Nissenbaum and Ari Flanzraich

SHOMERA, Israel—Israeli infantry and artillery units are digging in along the country's northern border with Lebanon, reinforcing a stretch of frontier that could become a dangerous second front if Iran-backed Hezbollah militants launch broader attacks.

Deadly, but so far sporadic, clashes with Hezbollah have already erupted in the area, as the bulk of the Israeli military is massing in southern Israel, poised to launch a major ground offensive in Gaza against Hamas militants who have killed more than 1,300 Israelis since last weekend.

If Hezbollah—which is designated a terrorist group by the U.S. and is closely linked to Iran—enters the conflict in a concerted way, it would stretch Israel's army and strain the country's air defenses, given Hezbollah's arsenal of missiles capable of striking Tel Aviv.

Hezbollah has privately warned Israel that it is prepared to open a second front if Israeli forces launch a ground assault in Gaza, Arab officials and diplomats said. But whether Hezbollah follows through with the threat is a central topic of debate for Israeli leaders.

The U.S. has, in turn, warned Hezbollah and Iran that it will defend Israel if the Lebanese militant group launches a major attack. Israel's defense minister vowed to send Lebanon back to "the Stone Age" if Hezbollah attacked.

Secretary of State Antony Blinken arrived in Israel, where he said the U.S. had sent an aircraft carrier to the region to deter Hezbollah from entering the fight.

"We're on the sword's edge," one former Israeli defense official said. "Brinkmanship is a dangerous way of life."

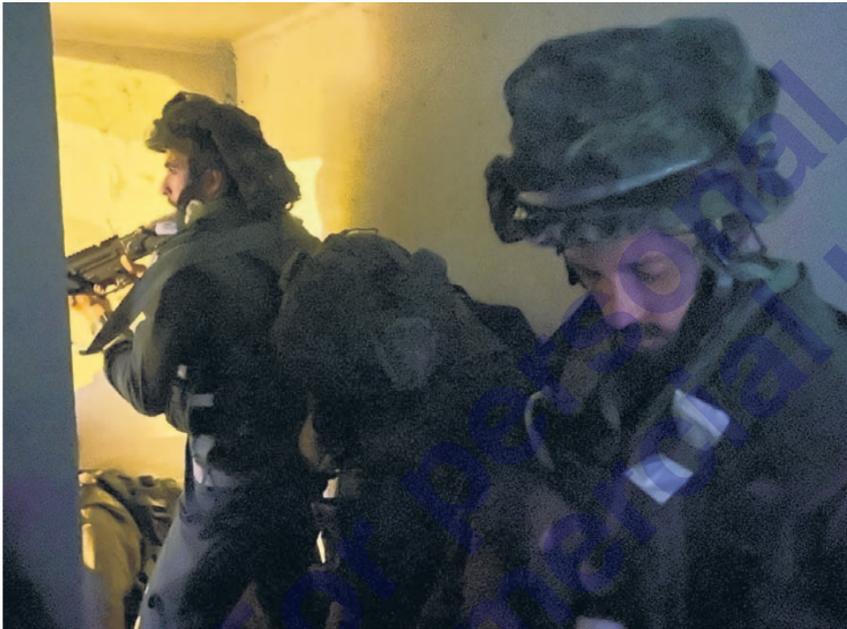
There have been fights on this border every day since Hamas carried out its weekend attack down south, and anxiety is mounting. Thousands of residents have fled for safer ground. Those that have stayed behind fear a new war is coming.

On Wednesday night, those concerns reached a fever pitch when Israeli soldiers along the border got word—which turned out to be false—that Hezbollah had launched a major attack, putting soldiers and civilians on edge and highlighting the depth of the tensions and risks of miscalculation by either side.

In a pine forest near the border late Wednesday, two Israeli soldiers took up fighting positions outside a cramped concrete bomb shelter as their radio crackled



Israeli forces along the Lebanon border, below, are on edge about the possibility of an extended battle with Hezbollah. Above, Israeli tanks stand at the ready.



with urgent warnings. "All signs indicate that we are under a coordinated attack," came the voice on the radio. Air-raid sirens and automatic gunfire echoed through olive and pomegranate orchards and Israeli drones buzzed overhead.

Israel's Home Front Command ordered Israelis living near the Lebanon border to find immediate shelter. "Brace yourselves," one soldier said to the half dozen others gathered at the bomb shelter door as a handful of anxious Israeli citizens huddled inside.

Israeli officials said Thursday that the military had mistakenly detected more than 10

hang gliders entering the country from Lebanon, triggering the alarms. Hezbollah entered the fray on Sunday by launching several mortars into Israel.

Israel strikes into Lebanon killed three Hezbollah fighters on Monday. Hezbollah responded with an attack that killed the deputy commander of the Israeli army brigade in the region and two soldiers.

On Tuesday, Hezbollah fired antitank missiles at Israeli military positions on the border.

On Wednesday, Israel and Hezbollah again traded fire at the border, about 10 miles from the Mediterranean Sea.



Source: staff reports

A two-front war with rockets coming from the north and south would put massive strains on Israel's much-vaunted Iron Dome air-defense systems, said Yoel Gu-

zansky, a senior researcher at Tel Aviv University's Institute for National Security Studies who previously worked on Iran issues on Israel's National Security Council.

"Hezbollah is a different story [to Hamas]," he said. "Buildings in Tel Aviv will fall. Hundreds of people will die in Tel Aviv. They have many more capabilities than Hamas."

Israeli leaders are trying to deter Hezbollah from joining the fight.

"Do not make a mistake," Defense Minister Yoav Gallant said while visiting troops in northern Israel on Tuesday. "If, God forbid, an escalation or confrontation erupts here, we will return Lebanon to the Stone Age."

Residents across northern Israel are bracing for the worst. Most of the women and children from the small Israeli border town of Shomera have left while men guard the town with automatic weapons.

"Something bigger is expected to come," said Gilad Samipur, one 35-year-old resident of Shomera, a small community separated from Lebanon by a small valley.

Shomera overlooks the spot where Hezbollah launched a deadly cross-border attack on an Israeli military patrol in 2006, sparking a 34-day war.

In that conflict, Hezbollah launched some 4,000 rockets in attacks that killed 120 members of Israel's military and at least 40 civilians.

Israeli planes carried out nearly 12,000 missions that killed more than more than 1,100 Lebanese civilians and

fighters. Since then, Iran has helped Hezbollah to develop an even-more-powerful arsenal with an estimated 150,000 missiles, including hundreds believed to have the ability to effectively target Israel's major cities.

Israeli soldiers spread out along the Lebanese border vowed to deliver a punishing blow to Hezbollah if the militant force decides to launch a major attack on Israel.

Troops here are angry about losing friends and family in last weekend's Hamas attacks.

Assaf Maimon, an Army reservist stationed along the Lebanese border, said Israel should act ruthlessly to eliminate the threats it faces on any front.

"As far as I'm concerned, a 'phase change' is needed: to initiate a 'transfer', to cast them to sea, to massacre them," Maimon said on Wednesday. "I know that this sounds bad—and we are not murderers. But there isn't much else to do."

Eliran Giladi, a 39-year-old resident of Shomera, said the anger wasn't about exacting revenge on innocent civilians, but rather on militants.

"We are not like them," he said as he took a break from guarding an entrance to the border town. "We are not animals like them. When you say revenge: I definitely want to kill whoever killed our innocent people, our babies, our women. Even ISIS didn't do what they have done."

—Summer Said in Dubai contributed to this article.

Israel Seeks To Wipe Out Hamas

Continued from Page One that do should be sanctioned."

Flanking Netanyahu, Blinken said Israel had the right to defend itself, but the top U.S. diplomat urged the Israeli prime minister to take precautions to avoid harming civilians.

"How Israel does this matters. We democracies distinguish ourselves from terrorists by striving for a different standard," Blinken said.

Israeli military spokesman Richard Hecht said airstrikes targeted a Hamas unit that Israel said was involved in the weekend attack that killed 1,300 Israelis. One of the Hamas operatives killed in the airstrikes was responsible for creating videos of the violence that spread over social media, Hecht said.

"We plan to get to every one of these people—every single one of them," Hecht said.

Israel's bombardment of Gaza since Saturday has killed more than 1,500 Palestinians,

nearly half of whom are women and children, and has injured more than 6,600, according to the health authority there. More than a dozen health facilities have come under attack, the authority said.

Most of the strip's more than two million residents have no way of fleeing the enclave, which Israel and Egypt have sealed off for years.

The conflict risks spilling over into a broader regional crisis. Israel has massed about 300,000 reserve troops, positioning many of them near the border with Gaza, ahead of a possible ground assault.

On Thursday, simultaneous airstrikes hit Syria's international airports in Damascus and Aleppo, Syria's state-run media said, blaming Israel for the attacks. Syrian air defenses were responding to the attacks, which rendered both airports nonoperational. The attacks came as the Iranian foreign minister was expected to arrive in the country. The Israeli military declined to comment.

Israeli forces have also exchanged fire with Hezbollah, the Iranian-backed militant group, along Israel's border with Lebanon for four straight days.

Blinken was on a one-day visit to Israel before a tour of



Secretary of State Blinken and Israeli Prime Minister Netanyahu

Arab countries—Jordan, Qatar, Saudi Arabia, the United Arab Emirates and Egypt—aimed in part at dissuading other states or militant groups from joining the conflict.

Diplomats see Netanyahu's tour as an opportunity to map out a public response for Arab capitals if Israel invades Gaza. One Arab diplomat warned that images of a leveled Gaza risk fueling terrorism. It also risks bolstering the legitimacy of Hamas and emboldening Hezbollah, the diplomat said.

"It's our determination—and that of Israel as well—that there not be a second front or a third front," Blinken said.

The Pentagon said a squadron of A-10 ground attack planes arrived at Al Dhafra Air Base, in the United Arab Emirates, on Thursday as part of the Biden administration's effort to deter further attacks against Israel. The U.A.E.'s defense ministry said the arrival of U.S. aircraft are unrelated to developments in the region.

A U.S. aircraft carrier strike group arrived in the eastern

Mediterranean this week. The U.K. said it is deploying two ships, military aircraft and surveillance assets in the region.

Western officials are concerned the conflict could spread to the Israeli-occupied West Bank, which is partly governed by the Palestinian Authority. Hamas has called for a "general mobilization" throughout the region in support of Palestinians, urging young people in the West Bank to confront Israeli soldiers.

Since Hamas's surprise assault on Saturday, 35 Palestinians in the West Bank have been killed in clashes with Israeli forces, as well as in deadly incidents with armed Israeli settlers, according to Palestinian and Israeli officials.

On Thursday, a Palestinian gunman opened fire on Israeli policemen in Jerusalem, injuring two officers. The gunman was "neutralized" by officers while fleeing, police said.

In a speech broadcast on Al Jazeera Abu Obeida, a spokesman for Hamas's military wing, said the group had been preparing its attack on Saturday since its last conflict with Israel in the spring of 2021.

"It's a jihad: Either win or get martyred," he said.

Iran's foreign minister, Hossein Amir-Abdollahian, said

that if Israel didn't cease its bombing and siege of Gaza, the whole region "will face new situations."

Blinken on Thursday also met with President Isaac Herzog of Israel and members of the cabinet. Later, along with a U.S. hostage negotiator, he met families of U.S. citizens who were killed or still missing after the weekend attacks. The White House said Thursday that the death toll of U.S. citizens has risen to 27 people, while 14 remain unaccounted for. U.S. officials haven't said how many U.S. citizens they believe to be held hostage by Hamas. Hamas said it had taken dozens of people captive.

The White House also said that the U.S. government will arrange charter flights, beginning Friday, to help evacuate U.S. citizens from Israel.

The U.S. and Qatar agreed to deny Iran access to \$6 billion in oil proceeds that Washington had freed up as part of a prisoner swap reached last month, according to people familiar with the matter, amid concerns over Tehran's long-running support for Hamas.

—Summer Said, Manana Farouk, Anas Baba and Stephen Kalin contributed to this article.

WORLD NEWS

U.S. Blocks \$6 Billion in Iran Oil Revenue

Decision with Qatar, which oversees the funds, comes due to Tehran's Hamas ties

By IAN TALLEY AND ANDREW DUEHREN

The U.S. and Qatar have agreed to deny Iran access to \$6 billion in oil proceeds that Washington had freed up as part of a prisoner swap reached last month, according to people familiar with the matter.

The decision with Qatar, whose government is overseeing Iran's access to the funds, comes amid concern for Teh-

ran's long-running provision of money, arms and intelligence to the group responsible for the terrorist attack on Israel last weekend, Hamas.

According to a preliminary unclassified assessment by U.S. intelligence agencies, Tehran likely knew Hamas was planning operations against Israel but didn't know the precise timing or scope of the surprise attack.

The funds are sitting in a restricted bank account in Qatar, and the U.S. has struck an informal agreement with Qatar to hold off disbursing them to Iran, said the people familiar with the matter.

Deputy Treasury Secretary Wally Adeyemo described the

arrangement in a meeting with senior House Democrats on Thursday.

Iran's mission to the United Nations said the administration was reacting to domestic "political jousting," and called reports the U.S. would hold on to the funds as "unreliable and distant from reality."

"The money rightfully belongs to the people of Iran, earmarked for the Government of the Islamic Republic of Iran to facilitate the acquisition of all essential and non-sanctioned requisites for the Iranians," the mission said.

Biden administration officials repeatedly have said the money was already tightly restricted, adding that Iranians haven't ac-

tually used any of it yet.

"Freezing the money is a good step," said Rep. Brad Sherman, a California Democrat and senior member of the House Foreign Affairs Committee, who was briefed on the matter after Adeyemo's meeting.

The Qatari embassy in Washington didn't respond to a request for comment.

The assets, the proceeds of oil sales to South Korea, were frozen as part of an economy-wide sanctions program the U.S. levied against Iran after the Trump administration withdrew the U.S. from an international deal limiting Iran's nuclear program.

As part of the prisoner

swap, the U.S. last month agreed to release \$6 billion in Iranian funds held in restricted accounts in South Korea to restricted accounts in Qatar, for humanitarian use only by Tehran.

"We have strict oversight of the funds, and we retain the right to freeze them," Secretary of State Antony Blinken said amid meetings with Israeli officials in Tel Aviv.

Sherman, who has long advocated stronger sanctions against Iran, said he understood the agreement with the Qataris as a temporary arrangement, but said Iran's support for Hamas should rule out giving it access in the future.

"Sending it back to South Korean banks would be the final step," he added.

Iran's clerical regime has called for the destruction of Israel, and Tehran has financed and armed Hamas and other militant groups in the region.

Since the attacks, Republicans and some Democrats have called for the \$6 billion to be frozen again.

"Iran has a long and storied track record of malign behavior and supporting terrorism worldwide, including Hamas and Hezbollah," said Rep. Ruben Gallego (D., Ariz.). "Our ally Israel is at war, and while the conflict continues, we must stand united."

For Civilians Trapped in Gaza, There Is No Way Out

Palestinians and foreign nationals in the Gaza Strip—which is running short of electricity, food, fuel and water—are trying to flee to safety ahead of an anticipated Israeli ground invasion but are finding there is nowhere to run.

By Jared Malsin, Fatima Abdulkarim and Vivian Salama

International pressure is building on Egypt to open its border crossing with Gaza to a potential exodus of its two million residents. Egypt's government has resisted easing border restrictions for years, wary that militants would join civilians and create security problems for Egypt, and arguing that an exodus could threaten the integrity of Palestinian territory.

Israel's military on Thursday said it aims to topple Hamas as the ruling entity in Gaza in response to the group's mass killing of more than 1,300 Israelis, many of them civilians, during a cross-border raid last weekend. Israeli officials have warned entire neighborhoods in Gaza to abandon their homes and have cut off supplies of food, fuel and water.

"We are working closely with Egypt and Israel to see if we can develop safe-passage options so that those civilians in Gaza who want to leave can leave safely," White House National Security Council Spokesman John Kirby told The Wall Street Journal. "This isn't their fault. They didn't cause this. And if they want to leave, they should be allowed to leave."

Secretary of State Antony Blinken said he discussed the



Palestinians sat in front of destroyed buildings in Rafah, Gaza Strip, as battles raged between Israel and Hamas for a sixth day.

possibility of safe passage with Israeli officials and would pursue the topic with other countries.

Complicating matters, Hamas officials have said the group is reluctant to allow an evacuation of Gaza, arguing it could mean permanent exile for Palestinians who leave.

"Opening a secure passage to force our people to leave their homeland for permanent death is not something our people and our resistance will

agree to," said Mahmoud Mirdawi, an official with Hamas's political bureau.

Israel's intense bombing has triggered a frantic search for safety in Gaza. Of the more than 338,000 people who have fled their homes, two-thirds have taken shelter in United Nations-run schools, while others are staying with relatives or in hotels.

The World Food Program warned on Thursday that shops in Gaza would run out of food

in less than a week. The strip's hospitals are at risk of turning into mass morgues as they lose power, the International Committee of the Red Cross said.

"We are at breaking point," said Ghassan Abu Sittah, a British-Palestinian surgeon working in Gaza's al-Shifa Hospital, saying his hospital had about 5,000 wounded, with only 2,500 available beds and no more space in operating rooms.

According to U.S. and Arab officials, the discussions be-

tween the U.S. and Egypt have focused solely around the potential for securing the safe passage of the 500 to 600 Americans in Gaza. President Abdel Fattah el-Sisi's government has had similar conversations with many countries looking to get their own nationals out of the war-torn territory, they said.

However, Egypt has been unable to accommodate those requests for logistical reasons, including a "deep hole" in the

ground on the Gaza side, created by an Israeli projectile in recent days, two Arab officials said, making access to the crossing impossible.

Egypt had been able to send some humanitarian aid via Rafah in the first days of fighting, but Israel told the Egyptian government that it would no longer allow passage, they said.

Beyond that, Arab officials said Israel has been reluctant to approve the opening of the Rafah border crossing while it conducts retaliatory strikes.

"There is little Egypt can do if Israel doesn't also approve the opening," one Arab official said. "These governments need to be asking Israel as well."

Egyptian officials have said the government is expecting a large number of Palestinians to attempt to cross the border soon, raising the pressure on the government to back down.

Egypt's Foreign Ministry called on Israel to avoid bombing the Palestinian side of the crossing so the terminal can function properly.

Egypt also says it is working to send aid through the crossing, and called on relief organizations to fly supplies into the city of al-Arish in Egypt's North Sinai region.

Awad Qistha, a 66-year-old Palestinian-American English lecturer at Al-Azhar University, fled his home in Rafah in southern Gaza at 5:30 a.m. on Tuesday, only to realize that he and his family had nowhere to go.

The family returned to the garden of their house to wait out the bombing.

"Nowhere is safe," he said.

Airlines Halt Flights, Stranding Travelers

By ALISON SIDER AND BENJAMIN KATZ

Airlines have suspended flights into Israel en masse, leaving people seeking to exit from the country contending with fewer flights and sky-high ticket prices, and in some cases resorting to chartering private jets.

Most major airlines have stopped operating flights to Israel following the surprise attack by Hamas militants on Saturday, which led the Israeli government to declare itself in a state of war. That includes the big three U.S. operators, Delta, American and United, and a raft of European and Asian carriers.

While Israeli airspace remains open, and the Federal Aviation Administration and its European counterpart still permit airlines to fly to the country, carriers say they are concerned about nearby rocket fire and the risk their crews could be stranded during any offensive.

A British Airways flight was diverted Wednesday moments before landing when air raid sirens sounded in the area surrounding Ben Gurion Airport near Tel Aviv, Israel's primary flight hub. Dutch carrier KLM canceled a repatriation flight it had agreed to provide, saying the airspace was no longer safe for civilian aircraft.

The wave of cancellations has left Israelis, tourists and foreign workers scouring airline booking systems for seats on any flight out of the country amid a rapidly reducing number of commercial flights.

Lines at Ben Gurion have stretched upward of four hours, with would-be travelers going to the airport without tickets in the hope of last-minute availability.

"I'm basically stuck in Israel," said Shuny Hollander. "There are amazing volunteering activities I could do here, but part of me is scared.... I don't feel safe here."

Hollander is trying to return to London, where she works as a Hebrew teacher. She had been booked on a flight last Thursday but changed it to Sunday so she could spend the Jewish holiday of Sukkot with her family.

Close to 40% of all scheduled flights into Ben Gurion have been canceled since Saturday, according to a preliminary analysis by OAG, an aviation data specialist.

El Al, Israel's national airline, is now the last airline offering scheduled flights between Israel and much of the rest of the world, including the U.S.

Some of El Al's planes are equipped with antimissile defenses that use a radar system and barely visible flares to throw off surface-to-air projectiles—a protection that most commercial airliners don't have.

Flight disruption could be a feature for weeks to come. American Airlines has canceled flights as far out as December while Delta Air Lines has said it wouldn't return until at least November. United Airlines has said it would resume flying to Israel when conditions allow.

Militants Had Maps Of Targets

Continued from Page One beled "top secret" in Arabic and dated June 15, 2023, describes a plan for infiltrating Mefalsim, a small collective community called a kibbutz, near Gaza and taking residents hostage.

Two teams of five and a commander would carry out the operation on "Hour S, Day Y," it reads. Maps and aerial pictures of the town were contained in the document, which says there were 1,000 "civilians" guarded by a volunteer security force.

It warned that Israeli troops stationed nearby could arrive at Mefalsim "within 3-5 minutes." Members of the assault team were designated to open holes in a security fence, while others were to provide "artillery" fire, the document says. Once inside, the force would take prisoners and hold them as hostages "for negotiations," the plan reads.

On Saturday, Mefalsim was attacked by squads of Hamas militants. However, said Tamir Erez, 41, a resident, the kibbutz volunteer force was able to successfully fight back and no one was killed. Other nearby communities, such as Be'eri and Kfar Aza, suffered many casualties and hostages.

"It shows sophistication, systematic intelligence collection, use of human sources, use of open-intelligence sources and information obtained through cyberattacks," said Eyal Pinko, a former security-services officer, of the Hamas plan for Mefalsim. Attackers killed in the town



Maps and other documents were found on dead fighters.

of Ofakim near Gaza, also were carrying maps and other documents, said Almog Cohen, a resident and a member of the Israeli parliament, who took part in the fighting. A map found in one militant's vest showed the attackers had targeted the town and knew its landmarks.

"The map marks places with crowds, synagogues and kindergartens," he said. "There were additional details on the maps that showed they had come prepared—more than prepared," Cohen said.

Another map recovered in southern Israel showed the locations and names in Arabic of other towns near Gaza that were attacked by militants, including Ein Hashlosa and Kisufim, along with a dotted red line and the notation "path of the northern platoon."

Hamas representatives didn't respond to a request for comment on the documents.

Hamas's planning for Saturday's attack began in 2021, when the militant group be-

gan closely studying Israel's tactics and strategies, said Abu Obaida, the spokesman for Hamas's military wing, in a statement on its Telegram account on Thursday. The result was already "more than we had planned," he said.

In another sign of sophisticated preparations, Hamas used drones to drop grenades on Israel's observation towers and remotely operated machine guns, apparently depriving Israeli soldiers of at least parts of

Hamas used drones to drop grenades on observation towers.

the extensive infrastructure for monitoring the border and responding to breaches of the security fence around Gaza.

A video released by Hamas less than two hours after the initial attack began on Oct. 7 and independently verified by the Journal showed a drone flying over a tower along the Gaza fence and dropping a bomb on an unmanned machine gun.

In a briefing on Thursday morning, Israel Defense Forces spokesman Richard Hecht said the army is examining materi-

als found on members of Nukhba, the elite Hamas unit whose uniformed fighters are the core of its military wing.

A volunteer group called South First Responders, which has been helping to recover casualties and clear debris in the battle zone, has posted on social media materials found on the bodies of militants, including maps, information on Israeli army units and their markings, and driving routes.

Some of the recovered documents suggest Hamas believed it would face stiff military resistance from Israeli troops, some analysts said.

A one-page sheet was found with photographs of eight types of Israeli army armored personnel carriers, along with brief notations about where to attack the vehicles and what explosives to employ to have the best chance of disabling them.

The guidance offered also suggests some attackers had little experience against Israel's formidable army and needed guidance about the weapons and tactics to use if they encountered armored vehicles.

A separate document focused on purported "weak points" in the Israeli army's main battle tank, the Merkava, advising that attackers should shoot "at it from a 50-meter distance using an RPG-7 or other direct weapons," referring to a rocket-propelled grenade launcher.

At least one Israeli tank was attacked and disabled during the initial hours of the attack.

—Ghassan Adnan contributed to this article.

Watch a Video



Scan this code for a video on the massacre at the Be'eri Kibbutz.

WORLD NEWS



Members of an Iranian paramilitary force, shown at an April rally in Tehran, carry a poster of Qassem Soleimani, who was killed in a U.S. drone attack in 2020.

Germany Prohibits Support For Hamas

BY BOJAN PANCEVSKI AND NOEMIE BISSEBEE

BERLIN—Germany will ban all activities and organizations supporting Hamas, the Palestinian militant group that rules Gaza, after days of anti-Israel protests, Chancellor Olaf Scholz said on Thursday.

Hamas is labeled a terrorist organization in Germany, but now Berlin will prohibit any activities in support of the group or its agenda, Scholz said in a speech to Parliament.

The ban will apply to fundraising, the display of Hamas symbols and expressions of support for the group, including online posts and public statements. Nongovernmental organizations that paint themselves as relief groups or cultural associations will be a particular target, Scholz said.

“Our law governing associations is a sharp sword, and we will unsheath this sword as a strong constitutional democracy,” Scholz told legislators.

In a rare attack on Iran, Scholz said Tehran’s long standing backing of Hamas means it is to blame for the massacres perpetrated by the group in Israel on Saturday, even though there was no evidence of Iran having played a direct role in their preparation.

“The leadership in Tehran has shown its true face—and thus confirmed its role in Gaza,” Scholz said in reference to jubilant comments from Iranian leaders in response to the Hamas attacks.

All German aid to Palestinians, which amounts to hundreds of millions of dollars a year, will now be probed for links to Hamas or terror financing, and no new funding will be released until the end of the review, Scholz said.

French President Emmanuel Macron called on people to stay united to try to prevent any spillover of the conflict in France, where there has been a rise in antisemitic acts.

“I ask you this evening, let us remain united, united for ourselves, united to carry together a message of peace and security for the Middle East,” Macron said in a national television address on Thursday.

France has Europe’s largest Muslim and Jewish populations, and the Israeli-Palestinian conflict often has been a source of conflict in the country.

On Thursday, police used tear gas and water cannons to break up a rally in Paris in support of the Palestinian people. Despite a ban on such gatherings, several hundred demonstrators took to the streets.

Attack Defies Push to Contain Iran

Military, economic and diplomatic pressure haven't deterred Tehran

BY STEPHEN KALIN

The assassination of Iranian military commander Qassem Soleimani nearly four years ago was a gamble by the Trump administration aimed at weakening the power that Tehran wields across the Middle East through a network of armed groups.

Instead, the shock invasion last weekend of southern Israel by Hamas, which the U.S. designates as a terrorist group, has revealed Tehran’s resurgent regional influence.

Soleimani, who steered Iran’s military endeavors abroad, was killed in a January 2020 U.S. drone strike near Baghdad airport. It was one of the most audacious elements of the U.S. and Israel’s multipronged strategy to deter Tehran—which repeatedly has threatened to destroy Israel—and degrade its ability to destabilize the region.

Alongside efforts to slow Tehran’s nuclear activities, the U.S. has imposed crippling economic sanctions in an effort to choke off Iranian proxies without getting drawn into significant military action.

Israel, meanwhile, launched hundreds of airstrikes against Iran’s Islamic Revolutionary Guard Corps and its regional

allies, giving priority to the disruption of arms transfers to Hezbollah militants in southern Lebanon and Syria, as well as Shiite militias in Iraq.

Since 2017, Israel has struck Russian-supplied air-defense systems, drone bases operated by Iranian military advisers, and precision-guided missile systems bound for Hezbollah fighters in Lebanon.

Closer to home, Israel focused military attention on growing unrest in the occupied West Bank and used a mix of economic incentives and security measures in Gaza to restrain Hamas militants there.

The array of military and economic pressures has strangled Iran’s economy, which helped fuel domestic protests last year. And it appeared to succeed in hampering Tehran’s hostile ambitions—until Saturday. The assault by Hamas militants, the worst in Israel’s 75-year history, revealed how little the group actually had been constrained.

The risk of a direct confrontation between Israel and Iran, which could draw in the U.S. and a host of Arab states, now appears higher than ever. The U.S. is dispatching two aircraft carrier strike groups to the area and offering Israel weaponry, including munitions, as well as planning and intelligence support.

Meanwhile, Hezbollah has fired into Israel, and Iran-backed militants in Iraq and Yemen threatened to join the

fight if the U.S. gets deeply involved. The blow against Israel ramps up pressure to strike the IRGC again and more decisively. But brinkmanship could end up serving Iranian interests.

U.S. hesitancy to directly confront Iran over the assault and Israel’s unwillingness to openly challenge Iran on its own is a vindication for Tehran’s strategy of proxy warfare, said Ali Alfoneh, a Danish-Iranian expert on the IRGC and a critic of the Islamic Republic.

“This enhances the prestige of the Quds Force and also makes it a more attractive partner for many of the partners and proxies that Iran has nurtured over the years,” said Alfoneh, referring to the elite overseas branch of the IRGC which Soleimani ran.

In the decade before his death, Soleimani successfully expanded Tehran’s sphere of influence across the Arab world. He became the main architect of its foreign forays, propping up Hezbollah, training Shiite Muslim militias that fought against Islamic State in Iraq and Syria, and sending ballistic missiles to Yemen’s Houthis to attack Saudi Arabia.

Soleimani first rose to notoriety arming Shiite militias that attacked U.S. troops after

the 2003 invasion of Iraq. A public-relations campaign by the IRGC then turned him into one of Iran’s biggest celebrities, trailed by photographers whenever he visited the front lines. With a white beard and a head of hair to match, he posed for selfies with Iraqi and Syrian militiamen and spoke to them in proficient Arabic, becoming the subject of tribute videos on YouTube.

U.S. officials said they were reluctant to kill Soleimani because they feared it could trigger a serious escalation and that he could be replaced by someone more radical. But after supporters of an Iran-backed Shiite militia attempted to storm the U.S. Embassy in Baghdad and

launched a rocket at a U.S. base in nearby Kirkuk in 2019, killing an American contractor, Washington said it learned that Soleimani was involved in planning more attacks and struck.

Hours after Soleimani’s death, his deputy, Esmail Qaani, was appointed to the role. Qaani lacked his predecessor’s personal charisma and presided over growing divisions between Iraqi militias, whose top leader was killed alongside the Iranian commander. But the hopes of some U.S. officials that Soleimani’s demise would deal a

deathblow to Iran’s projection of power after years of what the Trump administration called a “maximum pressure” campaign proved misguided.

Qaani took a quieter, less visible role than his predecessor, but the network that Soleimani presided over remained in place. The militias in Iran’s network were driven more by their need for material support than any personal affinity to their patron, said Afshon Ostovar, an expert on Iran and Middle East security issues at the Naval Postgraduate School in Monterey, Calif.

Soon after Qaani took over, Iran began pursuing detente with Saudi Arabia, its regional rival. After two years of diplomacy, they struck a deal in March to restore diplomatic relations and largely have set aside their feud in Yemen. But Qaani began marshaling Iran’s network of allies to unite their efforts and launch a fresh wave of attacks against Israel.

Those efforts culminated in Saturday’s brutal attack. Hamas demonstrated a new level of sophistication, breaching the separation barrier with Gaza to reach more than 20 miles inside Israel, infiltrating at least four military bases and waging close combat on Israeli territory for four days, all while raining down rockets on Tel Aviv.

The operation has bolstered the standing of Hamas, which just a decade ago fell out with the IRGC over backing opposite sides in the Syrian civil war.

The invasion reveals Tehran's resurgent regional influence.

X Struggles To Police War Posts

Continued from Page One said Jonathan Mayer, an assistant professor of computer science at Princeton University. Mayer, whose research critiques platform responses to problematic content, cited graphic imagery and posts glorifying the violence and calling for more.

“It’s readily available and it’s not rapidly being taken down,” he said. “The evidence is very clear.”

A top European Union official, Thierry Breton, sent letters in recent days to X, Meta Platforms and TikTok demanding they detail their plans to tackle illegal content and disinformation around the conflict. Breton stepped up the pressure on X on Thursday by sending an additional request for information.

X CEO Linda Yaccarino withdrew Monday from a long-planned appearance at The Wall Street Journal’s annual technology conference next week, saying she needed to focus on the conflict.

A day later, X said Yaccarino is directing a task force that is working around the clock to combat content that is misleading or violates other policies and making sure its content moderators are on high alert, including for mod-



Elon Musk has said X might leave up outrageous content within the law but not amplify it.

eration in Hebrew and Arabic. X also said it has been removing newly created Hamas-affiliated accounts, removing accounts attempting to manipulate trending topics, coordinating with an industry group and removing or labeling tens of thousands of posts.

Musk has described his strategy for content moderation as freedom of speech, not reach, saying the site might leave up negative or pretty outrageous content within the law but not amplify it.

In the days before and after the Hamas attack, X reported far lower numbers of content-moderation decisions in the EU than many of its social-media competitors, according to a database of

such decisions established under the EU’s new content-moderation law.

For example, X reported an average of about 8,900 moderation decisions a day in the three days before and after the attack, compared with 415,000 a day for Facebook—a much smaller proportion accounting for each platform’s user base in the EU.

In about three-quarters of those cases, X applied an NSFW, or not safe for work, label as part of those decisions but didn’t appear to remove them.

Musk’s strategy includes leaning heavily on Community Notes, a fact-checking feature in which volunteers write contextual notes to be added be-

low misleading posts. The company said it uses an algorithm to surface notes ranked as helpful by users with different points of view.

Some observers said this tactic is flawed, arguing that people tend to scroll quickly through posts, and if they take the time to read a note, they likely have already digested the content, especially if it is video.

“Visual media can be instantly parsed and much more memorable,” said Richard Lachman, an associate professor of technology and ethics at Toronto Metropolitan University.

X said Tuesday that in three days its volunteers wrote notes that have been

seen tens of millions of times. The company posted a link for more users to sign up and said it recently rolled out an update to make notes appear faster below a post and is working on improving its ability to automatically find and attach notes to posts reusing the same video and images.

Yet in addition to having to take those notes into consideration, users might also feel a need to invest efforts into determining whether an unverified account is legitimate, as X recently began charging for verification and many users have been reluctant to pay for it.

The wave of misleading content about the war also is challenging social-media companies with much bigger staffs, researchers said.

During the first 48 hours of the war, more than 40,000 accounts engaging in conversations about the conflict across X, TikTok and Facebook were fake, according to social-threat-intelligence company Cyabra. Some had been created more than a year in advance in preparation for this disinformation campaign, the firm said. The fake profiles have been attempting to dominate the conversation, spreading more than 312,000 posts and comments during this time.

A viral story that spread to varying degrees across X, Facebook and TikTok claimed Israel had bombed the Greek Orthodox Church of Saint Porphyrius in Gaza. The church denied the claim on its Facebook page on Monday.

An investigation by the re-

search group Bellingcat said some of the videos shared legitimate information about airstrikes but often were intertwined with false claims.

Facebook parent Meta Platforms said it set up a special operations center staffed with experts, including fluent Hebrew and Arabic speakers, and is working around the clock to take action on violative content and coordinate with third-party fact checkers in the region.

TikTok said it has increased resources to prevent violent, hateful or misleading content, including increasing moderation in Hebrew and Arabic, and is working with fact-checking organizations.

Palestinian militants threatened on Monday to begin executing prisoners and said they would broadcast it. The threat came after the Israeli military said it was going on the offensive with an intensifying bombing campaign.

The potential for a large volume of live or recorded footage of hostage executions showing up on social media is high and could be highly challenging for platforms to identify and deal with swiftly, said Darrell West, a senior fellow focused on social media at the Brookings Institution. That could include removing the content or adding a warning.

“When you have an organized effort like this, there could be thousands of people posting,” he said. “It’s going to be hard for platforms to deal with this.”

—Sam Schechner contributed to this article.

Kyiv Targets Russian Supply Lines

Hitting battlefield essentials is seen as key to penetrating enemy fortifications

By DANIEL MICHAELS

Ukraine is conducting a second—and potentially more critical—campaign alongside its assault on Russian front lines: destroying enemy command centers, ammunition depots and logistics lines on which Moscow relies to keep fighting.

Even as Kyiv's soldiers fight to crack open Russian defenses in the country's south and east, they are using Western-supplied munitions to target Russian supplies that sit beyond the front lines. In doing so, Ukraine hopes to boost its chance of weakening Russian forces enough to slice through occupation forces.

Hitting those battlefield essentials depends on Ukraine's ground troops advancing sufficiently to put Russian equipment within striking range. Ukraine is using artillery, rockets, drones and missiles to strike enemy forces, but most have limited range—meaning much of Russia's logistics operations remain beyond the reach of all but a few of Ukraine's weapons.

Russian forces are also working to strike Ukrainian logistics.

Soon, Ukraine may have a new, longer-range weapon with which to target more-distant Russian logistics lines. President Biden recently told Ukrainian President Volodymyr Zelensky that the U.S. would provide a limited number of ATACMS ground-launched ballistic missiles, which can strike between 100 and 190 miles away, depending on the model.

In a sign of how seriously Russia takes the risk to its logistics infrastructure, it has begun building new rail lines across territory it occupies in case Ukraine manages to damage the ones Moscow uses to deliver supplies to troops.

Further complicating Ukraine's efforts is the fact that getting Russian logistics lines within range is only the start. Kyiv's forces must also learn where the best targets sit or are moving to, which poses a significant intelligence challenge.

Last year, Ukraine scored significant gains against Russia by targeting its depots, supply shipments and command centers—vital nodes and links that tacticians call ground lines of communication. Rather than trying to hit every tank and troop formation, Kyiv took the more efficient path of destroying their necessities, often using precision armaments provided by Western allies.

Repeating that success is Ukraine's goal along a strip of land at least 50 miles wide that stretches from the Crimean Peninsula—which Russia seized from Ukraine in 2014—east to Russia, along the Sea of Azov. Ukraine aims to sever what Moscow calls its land bridge, splitting Russian forces.

Breaking the Russian-occupied band would undermine Moscow's ability to sustain front-line troops and to exploit its operations in Crimea. Russia has used the peninsula as a naval base from which to attack Ukraine and menace ships carrying its exports across the Black Sea.

Moscow also supports its forces on the land bridge from Crimea. The new rail link that Russia is building to Mariupol—a Black Sea port on the land bridge—would, if successful, relieve pressure on supplies coming from Crimea, said an assistant to Mariupol's exiled mayor, and so poses a threat to Ukrainian troops.

Still, accomplishing even the limited goal of hammering Russian logistics may prove a stretch for Ukraine because it requires large volumes of artillery. Russia, meanwhile, has adapted its operations to undermine Ukrainian tactics and may have reinforced its troops near the front, said Rob Lee, a senior fellow at the Foreign

Select missile ranges



Note: Front line as of Sept. 25. Sources: Center for Strategic and International Studies, GlobalSecurity.org, MBDA Missile Systems, U.S. Army Acquisition Support Center (Missile ranges and lengths); Institute for the Study of War and AEI's Critical Threats Project (front line). Emma Brown/THE WALL STREET JOURNAL

Policy Research Institute think tank who visited the Ukrainian front in July.

One challenge is that Ukraine's troops are at least 45 miles from a coastal highway Russia uses, and most Ukrainian weapons systems must stay several miles back from the front line to reduce the chances of being targeted themselves. Only a small portion of Ukraine's weapons can operate near the front or hit targets more than 50 miles away.

That means the southern portion of the land bridge is largely safe from Ukrainian attacks. Ukraine's military-intelligence chief, Kyrylo Budanov, recently told a military web-

site that Kyiv needs longer-range weapons to hit Russian command posts, logistics bases and similar targets.

Tokmak, an occupied town about 15 miles from Ukraine's front line, is a large Russian logistics hub that is closer to Ukrainian targeting range, but Moscow's forces have surrounded it with defenses.

The arrival of the ATACMS could shift the balance. The U.S. missile systems boast precision guidance for pinpoint strikes, and some models spray bomblets that cast a rocket's explosive force over a wider area, potentially causing more damage than a single explosion. When Ukraine will receive the rockets, which are

Services Output Bolsters Growth In U.K.

By ED FRANKL

The U.K. economy rebounded moderately in August, driven exclusively by output in the services sector, evidence that the country has a path to escape a recession despite an uncertain economic backdrop.

Gross domestic product rose 0.2% compared with the previous month, data from the Office for National Statistics showed on Thursday, recovering from the downwardly revised 0.6% contraction recorded in July.

It matched forecasts from economists polled by The Wall Street Journal. But readings from recent months show the fragility of economic growth in the U.K. GDP has seesawed from growth to contraction in each month since February.

High inflation, along with elevated Bank of England interest rates, have meant consumers continue to struggle with a cost-of-living crisis. Strikes in the health and transport sectors also clouded the picture in August.

Consumer prices were 6.7% higher in August than the same month of 2022, only a little cooler than the 6.8% inflation registered in July.

The Bank of England held its key interest rate at 5.25% in September.

Nevertheless, in the three months to August, which can offer a better picture of underlying trends than a single month, the economy grew by 0.3%.

In August, the U.K.'s services sector grew 0.4% after falling 0.6% in July, with the science-and-technology industry alongside education—ahead of the new school year—leading contributors to the rebound.

But it was the only sector that had a positive contribution to growth in monthly GDP. Industrial production tumbled 0.7% in August—meaning it has contracted in three of the past four months—while construction output declined 0.5%.

Even the consumer-facing part of the services sector, which includes retail trade and food services, fell by 0.6%.

Indeed, some of the strength of GDP in August was because of temporary factors, and activity measures point to a contraction in the economy in September, Ruth Gregory, deputy chief U.K. economist for Capital Economics, said in a note.

However, the overall rise in August GDP still raises hopes the economy will have escaped a recession, she said.

U.S. Hits Two Oil Tankers With Sanctions

By ANDREW DUEHREN AND JOE WALLACE

The U.S. hit two oil tankers and their owners with blocking sanctions and said they had carried Russian oil above the West's price cap of \$60 a barrel, the first time the Biden administration has punished market participants for violating the rules.

The Treasury Department said it was targeting one ship with a registered owner in the United Arab Emirates and one with a registered owner in Turkey. Both ships carried Russian oil above \$60 a barrel while using U.S. maritime services, the Treasury said.

The new sanctions prohibit all U.S. individuals and enti-

ties from transacting with the ships and their owners.

Russian oil has traded well above the \$60-a-barrel limit since late July, posing a challenge to a Western sanctions plan that aims to hold down the Kremlin's oil revenue while still keeping global oil supplies steady.

U.S. and European officials, who have largely blocked imports of Russian oil into their own countries, see reducing Russia's oil revenue as a way to hamper Moscow's ability to finance the war in Ukraine.

Some traders and analysts had started to believe that the U.S. wouldn't harshly enforce the sanctions to avoid upsetting oil markets. Treasury Secretary Janet Yellen told

The Wall Street Journal this week that the U.S. would likely move to crack down on evasion. But the measures announced Thursday were limited in scope.

The risk for U.S. officials is that Western firms involved in the Russian oil trade pull back further—potentially leaving Russian oil without a path to global markets. That could squeeze global supplies and raise oil prices.

The price-cap plan, which also includes separate limits on Russian sales of refined oil products such as diesel, applies to Western insurers, traders and banks that handle Russian oil. Moscow has also built up its own shipping infrastructure, the so-called

shadow fleet, so it can ignore the Western sanctions.

That new infrastructure, coupled with higher oil prices, has enabled Russia to earn more from its energy exports in recent months.

In September, Russia's oil-export revenue jumped to \$18.8 billion, the International Energy Agency said on Thursday—the highest amount since July 2022. U.S. officials say building up the shadow fleet costs money Russia could otherwise spend on the military.

To try to combat Russia's shadow fleet, the Treasury released a series of recommendations to port managers across the world to reduce legal and environmental risks from old, underinsured ships.

After Russian oil breached the price cap this summer, some Western companies, including Greek shipowners, started to pare back their involvement in the trade.

Western firms involved are protected from sanctions if they can attest that the oil was sold at or below the cap—as far as they know.

Mike Salthouse, the head of external affairs at maritime-insurance firm NorthStandard, said this summer that the higher prices added to the risk of insuring shipments of Russian oil.

A senior Treasury official said the U.S. would continue trying to crack down on evasion of the price cap “to send a clear signal to the market.”

WORLD WATCH

DOMINICAN REPUBLIC

Border With Haiti Partially Reopened

The Dominican Republic partially reopened its border with Haiti on Wednesday to limited commercial activity nearly a month after closing the frontier in a continuing spat over construction of a canal targeting water from a shared river.

Vendors in Dominican border cities are allowed to sell basic goods such as food and medicine, but exporting electronic products and construction materials, including cement, is prohibited.

Wednesday marked the first time since Sept. 15 that the border partially reopened, although Dominican President Luis Abinader maintained a ban on issuing visas to Haitian citizens that he implemented last month and will keep the border closed to all migrants, regardless of whether they seek entry for work, tourism, health or education purposes.

The most recent diplomatic crisis stemmed from construction of a canal on the Haitian side that aims to collect water from the Massacre River that runs along the border that the countries share.

—Associated Press

SWEDEN

Gas, Diesel Cars Face City Ban in '25

A ban on gasoline and diesel-fueled cars from a commercial district of Stockholm's downtown in 2025 will be the first for a European capital, a city official said Thursday.

The ban will take effect in a 20-block area of shops, pedestrian walkways and a few homes to curb pollution, reduce noise and encourage use of electric vehicles said Lars Strömgren, the city council member for the Greens who's in charge of the Swedish capital's transportation. Many European capitals have restrictions on gasoline and diesel cars, but he says Stockholm's complete ban would be a first.

There will be some exceptions, such as for emergency vehicles and transportation for the disabled.

One of the city's main cab companies, Taxi Stockholm, said its transition to emission-free vehicles is moving at a fast pace.

Other European capitals harbor similar ambitions.

The Dutch capital, Amsterdam, is aiming for all transport in the city, including automobiles, to be emissions-free by 2030.

—Associated Press



THE REIGN IN SPAIN: Women performed traditional dances in Barcelona on Thursday on the National Day of Spain, an annual holiday commemorating Christopher Columbus's 1492 voyage to the New World and Spain's worldwide legacy.

JORDI BOIXAREU/ZUMA PRESS

ARTS IN REVIEW

FILM REVIEW | KYLE SMITH

Ambiguity in a French Court

Justine Triet's film, which won the Palme d'Or at Cannes, stars Sandra Hüller as a woman accused of murdering her husband



◀ Sandra Hüller; the German actress will also appear in 'The Zone of Interest' later this year.

that the body was discovered with a blow to the head that was sustained before Samuel hit the ground, and that since the dead man had no known enemies it is highly unlikely an invader crept onto the premises undetected, committed murder in broad daylight, and disappeared.

The French trial process as depicted in the film is very unlike what we're used to in the U.S. It's more of a free-for-all in which multiple witnesses, the prosecutor, the defense attorney and the judge (Anne Rotger) all participate at once. Under attack, Sandra is forced to admit that the couple had been quarreling, and their son, Daniel (Milo Machado Graner), overheard some of what passed between them, necessitating that he be dragged into the proceedings as a witness. Even the kid's dog, Snoop, becomes a surprising source of evidence, which plays out in a fascinating scene that features what looks like some marvelous canine acting. (The performer in question, a border collie named Messi, was also honored at Cannes: He took home the lesser-known but more amusing prize known as the Palm Dog.)

That the film winds up with a certain air of psychological ambiguity is its most frustrating and least Hollywood-like detail. But it's very much in keeping with what Ms. Hüller and Ms. Triet have set out to do, which is to engage the audience and make us argue about what really happened. What you take away from "Anatomy of a Fall" is largely up to you, but it's a thoroughly engrossing case study.

A boy with severely impaired eyesight returns home from a walk with his dog to discover his father dead in the snow, with a severe head wound. Did he fall, did he jump, or was he pushed?

"Anatomy of a Fall," a French film co-written and directed by Justine Triet, is structurally a fairly standard did-she-or-didn't-she courtroom procedural centered on Sandra (Sandra Hüller), a novelist married to Samuel (Samuel Theis), a professor whose gruesome sudden death sets events in motion. The boy's difficulty in seeing mirrors his mother's difficulty in communicating: She's a German who was married to a Frenchman and lives near Grenoble, in the French Alps. She sometimes struggles to find the right word in French. These barriers remind the audience that it can be difficult to pierce through the distractions and arrive at the truth.

Running a leisurely but largely gripping 2 1/2 hours, the film straddles the line between art-house cinema and prestige TV drama. Fundamentally it is a genre film, making it a somewhat surprising choice to have been

awarded the Palme d'Or, the highest honor at the Cannes Film Festival, where juries generally lean toward noncommercial fare.

"Anatomy of a Fall," whose title winks at the 1950s novel and film "Anatomy of a Murder" as though to hint that today is a more ambiguous age, breaks no new ground, and doesn't manufacture much in the way of sociopolitical implications around its central mystery. Its chief asset is Ms. Hüller's face: The film generates most of its dramatic energy via close-ups of Sandra as she flits

from one register to another: now open, now cagey, sometimes slightly desperate but surprisingly cool under pressure. Her character is caught lying more than once, but always has a plausible explanation. As the case plays out, the jury's work is

relatively straightforward, but the audience is kept in a muddle throughout by this extraordinarily nuanced feat of acting. For Ms. Hüller, who will at the end of this year be seen in an even more powerful feature, "The Zone of Interest," it is a breakthrough year.

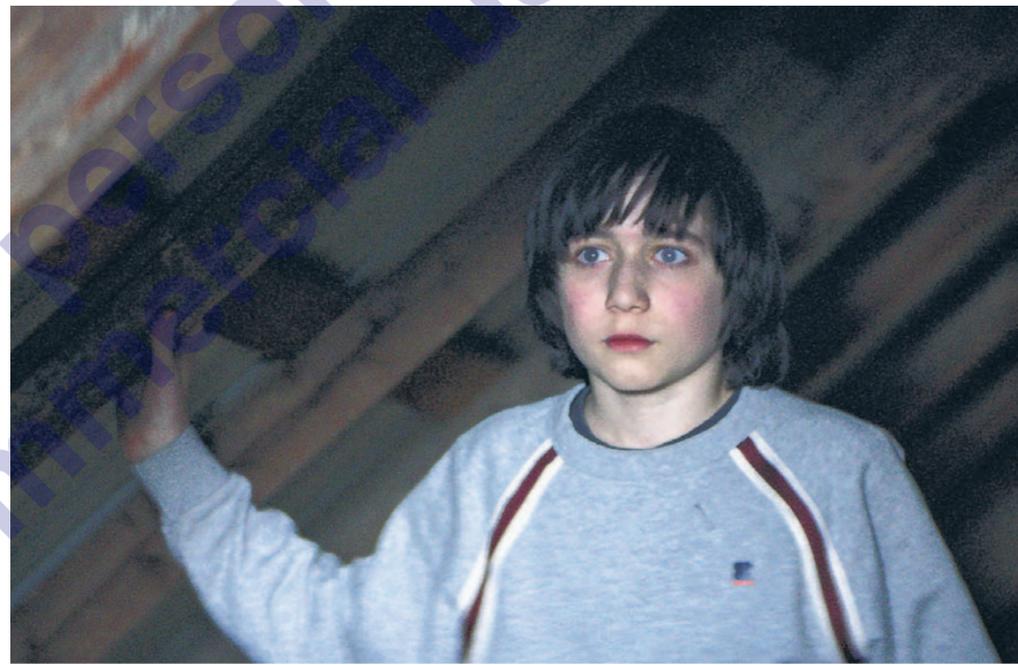
► Milo Machado Graner, who plays the young son of a possibly murdered man

Most Americans have likely never seen her before; her best-known film is probably "Toni Erdmann" (2016), a movie that grossed \$1.5 million in North America.

Ms. Triet maintains a dry, matter-of-fact style as the details of the case become increasingly odd, providing plenty for both the defense and the prosecutor (Antoine

Reinartz) to work with. The script is twisty without ever seeming contrived. Sandra claims she was napping when her husband went out the window, but also that he was meticulous about not leaning out the window while he was doing renovations on the top floor. Her sympathetic lawyer (Swann Arlaud) tries to be kind but notes

Much of the film's dramatic energy comes from close-ups of its star.



TELEVISION REVIEW | JOHN ANDERSON

Ken Burns's Elegy For a Long-Lost West

As recounted during Ken Burns's two-night, four-hour "The American Buffalo," an Irish peer named Sir St. George Gore embarked on a hunting trip to the American West in the mid-1850s, bringing along 50 people, six wagons, 21 carts, 112 horses and 50 dogs. He spent about a quarter of a million dollars en route to killing 1,500 elk, 2,000 deer, more than 1,000 antelope, 500 bear and 4,000 bison. He was so "wanton," we are told, he even offended the frontiersmen who spent their days butchering wildlife. When he attempted to breach the Black Hills of South Dakota, the tribes there told him to go, or fight.

Gore's trail of slaughter across Colorado, Wyoming and Montana is just one bloody episode in Mr. Burns's latest glance at the American past. At the outset, it feels like an odd choice of topic. The documentary has commonly used his camera—and the photos, artifacts and memorabilia it captures—to tell the story of a subject with cultural resonance or unanswered questions, among them jazz, baseball, country music and the Civil and Vietnam wars. Is there any question that the massacre of the

American buffalo, or *bison bison*, was one of history's great environmental crimes? That there is lasting shame in the fact that an animal that roamed the continent in the tens of millions in 1800 was, by 1890, facing extinction? Is there someone watching a Ken Burns series who needs to be convinced of this? Probably not. But that's also not his entire purpose.

It probably sounds harsh, but a viewer—a non-Native-American viewer, with at least 19th-century ancestral roots on this continent—will be relieved that Gore was a for-eigner. Most of the tales involve homegrown outrages, and not only against nature. While Mr. Burns uses the fate of the American buffalo as a metaphor for America's greed, waste, exploitation of natural resources and the long-held myth that those resources were inexhaustible, he makes the story of the buffalo inseparable from that of the Native American, just as the lifestyle of the Plains Indians was inseparable from the animal itself. As we hear from many voices, including a number of representatives of various tribes, the demise of the buffalo was about bloodlust, profit and a peculiar idea of



▲ An American buffalo in Montana in 2019

sport. But it was no coincidence that the eradication of bison was a way of eradicating the indigenous person. Or at least taming him. "Kill the Indian, save the man," as they said, post-Custer, in the 1800s.

The thrust of episode 2 (which airs Tuesday night) is largely about the birth of the conservation movement and its efforts to restore the bison to a healthy, nonendangered status. But episode 1 is a litany of bloodletting, broken treaties and the highly efficient, quasi-industrialized killing of buffalo (a term used interchangeably with bison during the series); as one of the many contemporaneous accounts we hear in voiceover tells us, the buffalo craze was like a "gold rush," with fortunes to be made through hides and the leather industry that craved them. The meat was left to rot. One of the more poignant aspects of the

Great American Buffalo Hunt was the waste of the beast as food, when the people who had relied on it were starving. But again, "The American Buffalo" doesn't regard that as accidental.

There's always a tone of melancholy in a Ken Burns film, aided and abetted, once again, by narrator Peter Coyote. And a sense of sins that need to be forgiven. There is also an unblended mix of hard fact—the awful statistics surrounding buffalo genocide—and the spiritual and religious arguments brought to the film by the Native Americans involved. They detail their people's relationship with something that was, and is, more than just an animal to them, and in which they see reflected a common fate, a common victimhood.

The American Buffalo Begins Monday, 8 p.m., PBS

Mr. Anderson is the Journal's TV critic.



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ARTS IN REVIEW

With its triumphant return to Broadway more than 40 years after it closed as a critical and commercial flop—registering just 16 performances in 1981—the Stephen Sondheim-George Furth musical “Merrily We Roll Along” has come full circle.

There’s a piquant irony in its trajectory from notoriously misfired production, which even its creators admitted was ill-conceived, to the thrillingly good staging at the Hudson Theatre. In the musical, which moves backward chronologically, the passage of time is not kind to the central characters, whom we first meet in disillusioned, depressed or cynical middle age and then follow back to the heady hopefulness of youth. By contrast, time has brought out the luster of the show, with the aid of considerable changes made over the years.

The revival, first seen off-Broadway last year, has been directed with incisive intelligence matched by pinpoint sensitivity by Maria Friedman, a longtime musical theater star in London. Superb before, it has gained in all the qualities that made it such a success then—emotional clarity, sharply delineated humor, and musical richness. On a larger stage, it shines as an even more luminous achievement.

This is in no small part due to the three leading performers: Jonathan Groff as the composer-turned-film-producer Franklin Shepard; Daniel Radcliffe as Charley Krings, Franklin’s lyricist in their early, yearning years, later discarded when he chafes at his partner’s obsession with success; and Lindsay Mendez as Mary Flynn, a novelist turned theater critic who watches in dismay, and often in her cups, as the three-way friendship they formed in their youth withers and dies. While their performances were impeccable before, all three actors have settled even more deeply into their roles.

The transformation of Mr. Groff’s Franklin from a bright-eyed idealist to a lavishly rewarded but emotionally deadened man registers heartbreakingly; in quiet moments he seems to be staring inward, eyes registering sadness and confusion, trying to fathom how he came to be who he is. Mr. Rad-



THEATER REVIEW | CHARLES ISHERWOOD

Old Friends Sing Again

‘Merrily We Roll Along’ and ‘Gutenberg! The Musical!’ open on Broadway

cliffe’s Charley has retained his high aims, but we see how the dissolution of his friendship—and partnership—with Franklin has cost him a measure of belief, not in himself so much as in the infinite possibilities that seemed to stretch before them in their youth.

And as Mary, Ms. Mendez sings with wide emotional range—her duet with Charley, “Like It Was,” is sure to mist the eyes—and brings such variety and precision to her line readings as the alcoholic Mary in the opening scene that the sardonic, savage asides constitute a lively show in themselves.

Above all, the production shines a bright and welcome spotlight on a Sondheim score that has long been cherished by aficionados of his work. The once-common canard that Sondheim rarely concentrated his genius on the construction of lyrical melodies is belied by the abundance of unforgettable songs that are variously haunting (“Not a Day Goes

By”), jaunty (“Old Friends”) and exuberantly joyous (“Our Time”). With this Broadway revival, sure to be the hottest ticket of the fall season, and perhaps the spring, too, Ms. Friedman and her cast and collaborators have ensured that Sondheim’s achievement will garner the wider popular appreciation it deserves.

* * *

The two exclamation points in the title are a super-spoiler for “Gutenberg! The Musical!,” a ticklishly funny but, well, paper-thin show about two theater-smitten fellows determined to put on a big Broadway show about the inventor of the printing press.

Such punctuation in a show’s title today is a virtual wink indicating that what is being served is not a straight-up musical but a lampooning of such. “Gutenberg!,” with book, music and lyrics by Scott Brown & Anthony King, who

wrote the book for Broadway’s “Beetlejuice,” is in fact a cheery mock-musical.

Beginning in 2006, the show had a substantial run off-Broadway, where its small-scaled delights were probably more comfortably housed. The show’s arrival on Broadway derives from its two stars—the only cast members—Josh Gad and Andrew Rannells, who sprang to fame in the megahit “The Book of Mormon,” another show that pokes fun at musical theater while relying on the genre’s sturdy appeal to court audiences.

Would-be Broadway kingpins Bud (Mr. Gad) and Doug (Mr. Rannells) have blown all their money to rent a Broadway theater for a single night, in the hopes of attracting producers to invest in their ambitious Gutenberg biography. Portraying all the characters in the show, which departs widely from historical truth—the record does not show that Gutenberg had a girlfriend named Helvetica—Bud

◀ Lindsay Mendez, Jonathan Groff and Daniel Radcliffe in ‘Merrily’

and Doug proffer an exuberantly silly sung history of Gutenberg and his eureka moment.

As in their previous pairing, Mr. Gad and Mr. Rannells make a charmingly mismatched pair. Mr. Gad is the classic uber-nerd, with a podgy frame and eyeglasses perched on his nose, but he can move with the smooth grace of a trained athlete. And despite his Crest Whitestrips smile and baby-faced handsomeness, Mr. Rannells can clown it up with a zest to match the buzz-saw energy of his co-star.

The music draws skillfully on standard musical-theater forms ranging from old-school balladry to more contemporary Broadway pop-rock, and is played by an on-stage trio. The book within a book careens goofily through a storyline that finds Gutenberg coming up against an archenemy in the form of a monk who fears that with parishioners able to read the Bible themselves, anarchy could be unleashed upon the world.

With Mr. Gad and Mr. Rannells pinballing around the stage under the direction of Alex Timbers (“Here Lies Love,” “Moulin Rouge!”), working up visible sweat as they dash between characters, “Gutenberg!” proffers much comic ingenuity. The silly accents are a delight. Cockney in 15th-century Germany? Why not?

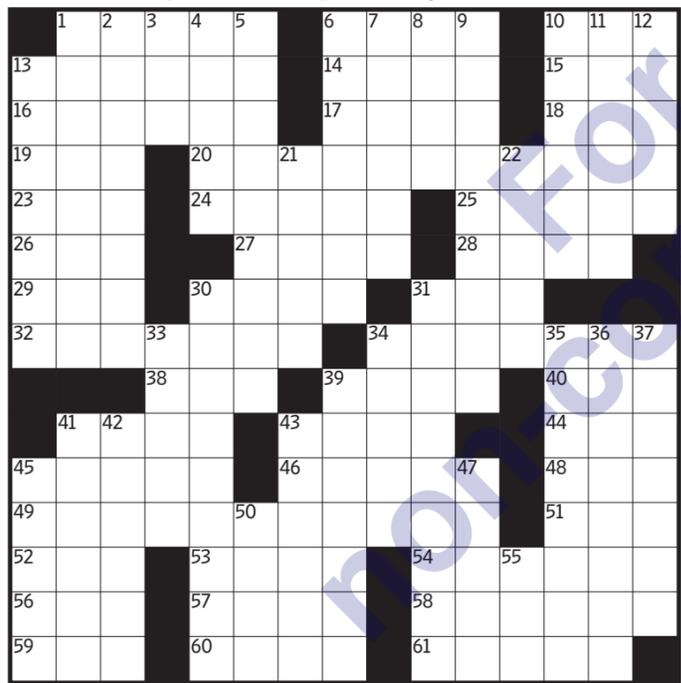
Still, even at a fairly pacy two hours the fun eventually turns to wheel-spinning, since the central gag—the ludicrous mismatch between content and form—is established from the start and then merely elaborated. The show will probably best please those who know the difference between a charm song, an “I Want” song and an 11 o’clock number, all of which are mentioned here. Which is to say besotted lovers of musical theater.

Merrily We Roll Along
Hudson Theatre, 141 W. 44th St., New York, \$69-\$259, 855-801-5876, closes March 24

Gutenberg! The Musical!
James Earl Jones Theatre, 138 W. 48th St., New York, \$49-\$189, 212-239-6200, closes Jan. 28

Mr. Isherwood is the Journal’s theater critic.

The WSJ Daily Crossword | Edited by Mike Shenk



- 11 Claim without evidence
- 12 Title role for Rita Hayworth
- 13 1983 film about a famed Aussie racehorse
- 21 Go from 0 to 60, say
- 22 Appliance brand with the motto “Just Right”
- 30 Divided the dinner tab
- 31 Fair
- 33 Swiss monetary unit
- 34 Bulky items of furniture
- 35 Verbally destroys
- 36 Cafes and bistros
- 37 Raided the fridge
- 39 Like some ears and noses
- 41 Character flaw
- 42 Cry after a brainstorm
- 43 The Pequot, for one
- 45 Phisher’s emails
- 47 Work production?
- 50 Yuri’s love in “Doctor Zhivago”
- 55 Fireplace bit

SIGNIFICANT DIGITS | By Patrick Berry

- The answer to this week’s contest crossword is an 11-letter word.
- Across**
- 1 Plants near water?
 - 6 Nonbinary pronoun
 - 10 Bellhop’s burden
 - 13 Where hospital patients recover
 - 14 Dark pink color
 - 15 Peyton’s brother
 - 16 “I need a hug”
 - 17 Like some vaccines
 - 18 Nothing but
 - 19 Grammy-winning 1977 Steely Dan album
 - 20 Built up
 - 23 You get one when you come home
 - 24 Mother punished for her hubris, in Greek myth
 - 25 Greek vowel
 - 26 Necessity when pan-braising
 - 27 At maximum capacity
 - 28 Fade away
 - 29 Untouchable service
 - 30 Dark red color
 - 31 Timeline unit
 - 32 With
 - 34-Across, significant numbers in this puzzle
 - 34 See
 - 32-Across
 - 38 ICU staffers
 - 39 Thwarted prima donna’s expression
 - 40 “Amsterdam” author
 - 41 Tour de force
 - 43 Connection sought by travelers
 - 44 Org. that hosts open houses
 - 45 Well-formulated
 - 46 Qualifiers
 - 48 Dry, on champagne bottles
 - 49 Tool with a rotating blade
 - 51 Discommode
 - 52 Bart and Lisa’s grandpa
 - 53 Mineral on the Mohs scale
 - 54 Retro freshman headwear
 - 56 Jan. honoree
 - 57 First Nations tribe
 - 58 Had staying power
 - 59 Wide body
 - 60 High-proof
 - 61 Set of values
- Down**
- 1 Milk, humorously
 - 2 Commuter on a ferry, maybe
 - 3 U.K.’s version of Inc.
 - 4 Protagonist of a Pulitzer-winning play
 - 5 Minutiae
 - 6 Dire straits
 - 7 Company that owns the brands Skippy and Dinty Moore
 - 8 Hairy twin brother in Genesis
 - 9 Get more relaxed with age
 - 10 Vanquished

Previous Puzzle’s Solution



NEW YORK CITY BALLET

November 24 through December 31

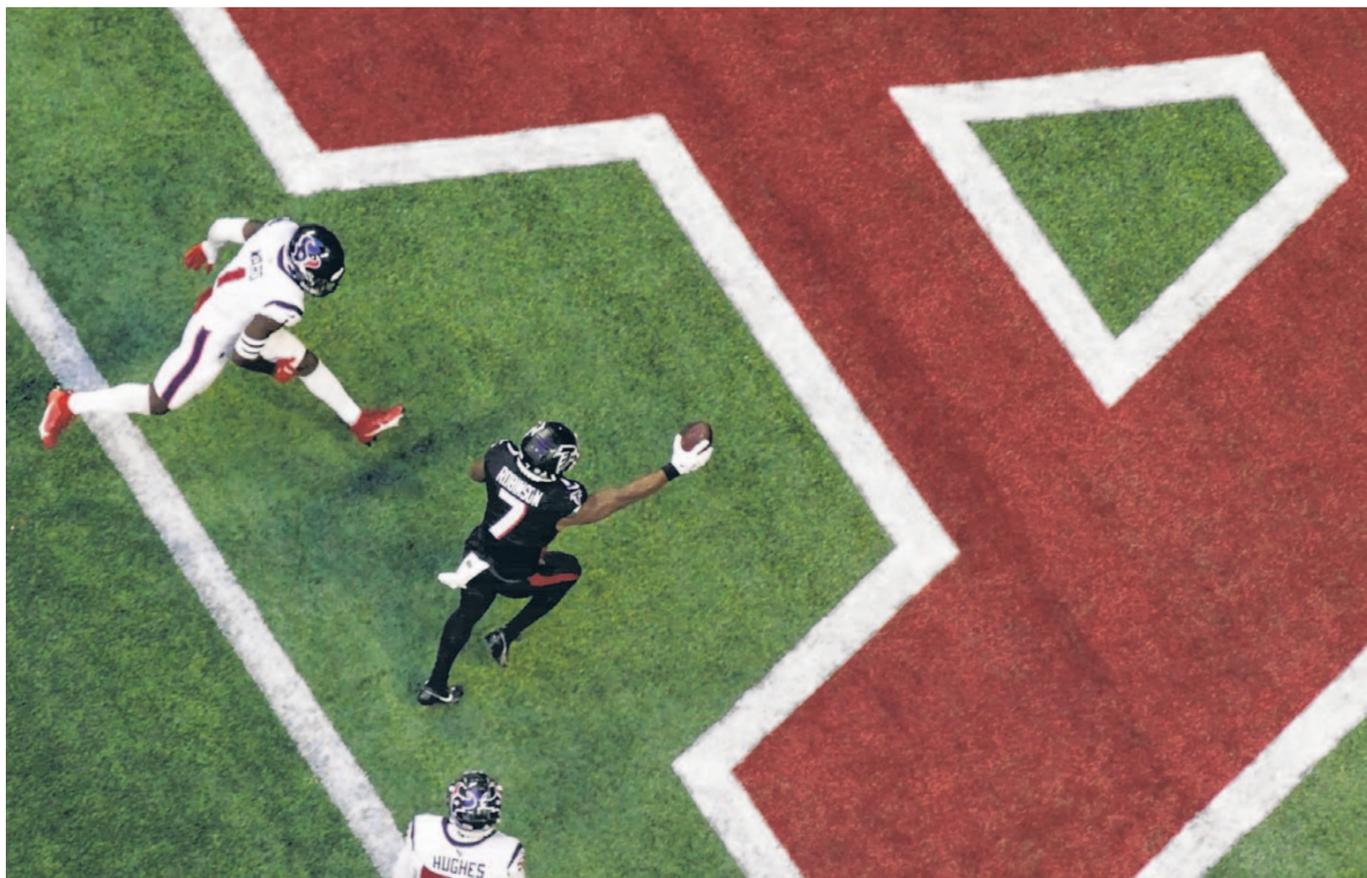
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► Email your answer—in the subject line—to crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, Oct. 15. A solver selected at random will win a WSJ mug. Last week’s winner: Paul H. Edelman, Nashville, TN. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

SPORTS



A roof cam clip of Bijan Robinson's run, filmed by Austin Hittel, below, has gone viral for its artistry.

JASON GAY

The Falcons and the Show Man

Meet the auteur behind the motion-tracking videos making football fans and insiders gush



To make a masterpiece, Atlanta Falcons staffer Austin Hittel takes an elevator all the way up to the 300 level, and then climbs another set of stairs to the top of 300. From there, it's just another 18 flights skyward, until the filmmaker gets to his preferred summit: the catwalks atop the NFL team's home, Mercedes-Benz Stadium.

Hittel likes it up there. He appreciates the solitude, and clearly doesn't mind the heights. When the retractable, lens-like roof is open, he can see the skyline of Atlanta. The NFL game happening below may be noisy, but on a catwalk 300 feet above the field, it's a whole different world...almost peaceful.

"It's definitely the most unique perspective to watch a game," says Hittel.

It is from this aerie that Atlanta's 31-year-old senior director of video productions has filmed some of the most compelling and celebrated sports highlights in recent memory. Using a 8K Red Digital V-Raptor XL camera harnessed

to his body, he has shot recent Falcons home games versus Green Bay and Houston—and then, in post production, used motion tracking software to develop dazzling, slow-motion snippets that deliver a thrilling, fresh angle on the game.

Yes: There have been overhead football highlights before, but not like these. Think of the old NFL Films meets the Madden video game meets "The Matrix"—technology that shows how simultaneously brutal and balletic a football game can be. I wish the late "Voice of God" John Facenda was around, just to hear his stentorian diction rumble over these new clips.

In a world overloaded with gaseous sports content, Atlanta's "roof cam" has gone viral for its artistry, praised by football fans and shared by insiders like the NFL Network's Ian Rapoport and ESPN's Adam Schefter. A clip Hittel took last Sunday of a shovel pass caught one-handed by Falcons rookie Bijan Robinson—and turned into a touchdown against the Texans—received the sort of adoration typically reserved for

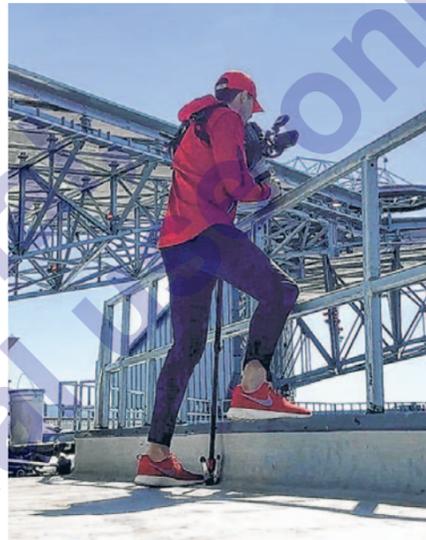
auteurs in Cannes.

"It's really cool," says Hittel. "Even my family, who are still a little unsure of what exactly I do here at the Falcons, are reaching out to me saying, 'Hey, I saw your work.'"

As of late Wednesday, the Bijan Robinson clip was up to 102 million views, according to the team. On the NFL Network's "Good Morning Football," the hosts praised Hittel's work and nominated NFL plays they wished he could reshoot. (Panelist Peter Schrager nominated James Harrison's 100-yard "Immaculate Interception" in Super Bowl XLIII. I know it's not the NFL, but I want to see the Stanford Band play before anything else.)

The roof cam is another example of a tectonic shift in the NFL and other major sports, in which teams have become their own media companies, with internal staff generating on and off-field content that isn't part of the traditional television coverage. Hittel is part of a team in Atlanta that has won multiple Emmy awards for its work.

"We're not scared to take a



chance and try some new things," says Falcons team president Greg Beadles. When he saw Hittel's roof cam highlights, he says "It jumped off the screen...the combination of Bijan, and all the amazing things he's been doing early in his career, with this very unique, fantastic

angle."

The legendary NFL producer Fred Gaudelli (*Monday, Sunday, Thursday Night Football*) had a similar reaction. Atlanta's motion-tracking close-up on Robinson's catch, he says, "illustrates and illuminates what a skilled play it was."

"I can't think of another sport that has benefited from technology like the NFL," Gaudelli says.

It's no surprise to hear television partners have reached out to the Falcons. So have other NFL teams.

The process isn't terribly complicated, Hittel says. He films during a game, and that footage is uploaded into software—in Atlanta's case, Adobe After Effects—which allows them to slow it down and motion track a specific item, such as the football. Sounds—on field noise, play-by-play voices—are added as well.

There is no tracking chip or other technology in the ball, Hittel says. It's just him and his camera, trial and error. He's made mistakes—losing the football in moments, or missing a touchdown against Green Bay because his shot tracked into a railing blocking the view. (Hittel says his voice saying "Dang!" can be heard off-camera.)

Could the roof camera be deployed for in-game strategy by the actual team, similar to the "All-22" overhead film that's been used for years? Not according to current league rules, which mandate which areas can and cannot be used by teams.

This stuff is for entertainment purposes only. As for its future in live TV, it probably won't be abundant soon. Not many stadiums have a grid of catwalks like Mercedes-Benz. Hittel adds that it takes about a half hour to process the highlights, which is too slow for a live telecast, which needs highlights immediately. Technology will likely begin to shorten that gap, however.

For now, it's Atlanta's theater. Hittel may have no choice about staying up in the rafters for the rest of the season. Not only for the clips, but the karma: The 3-2 Falcons are undefeated when their auteur is filming from the catwalks.

"I'm not sure I'm going to tell Austin," says Beadles, the team president. "It might be too much pressure."

By RACHEL BACHMAN

Why Caitlin Clark and Iowa Are Playing Basketball in a Football Stadium

Iowa City, Iowa **COLLEGE BASKETBALL** exhibitions have long been sleepy affairs, producing lopsided games in which top teams trounce lower-division squads before small crowds. Iowa and its basketball superstar, Caitlin Clark, have a much bigger idea about a game that's set to tip off here on Sunday.

Iowa's 69,000-seat Kinnick Stadium, where football is normally played, is the site for this weekend's exhibition game between two Division I women's teams, Iowa and DePaul. The Crossover at Kinnick, as it's being called, is expected to be the biggest event of its kind, made possible by an NCAA rule change that enables such a matchup as a charity event.

Iowa's attempt to fill a football stadium for a women's college basketball game is fueled by many factors. The state has long been one of the sport's hotbeds, and interest surged even higher when Iowa made a run to last season's NCAA women's championship game against LSU.

But the game is mostly testament to the star power of Iowa's sharpshooting guard, Caitlin Clark, the national player of the year whose lights-out play has caused a frenzy here and around the country.

Already the most recognizable name in college basketball, Clark scored 41 points to lead Iowa's Final Four upset of defending national champion South Carolina, then dropped 30 as the Hawkeyes lost to LSU in the final. The game on ABC drew a record 9.9 million viewers. Clark finished the season as the national leader in assists (8.6) and 3-pointers (3.7) per game, and second in scoring (27.8) behind Villanova's Maddie Siegrist (29.2).

Even before the upcoming season starts, Iowa has exhausted its capacity to accommodate fans who want to see Clark and the Hawkeyes, who return three of five



Iowa has exhausted its capacity to accommodate fans who want to see Caitlin Clark and the Hawkeyes.

starters from last year's team. Iowa, which sold out three games at 15,000-seat Carver-Hawkeye Arena last season, has sold out the entire 2023-24 regular season. The game at Kinnick, which initially was going to be shown on a streaming service, has been picked up by Big Ten Network.

Organizers have had to thread a few needles to make the event happen.

By NCAA rule, such an exhibition had to take place after practices started in late September but before the Nov. 6 start of the regular season. It had to be on a weekend when Kinnick wasn't hosting Hawkeye football, which ruled out the past two weekends.

"It's essentially another home

football game, which is a lot," said Kelsey Laverdiere, Iowa associate athletic director. "But we can't wait to have it—and, knock on wood, for good weather."

If it rains, the game will move indoors, and only people who bought \$20 rain-or-shine tickets will get a seat. (General-admission seats cost \$5.) The event's proceeds will go to the university's Stead Family Children's Hospital, a place close to Hawkeye fans' hearts—and to the stadium. Before the second quarter of every home football game, fans turn toward the hospital and wave at pediatric patients and their families. Fans at the basketball game will do the same.

If the day stays dry, the exhibi-

tion game almost certainly will see the largest-ever crowd ever to watch women's basketball. More than 52,000 tickets have been sold. The women's basketball record attendance of 29,619 was set at the semis and final of the 2002 NCAA Women's Final Four at San Antonio's Alamodome.

A decade ago, NCAA Division I basketball exhibition games could only happen in public if they were against a team from a lower division, or they had to happen behind closed doors.

After the devastating 2017 Atlantic hurricane season, though, college basketball teams began asking to stage games to raise money for relief efforts, and the NCAA began distributing waivers.

The requests evolved to include fundraisers for Covid-19 relief efforts, social-justice initiatives and medical causes.

In previous years, Kansas-Missouri and South Carolina-Virginia Tech men's games have been held as charity exhibitions. St. John's, now coached by NCAA champion coach Rick Pitino, will face Rutgers at the Johnnies' Carnesecca Arena on Oct. 21, with the proceeds going to the Dick Vitale Pediatric Cancer Research Fund at the V Foundation.

This year, the NCAA so far has approved all the games that have been proposed—two women's exhibitions and 15 men's exhibitions—and is on track to approve more than 20 of the events, an NCAA spokeswoman said. In recent years, funds raised by the games have gradually increased to a national total of more than \$200,000 last season, she said.

Iowa's basketball event follows an even larger event held Aug. 30 by the Nebraska women's volleyball team. (The Hawkeyes started planning their stadium event before they knew of Nebraska's event, Iowa coach Lisa Bluder said.) But there are key differences.

The 92,003 who filled Memorial Stadium for the event, which Nebraska said was a world record for a women's sporting event, was a regular-season competition (the Cornhuskers beat Omaha, 3-0). It wasn't required to be a charity benefit.

Each participating school got a \$50,000 payout, but information about total revenue from the event hasn't been announced, a school official said. Nebraska spent \$1.7 million to put on the event, athletic director Trev Alberts said on his Huskers Radio Network radio show.

Nebraska's crowd was fueled by decades of sellouts at its volleyball arena and five NCAA titles. Iowa women's basketball hasn't yet won a championship, and has a thinner record of sellouts—but it has Clark.

ATLANTA, FALCONS (2)

CHARLIE NEBERGALL/ASSOCIATED PRESS

OPINION

No Labels Won't Help Trump

By Joe Lieberman

As No Labels works to gain ballot access for a potential 2024 independent presidential ticket, most of the vitriol directed at us comes from the Democratic establishment, which is anxious that we'll hurt President Biden and help elect Donald Trump. But if these concerns were well-founded, I wouldn't be a part of this effort.

No Labels has spent almost two years conducting extensive polling and modeling to understand our potential effect on the race and what our path to victory could be, including a poll late last year of more than 25,000 registered voters nationwide. It found that a moderate independent ticket would pull equally from both parties: 14% from registered Republicans, 14% from registered Democrats. This finding is backed by precedent: Ross Perot pulled equally from both parties in 1992.

Of course, since No Labels would be nominating a unity ticket that could include a Republican and Democrat as running mates, much depends not only on who the candidates are, but the order in which they appear on the ticket. In July and August we tested how the partisan breakdown of the ticket

would affect the race by surveying 10,000 registered voters in the top eight presidential battleground states: Arizona, Florida, Georgia, Michigan, Nevada, North Carolina, Pennsylvania and Wisconsin.

The poll, conducted by HarrisX, found that a unity ticket led by a Republican presidential candidate had a stronger path to victory and drew more votes from Mr. Trump than Mr. Biden in seven states, with North Carolina the sole exception.

Our polling shows that a unity ticket would pull from both parties equally.

Who will be on our ticket is still an open question, and we are currently determining the process by which that will be decided. But one thing is certain: We stand by our original pledge that we will nominate a ticket only if the American people want it and if the polling is clear that we won't be a spoiler.

For now, both conditions are being met. Our polling shows that an independent ticket has a legitimate and expanding path to victory. In

December, 58% of registered voters said they'd be open to voting for a moderate independent ticket if Messrs. Trump and Biden were the alternatives. By the summer that figure had grown to 63%, and some of the most significant growth occurred among a segment of voters who could be described as liking Mr. Trump's policies but not Mr. Trump.

For any who are skeptical of No Labels's internal polling, let's remember that poll after poll shows that two thirds of Americans don't want a rematch of the 2020 election. A Gallup poll from October found that 63% of voters are open to a third party and that demand for an alternative is higher among Republicans than Democrats, suggesting that Mr. Trump could have more to lose from the entry of a viable third choice.

Of course, no one can know exactly what effect a third ticket would have, especially if you add a fourth or fifth ticket. While our data don't indicate that No Labels would hurt Mr. Biden, it's entirely plausible that Cornel West would, since he is running as a third party from the president's left. Similarly, reports indicate that the Trump team is preparing attacks against Robert F. Kennedy Jr.

after its polling found that his independent run could take votes from Mr. Trump.

No Labels' opponents in the political establishment wrap themselves in high-flying rhetoric about protecting democracy when they are merely protecting their turf. This has been the two-party playbook for decades, and the resulting false binary choice hasn't served our country well. It's why a Pew Research Center poll last month found that support for both parties is at record lows, disgust and exhaustion with politics is at record highs, and voters are increasingly losing hope that it will get better.

In this environment, doing nothing is the greatest risk of all. No Labels is trying to do something to heal our broken politics. If we offer our ballot line to a presidential ticket in 2024, our purpose won't be to spoil the election but to enable a unity ticket to win. That would be unprecedented—but what about today's politics isn't?

Mr. Lieberman is founding chairman of No Labels. A Democrat and independent, he served as a U.S. senator from Connecticut, 1989-2013.

Kimberley A. Strassel is away.

BOOKSHELF | By Dominic Green

Man Of Merriment

Fool: In Search Of Henry VIII's Closest Man

By Peter K. Andersson
(Princeton, 224 pages, \$27.95)

There's no fool like an old fool, because the nature of comedy keeps changing. Slapstick and bodily functions aside, one era's side-splitter often leaves the next era stone-faced. The functions of humor also change. The courts of Europe had professional fools and amateur politicians, mostly clerical or aristocratic. Today we have amateur clowns in office and professional comics who talk politics on television.

The Renaissance fool we remember is the fictional "poor Yorick," whose "infinite jest," Hamlet recalls, enlivened the long Scandinavian nights at Elsinore. Shakespeare's contemporaries, however, remembered a real fool. Will Somer was, to borrow from vaudeville, Henry VIII's "banana man," a fooling foil to the royal straight man. Peter K. Andersson, a lecturer in history at Örebro University in Sweden, takes Somer for his subject in "Fool: In Search of Henry VIII's Closest Man." The book is possibly the first biography of a Renaissance fool. Naturally, it is entirely serious. It is also thoroughly enjoyable and enlightening.

The Tudor period in England (1485-1603), Mr. Andersson writes, was an era of "intrigue, sectarianism, war, and paranoia." Somer was a permanent fixture in the bloody game around the throne. Henry spent more time with Somer than he did with his chief advisers, Cardinal Wolsey and Thomas Cromwell, or with his wives. Somer appears in four of Henry's royal portraits. In one, he loiters in an archway in black, frowning like Hamlet. In another, a love-struck Henry plays the harp in the manner of King David. Somer contorts his face. Is he helplessly moved or trying to lighten the mood?

We know little about Somer before 1535, when his name first appeared in the court records. He may have been born in Shropshire. He possibly entered royal service via the household of a man named Richard Farmor, who later became a Catholic dissident. Somer gave his public what it wanted, lots of afflatus and physical violence, but his specialty was wordplay. He fell asleep a lot, sometimes among the king's spaniels, and was remembered as a "poor man's friend." He may have been throttled by the king for joking about Anne Boleyn.

Everyone's a critic. One story has Somer repeatedly pretending not to know his own uncle. This reminds Mr. Andersson of the scene in "The Merchant of Venice" where the fool servant, Lancelot Gobbo, is visited by his blind father. Another episode has Somer throwing a bowl of milk at a rival's head; one of the gravediggers in "Hamlet" recalls Yorick doing something similar with "a flagon of Rhenish." Somer also foxes the king by asking what "runs terribly roaring through the world till it dyes" though it is born "without life, head, nose, lip or eye?" "Why," says Somer to his baffled monarch, "it is a fart."

Henry VIII's jester was a constant fixture in the game around the throne—and embodied the Renaissance style of courtly politics.

Perhaps you had to be there. Somer was there for decades, from Henry VIII to the boy-king Edward VI to the notably humorless Mary I. England switched from Protestant to Catholic and back before the state stabilized and the court lightened up under Elizabeth I, who liked a joke so long as it was clean. Somer kept his head when so many others lost theirs, though what was going on in it is a matter of speculation. His habit was a denial of responsibility. "I have oftentimes heard my fellow Will Somer (God keep him warm, wheresoever he be!) say, that he would abide by no saying of his," the diplomat Nicholas Wotton wrote in 1554 during the fraught negotiations for Mary I's marriage to the Catholic king of Spain. "Forasmuch as it is ever good to learn of a wise man, I intend therefore, in this matter, to learn a lesson of him."

Mr. Andersson points to the actor Robert Armin, who helped create the Shakespearean fool figure as King Lear's sidekick and in other roles. Armin published a slim volume in 1600 that summarized research he had done into the type. He identified six kinds of fool: flat, fat, lean, clean, merry and "a very fool." Armin thought Somer a "merry" fool; other than a stutter, there is little evidence that Somer was a "natural" fool after the Spanish taste.

The medieval court fool could be considered a Christian allegory of vice and hence was beaten up by the courtiers to establish their virtue. The clowns of the secular stage, stars such as Elizabeth I's favorite, Dick Tarleton, were dancers and hams and hence beloved by the public. Somer represented both traditions and neither. A mirror to the king, he sometimes seems like the dwarves at the Spanish court, whose eyes, in Velázquez's portraits, reflect the cruelty of the world.

Somer, Mr. Andersson stresses, represented the Renaissance style of courtly politics, with its emphasis on rhetoric and what Baldassare Castiglione's handbook "The Courtier" (1528) called "dissimulation." If not a "natural" fool, Somer was certainly as "artificial" as the court he served—one in which the truth and the nature of the sacraments could change on a royal whim. Somer's method was that of Machiavelli, not Mel Brooks.

If, as Freud thought, humor is the acceptable face of aggression, then Somer was a master of the revels. When Henry needed money, Somer quipped that the king had too many "frauditors," "conveyors" and "deceivers." Everyone knew that the fool meant auditors, surveyors and receivers. No one knew what he was thinking.

Mr. Green is a Journal contributor and a fellow of the Royal Historical Society.

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Simchat Torah and the Jewish Love of Life

HOUSES OF WORSHIP
By Meir Soloveichik

Fifty years after the Yom Kippur War, Israelis face an attack launched on another holiday—Simchat Torah, which brings the festival season to a close. As in 1973, Israel's enemies took advantage of Israeli soldiers celebrating with their families at home. As in 1973, the war shattered a feeling of complacency in the Jewish state—five decades ago because of the stunning success of the Six Day War; today because of the nation's remarkable missile-defense system, the Iron Dome.

Amid the striking similarities, there is an important difference. In 1973, Egyptian President Anwar Sadat launched his war to strengthen his negotiating hand as he pursued an elaborate geopolitical strategy that entailed an alliance with the U.S., detachment from the Soviets, and eventually peace with Israel.

Hamas seeks the death of every Jew, a goal stated explicitly in its charter, which asserts as a religious obligation: "The Day of Judgment will not come about until Muslims fight the Jews . . . when the Jew will hide behind stones and trees. The stones and trees will say, 'Oh Muslims, Oh Abdulla, there is a Jew behind me, come and kill him.'" That sentiment drove Hamas's ter-

rorists as they hunted down, tortured and murdered soldiers and civilians, elderly and children.

The juxtaposition of Jewish celebration and war underlines the conflict's civilizational import. Simchat Torah, the "Joy of the Law," marks the year's completion of the Torah, the five books of Moses, which is read aloud weekly in synagogue. Near the end of Deuteronomy, in a passage read late in the cycle, is one of Moses' last exhortations: "Therefore choose life, so that thou and thy children may live."

The verse captures Jewish history, including the story of modern Israel. Among the horrific images of massacres and abductions, I was struck by a video of an Israeli reservist, called up to army service, watching via Zoom the circumcision of his 8-day-old son. He pronounced the traditional liturgy over his phone, concluding with one of the most poignant blessings in Jewish life: "Blessed art thou, Lord our God, . . . who has kept us alive, allowed us to endure, and allowed us to reach this moment."

The video epitomizes what is at stake. Israel's culture cherishes life, while Hamas and its allies worship death. Years ago Hezbollah's Secretary-General Hassan Nasrallah proclaimed: "We have discovered how to hit the Jews where they are the most vul-

nerable. The Jews love life, so that is what we shall take away from them. We are going to win, because they love life and we love death." Hamas official Ali Baraka sounded this same note this week, adding: "We consider our dead to be martyrs. The thing any Palestinian desires the most is to be martyred for the sake of Allah, defending his land."

Hamas started its war on the holiday that commemorates the 'Joy of the Law.'

Jews do love life, especially because of the fragility of our history. We celebrate on Simchat Torah the completion of the Torah and the opportunity to begin it again, seeing in the continuing cycle a symbol of our people's eternity. The Jew, Tolstoy reflected, "has brought down from heaven the everlasting fire and has illuminated with it the entire world. . . . He whom neither slaughter nor torture of thousands of years could destroy, he whom neither sword nor inquisition was able to wipe off the face of the earth, . . . he who has been for so long the guardian of prophecy, and who transmitted it to the rest of the world—such a nation cannot be destroyed. The Jew

is as everlasting as is eternity itself."

Anti-Semites, from those murdering children on the streets of Israel to those celebrating Hamas on the streets of New York, are driven by jealousy and hatred of a people that doesn't die. They are convinced they will finally succeed in destroying the Jews.

They will fail, thanks to the fortitude of the Jewish state and the providential nature of Jewish history.

For many years after Yom Kippur in 1973, Jews in Israel marking Judaism's holiest day remembered where they were when the siren sounded, the reserves were called up, and loved ones bid goodbye to soldiers, some of whom they never saw again. Countless Jews will now mark every year the completion of the Law of Moses and remember the Simchat Torah of 2023. The celebration will be rendered more profound in the knowledge that the story of the Jewish people continues, that its enemies have failed again, that the cycle of the Torah will begin once more, and that there will be many Jewish babies' births celebrated in the year to come.

Rabbi Soloveichik is director of the Straus Center for Torah and Western Thought at Yeshiva University and rabbi of Congregation Shearith Israel in New York.

Climate Change and 'Poor' South Korea

By David Barker

Climate change hurts the economy, according to a celebrated 2012 paper by economists Melissa Dell, Benjamin Jones and Benjamin Olken. That paper is in the top 1% of all academic economics publications by citation count, and it has received glowing coverage in the media. The authors teach at Harvard, Northwestern and the Massachusetts Institute of Technology, respectively, and have received some of the highest awards in the profession. I took a closer look at their study, and it doesn't hold up.

The study claims that higher temperatures suppress economic growth in poor countries. The claim falls apart when you look at their definitions. The authors study the period 1961-2003 and assign each country a binary designation as "poor" or "rich" based on whether their per capita gross domestic product was below or above the median for countries in 1960.

But some countries faced drastic changes in fortune at the time.

South Korea is "poor," according to the authors. In reality, it was very poor in the early 1960s and then became

very wealthy. When I simply reclassified South Korea as poor from 1961-76 and rich from 1977-2003, the study's results nearly disappeared. When I allowed classifications of all countries to change when they moved either above or below median GDP per capita, the results disappeared completely. Any study with results that collapse after such a simple specification change shouldn't be published in a peer-reviewed academic journal.

A study claims heat suppresses economic growth. It falls apart under scrutiny.

I also found that unusual economic circumstances greatly influenced countries' results. Per capita GDP in Rwanda dropped by 63% in 1994, the year of the genocide. That year happened to be warmer than average, tricking the model into showing that high temperatures cause GDP to fall. Dropping 16 unusual country/year observations out of 4,924 eliminated the main effect the study reported. Other seemingly arbitrary aspects of their technique, when

changed, weakened or eliminated their results.

I extended their data from 2003 to 2017 and added additional countries to the sample. I found again that correctly classifying countries as poor or rich eliminated their results. Going back to their original data source, I discovered that monthly temperatures are available, although they used only annual temperature data. If high temperatures really reduce GDP growth, it seems likely that this effect would be greatest in the warmest months of the year. I found no evidence to support that hypothesis in the original or the extended data. I also used a completely different set of data on GDP by country and found no effect of temperature on growth.

Climate activists need evidence that high temperatures reduce economic growth to advance their policies. Responsible economists have found that high temperatures have only small effects on the level of GDP. If temperatures rise as the Intergovernmental Panel on Climate Change expects—assuming no CO2 mitigation at all—then according to responsible economists, global GDP in 2100 will be about 2.6% lower than if there was no temperature increase. With normal economic

growth, GDP per capita in 2100 will be five times today's level. A 2.6% reduction in GDP in 2100 would mean GDP growth of 4.9 times instead of 5—hardly a catastrophe. But if researchers claim to show that higher temperatures will affect the rate of GDP growth, then the effects of heat by the year 2100 could be significant. That is why pro-climate researchers are so desperate to find an effect of temperature on growth.

Econ Journal Watch, which published my debunking, contacted the authors and gave them an opportunity to respond to my work. They declined. It is astonishing that eminent economists, in universities with vast resources available to marshal evidence, chose to ignore my critique. But the mainstream media will ignore anything that reveals the weaknesses of climate research, and academic journals will continue to publish shoddy research that confirms the dogma of climate hysteria.

Mr. Barker runs a real-estate and finance company. He has taught economics and finance at the University of Chicago and the University of Iowa and worked as an economist at the Federal Reserve Bank of New York.

OPINION

REVIEW & OUTLOOK

The False Choice Between Ukraine and Israel

Americans are uneasy as war returns to another part of the world, and Washington is slow to confront the growing danger. Priority No. 1 is an all-out national effort to expand U.S. weapons production, with a focus and urgency akin to the 1940s arsenal of democracy.

Helping Kyiv won't rob weapons to fight Hamas or Hezbollah.

President Biden hinted Tuesday that he may ask Congress for appropriations for Israel, Ukraine and Taiwan. That makes military and political sense. The U.S. is confronting an authoritarian axis that is increasingly working together.

Iran, the ventriloquist for Hamas, is helping Vladimir Putin as he tries to subjugate Ukraine. Tehran is pouring drones into Russia's war, and the Biden Administration has warned of deepening cooperation, including a new weapons plant in Russia. The two are allies in Syria. Mr. Putin is also dining out on his "no limits" partnership with the Chinese Communist Party. The axis wants to set the rules of the world and topple the relative global stability the U.S. has enforced since World War II.

Yet some in Congress want to separate Israel from Ukraine and force a false choice. "Israel is facing existential threat. Any funding for Ukraine should be redirected to Israel immediately," GOP Missouri Sen. Josh Hawley tweeted this week. The Heritage Foundation is encouraging lawmakers to "resist attempts to link emergency military support for Israel with additional funding for Ukraine."

The implication is that the U.S. can't supply both at once. But the two conflicts are different enough that the U.S. has weapons that can help Ukraine and Israel. The Ukrainians are trying to break through entrenched defenses of concrete and mines, a different job than destroying Hamas in Gaza.

The Israelis spend about 4.5% of their economy on a sophisticated military and have worked closely with the U.S. for decades. The urgent request is interceptors for Israel's Iron Dome missile defense, which Ukraine doesn't use and Washington has started supplying. The U.S. Army has two Iron Dome batteries and the associated interceptors, which are less relevant to the advanced missile threat U.S. forces would face in a fight. They can be sent to Israel.

Ukraine's critics suggest the U.S. will struggle to supply both countries with 155mm artillery. But the U.S. is already ramping up 155mm

production and Israel won't be consuming the enormous quantities of unguided shells needed in Ukraine.

The urban fighting in Gaza will require precision bombs to reduce civilian casualties. That calls for the small diameter bomb that is air-delivered. SDB stocks are plentiful and some have already been sent

to Israel.

Israel may also need more JDAM kits, which offer directions to unguided bombs from the air. Ukraine has received an undisclosed number of JDAMs, but the numbers are surely low: The Ukrainian air force is old and small and has been boxed in by Russian air defenses. The U.S. produced roughly 30,000 JDAM units in 2019, the Foundation for Defense of Democracies notes. The Congressional Research Service says the kits have been exported to 26 countries. There are enough to share.

Wars turn in unpredictable ways, and it's true that the demand for weapons could stress the U.S. if Israel ends up in a larger regional war. Some weapons rely on common components like explosives or motors.

That's why the U.S. needs a generational effort to produce more ammo and expand its arsenal. The U.S. and its allies need everything from artillery to Patriot missile-defense interceptors to long-range weapons like the Naval Strike Missile for multiple theaters. Thousands of long-range antiship missiles are needed to deter China from striking Taiwan, no matter events in Gaza or Ukraine.

Choosing between Ukraine and Israel would be a strategic mistake. Blocking Russia's attempt to reconstitute its empire in Europe and defending America's main ally in the Middle East are both in the U.S. national interest.

Republicans are right to be frustrated with Mr. Biden's policy in Ukraine, but Kyiv's detractors in Congress are in a political bind on a combined aid package because they badly misjudged the world moment. They want a separate vote on aid to Ukraine and Israel so they don't offend the isolationist sentiment on the right that they have ginned up.

The fantasy that the U.S. can abandon Europe and the Middle East to focus on China imploded on Oct. 7. The threats to the U.S. and its allies are growing worldwide, and Congress has an obligation to rearm to meet them.

LETTERS TO THE EDITOR

Accounting, a Noble and Exciting Profession

I was dismayed to read about so many students basing their career choice on starting salary ("Why No One's Going Into Accounting," Page One, Oct. 7). Accountants typically start at lower salaries but quickly outpace their colleagues in other business disciplines. Furthermore, accounting has typically been a route for those who aspire to become a chief executive.

But there is more to an accounting career than salary. Accounting is a profession about helping people because most things in life involve money. It is a noble profession and far from boring.

Want to cure cancer, end child poverty or stop global warming? All of these endeavors are going to require accountants in the background to account for grants, calculate payroll and file tax returns. The cornerstone of the public accounting profession is trust. As you walk through life as a certified public accountant, you will find that you will be admired for your honesty, integrity and character and your advice will be sought after. Students need to consider that value when comparing starting salaries.

JOHN M. NONNEMACHER, CPA
Sugarloaf, Pa.

While increasing pay is certainly something most firms should consider, this is a one-dimensional answer to a three-dimensional problem.

Accounting has a perception problem. When most people think about accountants, they immediately picture number-crunchers preparing taxes in dusty, poorly lit offices. Today's accountants lead much more in-

teresting lives. They weigh in on environmental, social and governance issues, serve as outsourced controllers and conduct fraud investigations.

Accounting has a leadership problem. Too many firms are managed by people who think everyone needs to pay the same dues they did. Why? This generation has its own issues to overcome and more options than ever before. It is time to adjust and embrace a more flexible way of working that encourages and supports the new generation of CPAs.

Accounting has a diversity, equity and inclusion problem. Across the profession, approximately 55% of CPAs are women, yet only 23% of firm partners are women according to the most recent AICPA Firm Gender Survey. And the numbers are even more abysmal in terms of ethnic diversity. Representation is important. When young people looking for careers with future growth potential don't see it, they look elsewhere.

Some fantastic public accounting firms have addressed these issues. Do your research and find firms where you will be appreciated and given opportunities to grow and thrive.

BONNIE BUOL RUSZCZYK
Atlanta

As a practicing CPA looking for employees, I can attest to the personnel shortage in accounting. Two recommendations besides increasing pay: Scrap the 150-hour requirement and pay overtime or offer paid-time-off credit, which will provide an incentive for firms to plan the workload better, as we do in our firm.

ROB WALKER, CPA
Austin, Texas

Israel Faces Something Far Scarier Than 9/11

Gil Troy claims that "Israel Faces Its 9/11," but unlike that disaster, which, for all its carnage, was an isolated terrorist attack, Israel currently faces more than a medieval pogrom (op-ed, Oct. 9). It faces an actual invasion and ongoing war. The entire country is under siege. Israel faces the prospect of destruction in a way that 9/11 never threatened the U.S.

Yet for some Israel alone seems to bear any responsibility for the attack. Israel is responsible for its "occupation" and "oppression," for its

intelligence failure, even for the rise of Hamas—as if Palestinian Arabs have no agency. Hamas is spoken of as a natural disaster like a tornado, forest fire, locusts or a virus. It bears no responsibility for its own savagery.

Such a threat to our civilization cannot be reasoned or negotiated with; it must be eradicated. Those who brutalize and desecrate human beings have forfeited their rights.

STANLEY SPATZ
Hollywood, Fla.

Matt Gaetz Can't Even Stage a Coup Properly

The removal of Speaker Kevin McCarthy was a coup of sorts, albeit done administratively and mostly orderly ("Gaetz & Co: A Tale as Old as Time" by Kimberley Strassel, Poto-

Social Media Foments the Cancel Culture on Campus

In her review "Shut Up, They Said," Meghan Cox Gurdon writes about the free-speech epidemic on college campuses (Bookshelf, Oct. 9). But the problem may be exaggerated.

There is no doubt that strong emotions arise when questions of personal identity and politics are discussed. But when I was in college in the early 1980s, it really wasn't much different. The main thing that has changed is technology.

Most of the political controversy on today's campuses happens not in person but through social media. This makes it easier to express disagreement because no one is actually in front of you, and listening is subordinated to talking. Reaction replaces dialogue.

Today's college students might find much of their angst alleviated by simply turning their phones and laptops off and interacting in person. They may learn the fine arts of listening, perceiving and compromise.

MATTHEW G. ANDERSSON
Chicago

The 'Teflon President' Insult

Kevin Roberts, the Heritage Foundation's president, claims in a letter reverence for President Ronald Reagan (Oct. 10). But note that Mr. Roberts calls him "the Teflon president."

This reveals a gap in his knowledge. The term was used by the president's detractors. It wasn't a compliment.

JIM RULE
Venice, Calif.

CORRECTION

The Oct. 11 Upward Mobility column misspelled Rick Swartz's last name in some editions.

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.

Ben Sasse's Letter to Jewish Gators

In the face of Hamas's atrocities, some U.S. college administrators at first said little or issued equivocating mush, such as what Dartmouth College put out Tuesday in its "Statement on the Israel-Gaza War." A notable exception: University of Florida President Ben Sasse.

Here's what Mr. Sasse wrote Tuesday in an email addressed to "Jewish Gator Alumni," which deserves to be quoted at length:

"I will not tiptoe around this simple fact: What Hamas did is evil and there is no defense for terrorism. This shouldn't be hard. Sadly, too many people in elite academia have been so weakened by their moral confusion that, when they see videos of raped women, hear of a beheaded baby, or learn of a grandmother murdered in her home, the first reaction of some is to 'provide context' and try to blame the raped women, beheaded baby, or the murdered grandmother. In other grotesque cases, they express simple support for the terrorists.

"This thinking isn't just wrong, it's sickening. It's dehumanizing. It is beneath people called to educate our next generation of Americans. I am

thankful to say I haven't seen examples of that here at UF, either from our faculty or our student body. . . .

A model of moral clarity, compared with the mush from the Ivy League.

"In the coming days, it is possible that anti-Israel protests will come to UF's campus. I have told our police chief and administration that this university always has two foundational commitments: We will protect our students and we will protect speech. This is always true: Our Constitution protects the rights of people to make abject idiots of themselves. . . .

"When evil raises its head, as it has in recent days, it is up to men and women of conscience and courage to draw strength from truth and commit ourselves to the work of building something better—to the work of pursuing justice and pursuing peace. That is what we aim to do through education, compassion, and truth here at the University of Florida."

What a statement. Somebody should tell this guy to run for public office. Now that the Ives have been criticized for their initial equivocations, they should look to Florida for how to condemn mass murder, amazing as it remains that they apparently need a model.

Donald Trump's Israeli War Insight

The front-runner for the GOP presidential nomination for some reason used the words "smart" and "Hezbollah" in the same sentence on Wednesday night. Whatever Donald Trump meant to convey, Republicans might look at the sparks going up around the world as they decide whether to sign up for four more years of this strategic insight.

"Two nights ago I read all of Biden's security people, can you imagine, national defense people," Mr. Trump said Wednesday night in West Palm Beach. "And they said 'Gee, I hope Hezbollah doesn't attack from the north. Because that's the most vulnerable spot.' And I said, wait a minute, you know Hezbollah is very smart. They're all very smart. The press doesn't like when they say, you know. I said that President Xi of China, 1.4 billion people, he controls it with an iron fist. I said he's a very smart man. They killed me the next day. I said he was smart. What am I gonna say?"

We'll leave it to Trump partisans to explain that soliloquy, and the speech included some hardy perennials about rigged elections and this one about Vladimir Putin: "I got along with him very good. You know, I actually got along with the tough guys the best."

Perhaps Mr. Trump's most revealing comments were about Prime Minister Benjamin Netanyahu, an ally he is supposed to be friendly with. In his rambling, Mr. Trump brought up that the Israeli leader declined to participate in the 2020 U.S. operation to kill Iranian general Qasem Soleimani. "I'll never

forget that Bibi Netanyahu let us down."

Mr. Netanyahu is the political leader of America's closest friend in the Middle East, which is staring down the worst security crisis in 50 years. At least 27 Americans are dead and more are missing. But Mr. Trump can't separate this from his personal grievances.

He's also mad because Mr. Netanyahu publicly acknowledged that President Biden won the 2020 election, as if a foreign leader could say anything else. "He was very early—like earlier than most. I haven't spoken to him since. F— him," he told a writer for Axios.

For once Mr. Trump's competition for the GOP presidential nomination is criticizing him. It's "absurd that anyone, much less someone running for President, would choose now to attack our friend and ally, Israel," Florida Governor Ron DeSantis said in a post on Twitter. Vice President Mike Pence also hit Mr. Trump's comments.

Mr. Trump has an impressive record of support for Israel that he could stick to touting. This includes moving the U.S. Embassy to Jerusalem, after other Presidents promised but failed to deliver. And there are the Abraham Accords between Israel and Arab states that Mr. Biden has supported and has been trying to extend to Saudi Arabia.

But Mr. Trump can't help himself from making everything about himself. That's the same way he handled the Covid crisis, and it's what voters would get in a second Trump term in a much more dangerous world.

He attacks Netanyahu in a crisis because of old personal grudges.

One Big Catastrophe a Year

Regarding Gerard Baker's "The New World Disorder and Hamas's Barbaric Attack on Israel" (Free Expression, Oct. 10): With Afghanistan in 2021, Ukraine in 2022, and now Israel in 2023, the Biden administration has had one big international crisis per year on its watch so far.

If China seizes this moment and attacks Taiwan, we could have simultaneous wars in three regions, with each war involving at least one party with nuclear weapons. The relative global stability under the previous administration seems like a distant memory.

DANA R. HERMANSON
Marietta, Ga.

Pepper ... And Salt

THE WALL STREET JOURNAL



"It's taken almost a year, but I think I've missed virtual cutthroat."

OPINION

A Middle East Wake-Up Call

Don't Go Wobbly On Peace



GLOBAL VIEW
By Walter Russell Mead

Almost a week after Hamas fanatics bent on murder slipped across the borders of Gaza, the world is still struggling to process the shock. It will be months or perhaps years before the full consequences of this attack can finally be assessed, and we do not know if the war in Gaza will spread across the Middle East and possibly beyond.

But three consequences of the attack can already be discerned. First, Prime Minister Benjamin Netanyahu has been seriously and maybe irrevocably wounded. Mr. Netanyahu has argued that he was the indispensable man who alone had the stature and vision to guide a small nation in a rough world—even if the price of his continued leadership involved bringing an unruly and chaotic coalition to power and a year of all-consuming domestic political strife. That seems harder to justify now.

Hamas's atrocities make complacency much harder to sustain. But will we face up to the Iranian threat?

Similarly, the belief among some on the Israeli right that Israel was strong enough and the Palestinians were isolated enough so that expanding settlements on the West Bank entailed no real risks or costs has been exposed as a dangerous delusion. The decision to plunge Israel into a year of turmoil over judicial-reform proposals also looks more questionable in light of the Hamas attacks.

Israel needs a sober government. Too many of the parties in the current coalition are too poorly led, impulsive and prone to wishful thinking to provide the leadership an embattled nation needs. Wednesday's announcement of a wartime



The Israeli flag projected on the wall of Jerusalem's Old City on Oct. 10.

freeze on controversial legislation and a unity government with an experienced war cabinet will help Israel focus on the tasks at hand, but a serious political reckoning lies ahead.

Second, while the Israeli right has lost ground, the cause of the Palestinians has suffered even more. After these attacks, the two-state solution is sick, and the one-state solution is dead.

The time may come when the establishment of an independent Palestinian state returns to the agenda, but I see no prospect that any Israeli government of any party would embrace this cause now. The danger that Hamas-linked genocidaires would take over is too real to make the idea acceptable to Israelis. Israeli politicians must make the survival of Israel the supreme goal of their policies. Thanks to Hamas, the goal of Palestinian independence is further off than ever.

The idea of combining the two peoples into a single state is even more absurd. No sane person can imagine that Israelis would accept millions (or even tens of thousands) of Hamas supporters as fellow citizens of a common state. No serious person would ask them to.

Third, the ability of the Muslim Brotherhood (of which Hamas is a member) to advance democracy in the Arab world has sustained a staggering, perhaps fatal blow. Until the

brotherhood unambiguously repudiates Hamas, its credibility as a stabilizing democratic force will collapse. Western governments and nongovernmental organizations will have to review their links with Hamas-supporting groups, and Western pressure for democratization in the Arab world will weaken even further.

If some things have become clear in the wake of the attacks, important questions remain. The most immediate and urgent concern the possible spread of the war and the role of Iran. The Iranian proxy Hezbollah has launched rockets into Israel and, with an arsenal of more than 100,000 rockets and missiles at its disposal, could significantly widen the conflict. The Iranian regime has poured money into Hamas and provided technical training, weapons and political cover without which attacks on this scale couldn't have happened.

Washington's first priority, correctly, has been to reduce the chance of escalation by moving forces into the region and warning Iran and Hezbollah to keep their distance. "Don't," was President Biden's advice for any country or armed group thinking of attacking Israel during this crisis.

For Israel, the priority is to deal directly with Hamas. But soon both Washington and Jerusalem must develop a response to Iran's undoubted role as funder and sponsor of these

attacks. Lawyerly quibbles about the exact details of Iran's involvement can't obscure the reality that its role was sufficient to demand a response. If the U.S. and Israel are, in effect, deterred by their fears of Iranian retaliation from inflicting this price, Iran has achieved its long-sought hegemonic position in the Middle East even without the nuclear weapons it will soon possess. It can attack Israel without being punished. It will do so again. Israel and the U.S. must either act or accept this new reality.

The Biden administration has a historic choice to make. Strategic passivity in the face of Iran's relentless and remorseless rise to regional power was the central plank of President Obama's Middle East policy and has largely guided policy in the Biden years. The Biden administration hoped that U.S. security guarantees to Israel and Saudi Arabia could maintain a regional balance in the face of growing Iranian power. The Hamas attacks were intended to frustrate this initiative. Iran is determined to destroy the Jewish state and to banish American power from a region that remains vital to the peace and prosperity of the world. Mr. Biden must decide whether he will stand his ground or cede regional leadership to a hostile Iran.

Finally, there is the question of whether American and Western opinion will awaken to the new state of the world. In a horrible way, the descent of death-dealing paragliders into a peaceful music festival in Israel is an apt symbol of our times. The post-Cold War trance of the West, reaping peace dividends, celebrating flower power, and generally living as if utopia had already arrived, has left us mentally and morally disarmed. The revisionist powers that recognize no moral limits on their power as they seek to overturn the existing world system in an ocean of blood are descending onto our festival of folly like the hellbound paragliders of Hamas. We cannot and should not respond with irrational panic and random outbursts of violence. We must soberly and deliberately address a mortal danger to everything we hold dear—and we must at long last wake up.

Hamas's Violence Is Another European Policy Failure



POLITICAL ECONOMICS
By Joseph C. Sternberg

If the European Union were a single country it would be the world's third-most-populous nation—behind India and China—and boast the second-largest economy, behind the U.S. The bloc has evolved a central administrative apparatus that is leading to ever greater political integration and that increasingly attempts to exert its influence on the rest of the world.

The question about all this following Hamas's invasion of Israel: So what?

The terrorist war launched last weekend from Gaza has shocked Europe in much the same way that Vladimir Putin's invasion of Ukraine did 19 months ago. Gone—at least for now—is the moral and intellectual torpor that has afflicted Europe's Middle East strategy for decades. Dawning—again, at least for now—is the realization that one side in Israel's long-running struggle for security is barbaric, and it isn't Israel.

As happened to an extent following the Ukraine war, the shock will deepen as Europeans continue to absorb the horrific images currently filling their television screens and ask what they should do next. That's because this disaster, like last year's, is in part an indictment of Europe's fundamental way of thinking about itself and its role in the world.

EU foreign policy always has been about the economy. Today's EU was born in the 1950s as a six-country coal-and-steel bloc intended to use economic integration to secure peace in Western Europe. As the European project expanded—pacifying and enriching the Continent—a new aspiration developed to leverage the bloc's economic heft into global influence without the need for costly

and exhausting military force. This dream has collapsed in spectacular fashion over the past 19 months under the weight of three challenges.

The Russian invasion of Ukraine was the start. Europe's hope, dating to West Germany's Ostpolitik in the 1970s, had been that the carrot of access to a large, prosperous economic bloc could tame its aggressive eastern

The EU hoped to influence the world via economic clout. It didn't work with China and Russia either.

neighbor. This helps explain Europe's willing pre-2022 energy dependence on Russia. As preposterous as it sounds in retrospect (and did to sensible people at the time), many European leaders convinced themselves that this was a sign of strength: So great would be Russia's economic benefit from selling energy to Europe that the Kremlin would never step too far out of line. Oops.

The collapse of that plan has opened European eyes to the second great failure of their old way of relating to the world—China. Here was meant to be an even more muscular version of what the Germans called Wandel durch Handel, or "change through trade." Trade and European investment into China would hasten the country's transformation into a more democratic market economy.

This hope was shared by the U.S. and others when China was allowed to join the World Trade Organization in 2001, and it seemed to work for a while. But the West now faces an antagonistic leader in Beijing, Xi Jinping, who cares less about the economy and more about expanding China's hard power. Though economic influence might not work, the

U.S. maintains a Navy capable of projecting power in Asia. What does Europe have?

Hamas's invasion of Israel represents a different sort of European failure. Across the Middle East, Europe's strategy generally has been to marshal its domestic resources to buy influence abroad via generous aid. The EU describes itself as the "most important donor for the Palestinian people," shoveling money into the Palestinian Authority directly and also via the United Nations refugee agency that is particularly active in Gaza.

It has been obvious for some time that an embrace of European values wasn't following this money, and Brussels announced Monday it is reviewing whether to cut off some or all of this aid. Yet it isn't clear what other mechanisms the EU might have to exert itself in a region where many of the risks—such as the possibility of new migration flows or a nuclear

Iran—pose direct threats to Europe.

The precise reasons for these foreign-policy disasters are many and varied. A common thread is Europe's failure to admit that other parts of the world weren't as ideologically exhausted as it was. The Continent's reliance on economic leverage leaves it ill-equipped to deal with counterparts for whom prosperity is secondary to some other goal—the reconstitution of a Russian empire, the preservation of the Chinese Communist Party, the destruction of the Jews.

Europe's failures in Russia and China have triggered painful, albeit so far only partial, political recalibrations over the past year and a half. One result is a reinvigoration of the North Atlantic Treaty Organization as Europe discovered that military muscle still matters. A sign that Europe is really learning will be if a similar debate breaks out over Middle East policy now.

Beyond the Instagram War

By Emma Osman

'Never Again Is Now.' "Now and Always, We Stand With the People of Israel." "Am Yisrael Chai." So reads my Instagram feed since Hamas's brutal attacks on Israeli citizens Saturday.

With these social-media posts, friends who belong to my temple, classmates who attended my bat mitzvah, family members with whom I observe the High Holidays all declare their solidarity with the state of Israel.

But as I keep scrolling and exit my personal bubble, I see a wider world on Instagram. Some posts express support for the Jewish people and the state of Israel. Others attempt to furnish some kind of "context." A college acquaintance uses a graphic to illustrate that "this has been the deadliest year in decades for Palestinians under the Occupation." A Manhattan restaurateur reminds his followers of their "Responsibility to Listen to the Other Side." After a furor, he apologized, deleted the post and wrote: "All I want is peace in the Middle East." Another person posts differing opinions within hours, swayed by the comments on her feed. As I move further from my echo chamber, I see members of Hamas depicted as heroes fulfilling their duty rather than as terrorists descending on a music festival to brutalize and murder young people.

Members of my generation—I'm 24—grew up with social media and are accustomed to learning through

these platforms. Many young people turn solely to social media for their daily news and information. As news outlets and our government become more divided, so have social-media platforms.

Now, we are watching a war unfold on Instagram. We are seeing women raped and children slaughtered right on our feeds. And yet we are coming away with drastically different understandings.

As the platforms' algorithms reinforce our views and mute opposing ideas, we risk losing sight of reality. Our feeds foster an environment in which the NYU Law Student Bar Association's president posted that "the full responsibility for this tremendous loss of life" rests on the Israeli government. Thirty Harvard student groups "hold the Israeli regime entirely responsible for all unfolding violence." All while the leaders of many top universities fail to make public statements.

A moment of 9/11-like moral clarity has been transformed into a series of political statements scrolling on phone screens.

As the war grinds on in Israel and Gaza, many who post on social media will forget their brief stints of activism. But my generation in Israel and those who support it will keep fighting for what some of those Instagram posters claim to care about: freedom, liberty and democracy. It's time to look up from our screens.

Ms. Osman is an assistant social media editor for the Journal editorial page.

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Mr. Koteich hosts "Tonight with Nadim" on Sky News Arabia.

LEGEND OF DIAMONDS

BY VAN CLEEF & ARPELS

WHITE DIAMOND
VARIATIONS



Van Cleef & Arpels

Haute Joaillerie, place Vendôme since 1906



BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Studios Halt Talks With Actors

Coalition says negotiations are no longer moving in a productive direction

By JOE FLINT

Negotiations between Hollywood studios, streamers and striking actors stalled after less than two weeks, damping hopes that the industry could soon return to work.

The coalition representing entertainment-industry companies including **Netflix, Disney, Warner Bros. Discovery, Comcast's NBCUniversal, Amazon** and others said a new proposal from the Screen Actors Guild submitted Wednesday "would create an untenable economic burden." The gap between the two sides is too wide, the Alliance of Motion Picture and Television Producers said.

The suspension of talks is a

setback for an industry that has largely been on ice since May, when the Writers Guild of America went on strike. Many executives, creators and talent hoped the new deal forged between writers and studios at the end of September would lead to a speedy resolution of the actors' strike.

If an accord with the actors isn't reached by the end of October, it will likely end studios' chances of salvaging

a 2023-24 television season and wreak havoc on movie and TV production and release schedules for the foreseeable future.

Studios cited a viewership bonus that SAG is seeking as one reason talks broke down. The coalition of studios, streamers and networks said the actors union proposal would cost more than \$800 million annually, "an untenable economic burden."

Fighting over that demand

consumed the bulk of the five days of negotiations, the alliance said, with little progress made on other key issues such as the use of artificial intelligence and new royalty rates.

"Conversations are no longer moving us in a productive direction," the AMPTP said.

In a letter to members, SAG accused the studio coalition of using "bully tactics" and refusing to share "a tiny portion" of the revenue actors

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EU Orders Illumina To Unwind Acquisition Of Grail

By KIM MACKRAEL AND PETER LOFTUS

BRUSSELS—**Illumina** must unwind its \$7.1 billion acquisition of cancer-test developer Grail, the European Union's competition watchdog said.

The European Commission, which oversees antitrust regulation for the bloc, said Thursday that Illumina would have to submit a concrete plan for divesting itself of Grail. The bloc prohibited the deal last year over concerns that it would stifle innovation and hurt consumer choice in the emerging market for early cancer-detection blood tests.

Illumina, which makes gene-sequencing products, completed the transaction in 2021 despite antitrust concerns.

The commission said Thursday that Illumina must return Grail to the same level of independence the company had before the acquisition and that Grail would have to be as competitive after the divestment as it was before the deal closed.

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CNGR is one of the three largest battery-materials suppliers in China, with GEM and Huayou Cobalt. A CNGR battery workshop.

China EV Suppliers Look to Bypass U.S. Curbs

By RACHEL LIANG AND LIZA LIN

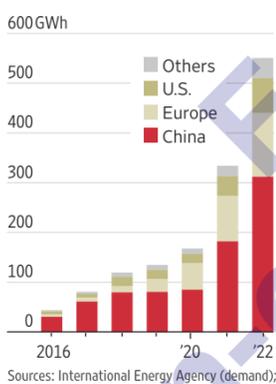
SINGAPORE—Chinese battery companies critical to electric vehicles are pursuing deals with U.S. free-trade partners South Korea and Morocco, seeking to tap growing demand in America and bypass rules aimed at shutting them out of the market.

Chinese businesses that supply raw materials to make EV batteries have announced at least nine joint ventures and investments worth more than \$4.5 billion in South Korea this year, according to a Wall Street Journal review of stock-exchange filings.

At least four Chinese firms said they plan to build plants in Morocco producing battery-related products. Morocco sits on over 70% of the world's known phosphate reserve, a raw material key to EV batteries.

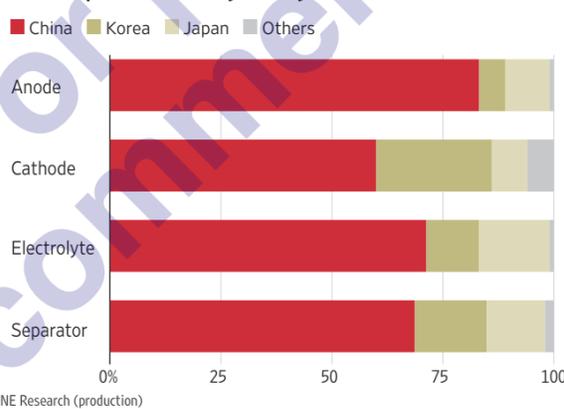
By working out of the two countries, the Chinese suppliers hope to supply car and bat-

Global EV battery demand by region



Sources: International Energy Agency (demand); SNE Research (production)

Share of production of key battery materials in 2022



tery makers eligible for incentives doled out by the \$430 billion Inflation Reduction Act, which rewards businesses that source materials domestically or from free-trade partners.

Over the next two years, the new law shuts out battery content and critical materials from "foreign entities of concern," a

provision industry experts say is targeted at minimizing China's involvement in America's EV supply chain.

Analysts say Chinese suppliers hope such joint ventures will allow customers to continue sourcing from them and still access incentives, which offsets more than one-tenth

the cost of an average EV.

"The Chinese don't have much choice," said Johan Bracht, a McKinsey analyst.

An executive at Shenzhen, China-based **GEM Co.** said its partnership with a South Korean firm would help the raw-material refiner meet IRA conditions and help the firm tap

demand for EVs globally.

"We won't give up on the U.S. market," said Pan Hua, deputy general manager at GEM. "The U.S. can't completely shut out Chinese suppliers from its market either, as much of the upstream supply chain is concentrated in China."

GEM said in March that it would collectively invest as much as \$900 million with South Korean companies **SK On** and **EcoPro Materials** to build a precursor plant in South Korea by the end of 2024.

SK On, an EV battery maker whose partners include **Ford** and **Hyundai**, has two factories in the U.S. and plans to build three more.

South Korea EV suppliers benefit from partnering with Chinese firms to access key materials and expertise in processing, industry experts say.

Other Chinese suppliers mention in public statements

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By JENNIFER MALONEY

U.S. health officials on Thursday banned the sale of Vuse Alto menthol e-cigarettes, which have surpassed Juul as the top-selling vaping products in the country amid a regulatory crackdown on the industry.

Vuse's sleek vape pens, which are sold at gas stations, convenience stores and other retailers, have become increasingly popular among children and teenagers. Vuse Alto has been on the market for several years and is sold by Reynolds American, the maker of Camel and Newport cigarettes.

The Food and Drug Administration said Reynolds failed to demonstrate that the products presented enough of a public-health benefit to adult cigarette smokers to outweigh the known risk to youth.

The order came following the FDA's review of Reynolds'

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OpenAI CEO Doubles Down on Fission Firm

By ELIOT BROWN

For nearly two years, a blank-check company run by Silicon Valley heavyweight Sam Altman had sought a startup to merge with and take public.

This summer it revealed a match: a nuclear-fission startup chaired and partly owned by Altman that is years away from generating revenue. The deal came at Altman's suggestion, recent filings show.

The planned tie-up between special-purpose acquisition company **AltC Acquisition** and aspiring nuclear-reactor maker **Oklo** is set to work out well for Altman. The chief executive of ChatGPT's parent company, OpenAI, and the former president of venture-capital firm Y Combinator, Altman stands to have a more than 7% stake in the combined company, merger documents filed late last month show. The deal values the company at up to

\$1.4 billion.

His stake includes about 6.7 million restricted shares from AltC, which could have been worthless if it hadn't found a merger target by this month, and more than 3.4 million shares from his existing holding in Oklo. Based on AltC's \$10-a-share price in its initial listing, the deal values Altman's existing Oklo stake at more than 30 times the price he paid in an earlier funding round.

A deal involving two companies backed by the same investor need not be problematic, so long as ties are disclosed and companies followed their own policies on related-party transactions. But such deals tend to raise concerns about potential conflicts of interest, since two companies that effectively report to the same person are negotiating with each other.

Similar deals have cropped up repeatedly in the SPAC

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INSIDE



ENTERTAINMENT
AMC Chief Executive Adam Aron was targeted last year in a blackmail plot. **B2**



TECHNOLOGY
TikTok makes its case to block Montana's ban on the video-sharing platform. **B4**

Small-Business Aid Targeted In Diversity-Program Fight

By RUTH SIMON AND THEO FRANCIS

Legal activists seeking to roll back diversity programs have sued big companies such as **Comcast, Progressive** and **Starbucks** as well as the government. In reality, many of their lawsuits target programs that aid small businesses.

The Wall Street Journal has identified roughly a dozen lawsuits that take aim at programs providing financial support, business opportunities or other services to small businesses owned by entrepreneurs who are Black, Latino or otherwise considered disadvantaged.

Plaintiffs say that programs that limit participation to certain racial minorities or other groups are discriminatory, and that they are asking that the aid be open to everyone. Much of the litigation is still in its early stages, but the challenges, or threat of them, are beginning to reshape corporate and



Gregory Leon's restaurant was approved for a \$285,000 grant it never received after the program's money ran out.

government assistance aimed at specific groups of entrepreneurs.

"The fact that all these lawsuits are going on is creating a shock wave," said Gary Cunningham, a consultant on entrepreneurship and supplier diversity. To defend these programs against legal action,

some groups behind them are changing them in ways that will shift aid away from the intended recipients, Cunningham said. "They are retrenching."

Progressive, the insurance company, partners with a financial-technology company called **Hello Alice** to provide

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EU Orders Illumina Divestiture

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If Illumina fails to comply with the divestment order, the commission has the power to fine the company as much as 10% of its annual worldwide revenue.

Illumina said Thursday that it is currently reviewing the commission's divestment order.

Grail said the commission's decision recognizes its role in cancer detection and the company has been held separate from Illumina while antitrust authorities have weighed its acquisition. During that time, Grail made progress on its multicancer detection test, the company said.

The European decision to block the deal came with a heavy cost for Illumina. The company's former chief executive, Francis deSouza, resigned

earlier this year following a bruising proxy battle with billionaire activist investor Carl Icahn, who had criticized the transaction.

U.S. antitrust enforcers also opposed the deal. The Federal Trade Commission in April reversed the ruling of an administrative-law judge and ordered Illumina to unwind the merger. Illumina has appealed.

San Diego-based Illumina makes gene-sequencing machines and the chemicals those machines use. It founded Grail, which sells a blood test designed for the early detection of cancer, and spun off a majority of the business in 2017, retaining a minority stake.

Illumina reached a deal in 2020 to buy the part of Grail that it didn't already own and later completed the acquisition despite objections from the FTC and a continuing investigation by the European regulator.

The commission later fined Illumina €432 million, equivalent to about \$459 million, for proceeding with the acquisition before the watchdog had decided whether to approve the deal.

FDA Bans Popular E-Cigarette

Continued from page B1

application to sell products in the U.S. The regulator is still weighing whether to allow Vuse Alto's less-popular tobacco flavors to remain on the market.

Reynolds' parent company, **British American Tobacco**, said it would seek a stay of the FDA's decision, adding that the move would deny cigarette smokers access to less-harmful products.

If a judge granted a temporary restraining order, consumers could continue to purchase the products while Reynolds pursued its court challenge.

"This decision flies in the face of proven science and is contrary to the FDA's stated goal of reducing the health effects of tobacco use," Kingsley Wheaton, BAT's chief strategy and growth officer, said.

E-cigarettes have been available in the U.S. since the 2000s, but the FDA didn't assert regulatory authority over the industry until 2016. In 2020, the agency began reviewing vaping products to determine which could stay on the market. The agency has since rejected applications covering millions of products, though many that don't have FDA authorization remain on store shelves.

Vuse Alto products represented about 40% of e-cigarette sales in U.S. retail stores in the 52 weeks ended Sept. 23, according to an analysis of Nielsen data by Goldman Sachs analyst Bonnie Herzog. Menthol is by far the brand's

most popular flavor, representing \$1.6 billion, or about 29%, of e-cigarette sales in U.S. stores in the past year, Herzog said. The data don't include vape shops or online sales.

Juul, once the market leader, is now the No. 2 U.S. vaping brand. Its tobacco and menthol flavors combined represented about 25% of U.S. e-cigarette sales in the past year in stores tracked by Nielsen.

Vuse Alto's tobacco flavors represented 9%, Herzog said.

People who use Vuse Alto's menthol-flavored versions are likely to switch to its tobacco-flavored versions, analysts and industry experts say. So the FDA's pending decision on the brand's tobacco flavors will be critical for Reynolds, said Jefferies analyst Owen Bennett.

The FDA also rejected Reynolds's application to bring Alto's mixed-berry flavor back onto the market. In an effort to curb underage vaping, the U.S. in 2020 halted sales of all sweet and fruity e-cigarette refill cartridges such as those made by Vuse.

Like other tobacco giants, BAT has been trying to pivot to e-cigarettes, nicotine

E-cigarette retail sales, past 52 weeks

ALL BRANDS: \$5.5 BILLION



Note: Data are for the 52-week period ended Sept. 23 and don't include vape shops or online sales. The 'other' category for Vuse refers to device sales. Source: Goldman Sachs analysis of Nielsen data

BUSINESS & FINANCE

Blackmail Plot Targeted AMC CEO

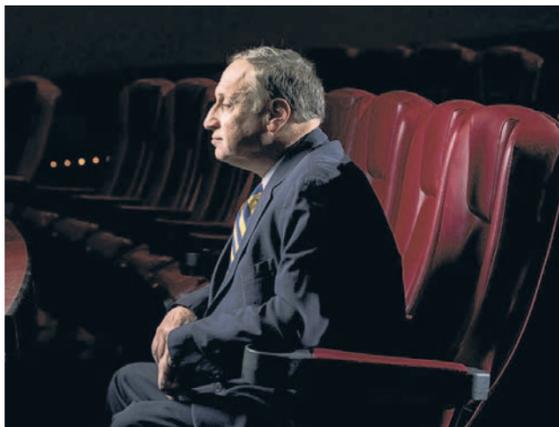
By WILL FEUER AND JOSEPH PISANI

AMC Entertainment Chief Executive Adam Aron was targeted last year in a blackmail plot, he said.

"Unfortunately, last year I became the victim of an elaborate criminal extortion by a third party who was unknown to me related to false allegations about my personal life," he said in a post Thursday on X, the social-media platform formerly known as Twitter.

Aron said he reported the extortion attempt to the Federal Bureau of Investigation and the Justice Department, and the extortionist was arrested.

Law enforcement asked Aron to keep the matter confidential during their investiga-



AMC CEO Adam Aron said the extortionist was arrested.

tion and court case, he said. After the extortionist was sentenced in July, Aron said he informed AMC's board, which

reviewed the matter with outside counsel at law firm WilmerHale.

"This was entirely a per-

sonal matter," said Aron, who has run the movie theater chain since 2016. "The matter is closed."

His comments follow a report from news outlet Semafor published early Thursday that said Aron sent sexually explicit images and messages in a weekslong text exchange with a woman who used fake identities in an attempt to extort hundreds of thousands of dollars from him.

A spokesman for AMC said the company's board considers the issue resolved.

Shares of AMC rose 5.6%, or 58 cents, on Thursday to close at \$11.00.

Aron, 69 years old, has also served as CEO of **Starwood Hotels & Resorts, Norwegian Cruise Line, Vail Resorts** and the Philadelphia 76ers.



If an accord isn't reached by the end of October, it will likely end studios' chances of salvaging a 2023-24 television season.

Studios Break Off Actor Talks

Continued from page B1

generate for their streaming platforms.

SAG said its request to receive a 2% cut of all streaming revenue would cost companies such as Netflix and Disney less

than 57 cents a subscriber annually. SAG said the alliance overstated the cost of that proposal by 60%.

Ted Sarandos, Netflix's co-chief executive, called the demand "a bridge too far" deep into negotiations. Speaking at the Bloomberg Screenline conference Thursday, Sarandos said SAG initially wanted a cut of all revenue and revised it to a portion of subscriber revenue.

Studios and streamers are willing to embrace a bonus system for performers in-

involved in shows and movies that deliver strong results, but not a levy on every subscriber's fee, he said.

Ari Emanuel, chief executive of sports and entertainment company **Endeavor**, said at the conference Wednesday evening before the AMPTP statement that studios and the union should lock themselves in a room and reach a resolution. Each side should be prepared to compromise, he said.

The AMPTP said its latest offer to SAG included an additional \$717 million in wages

and \$177 million in contributions to the union's pension and health plans, as well as significant increases in international streaming royalties.

Similar terms were accepted by both the Writers Guild and Directors Guild in their new deals. With regard to the use of artificial intelligence, the studio coalition said advance consent would be required to create digital replicas of a performer and that subsequent use of a replica would require consent and the actor would be compensated.

Business Aid Is Focus In Fight

Continued from page B1

\$25,000 grants to Black small-business owners. In August, **Freedom Truck Dispatch**, a small trucking company, sued in U.S. District Court in Cleveland alleging that the grant program violates a provision of the Civil Rights Act of 1866, known as Section 1981, designed to prevent racial discrimination in contracting.

A Progressive spokesman declined to comment.

Freedom Truck's owner, Nathan Roberts, said he received an email pitch detailing the grant and began filling out the application before realizing the program was open only to Black-owned small businesses.

"Demographic characteristics of the owners should not matter at all," said Gene Hamilton, an attorney for Roberts with activist law firm America First Legal. "For every one business of one demographic that you're able to help, you're hurting 10 others."

Neal Katyal, who is representing Hello Alice, called the lawsuit meritless. Section 1981, Katyal said, is a narrow statute about contracts that doesn't apply to what Hello Alice and Progressive are doing.

The Lab Drawer, a provider of science and arts-education kits based in Detroit, received one of the 10 grants issued. Co-founders Alecia Gabriel and Deirdre Roberson said they haven't been able to secure loans for the business so they have relied on grant financing instead. They plan to put the funds toward the purchase of a cargo van to transport their

teaching tools to schools.

Hello Alice co-founder and President Elizabeth Gore said she believes much private-sector funding for small businesses wouldn't be available if diversity criteria were prohibited.

Supporting small businesses alone isn't a big enough draw, Gore said. "There has to be a wrapper around it," she said, such as that a program is tailored to women, people of color or military veterans.

"I'm already seeing a chilling effect," Gore added.

Groups challenging diversity programs say the blame for any disruption in small-business funding lies with those who discriminate through the programs.

"It's their fault that they did it in the first place, and not the fault of the plaintiffs that are holding them to account in the court of law," said Dan Lennington, deputy counsel of the Wisconsin Institute for Law and Liberty, which represents a white male software-company owner suing a Texas county and a nonprofit over a Covid-aid program for diverse small businesses.

Such lawsuits don't have to reduce how much small-business aid is available because they aren't asking that the programs be shut down, he added.

Black people account for 13.6% of the U.S. population and 2.4% of companies with employees, according to the Small Business Administration. Half of Black-owned small businesses and 32% of those owned by Hispanics reported being denied credit, compared with 18% of those owned by whites,

a survey last year by the regional Federal Reserve Banks found.

Legal outcomes of the initial litigation have been mixed.

In August, a federal judge in Spokane, Wash., dismissed a lawsuit against Starbucks executives and directors filed by a conservative think tank alleging they had violated their fiduciary duty to shareholders in part by promising to increase annual spending on diverse suppliers. The think tank said it doesn't plan to appeal.

Comcast late last year settled a lawsuit filed by the Wisconsin Institute for Law and Liberty accusing it of illegally favoring minority-owned small-business customers with grants and marketing advice. The grant program was opened to all small businesses, which the company said reflected a changing economic environment.

A federal judicial panel in Atlanta blocked Fearless Fund, which helps companies founded by women of color secure financing, from making a \$20,000 grant from its foundation. A lawsuit brought by Edward Blum, the activist who successfully challenged affirmative-action programs in higher education, called the grant program discriminatory.

Fearless plans to seek further appellate review, arguing that charitable organizations have an established right to issue grants consistent with their mission, said Alphonso David, an attorney representing Fearless.

Efforts to craft programs that target disadvantaged entrepreneurs without explicit mention of race could still be subject to litigation, said Blum.

'...that all these lawsuits are going on is creating a shock wave.'

BUSINESS NEWS

Parental Leave at Work Scrutinized

Suit accuses law firm Jones Day of having double standard for mothers and fathers

By ERIN MULVANEY

After Julia Sheketoff completed a clerkship at the Supreme Court in 2014, she accepted a position at law firm Jones Day, drawn by a decent work-life balance, rewarding cases and competitive pay on top of a six-figure signing bonus. Her husband, Mark Savignac, also a law clerk she met at the high court, joined a few years later.

Their relationship with the firm, which boasts a strong appellate practice and deep political connections in Washington, D.C., soured when they were expecting their first child. Sheketoff left Jones Day for a new opportunity; Savignac told the firm he intended to be the primary caregiver and wanted 18 weeks off, the amount of paid time it granted to new mothers. The firm allowed men who take the primary role 10 weeks of parental leave, a policy Savignac said was discriminatory.

"It's obviously based on the idea that the woman's role is to care for the children and that's not the manly thing to do," Savignac said.

The couple sued the firm in 2019, alleging the policy violates federal civil-rights law. Savignac also says he was fired for demanding equal treatment, a claim the firm denies. After four years of legal punches, the litigation is reaching a pivotal stage, with



The law firm has a policy giving new mothers 18 weeks of leave and fathers 10 weeks.

a judge set to dive deeply into both sides' claims on Thursday. The outcome, which comes at a time when parental leave policies are receiving more legal scrutiny, could have ramifications for how other employers address the issue.

"These cases are increasingly common, as there becomes a realization that leave policies can invoke gender stereotyping and gender roles," said Cheryl Sabnis, a labor and employment lawyer at law firm Vedder Price. "The litigation itself is significant because it highlights a point of risk for all employers."

Big law firms generally offer generous leave policies for new parents, particularly compared with the country's workforce as a whole, only about 25% of which has access

to dedicated paid family leave. Yet in recent years, even liberal leave policies have come under question when they draw a distinction based on gender.

Estée Lauder in 2018 settled an Equal Employment Opportunity Commission lawsuit alleging new fathers received less paid leave to bond with their child. The next year, JPMorgan Chase agreed to a \$5 million settlement over a class-action lawsuit alleging that the bank discriminated against dads by presuming that mothers are the primary caregiver. Both companies have since adjusted their policies.

Jones Day, a multinational firm with roughly 2,400 lawyers, says its leave policies are generous, fair and in line with recommendations from the

EEOC. The firm, which declined to comment for this article, said in court papers that its family leave policy treats men and women equally. It says birthparents get 10 weeks of leave if they are the primary caregiver, and secondary caregivers get four weeks.

Women alone are entitled to an extra eight weeks of paid leave for disability, and that is for good reason, Jones Day said in court papers. "There is a key difference between birth mothers and fathers: Only the former undergo pregnancy and childbirth," the firm wrote in one submission. "And the law in fact requires employers to treat disabilities arising from pregnancy and childbirth on at least equal terms as any other disabilities."

U.S. District Judge Ran-

dolph Moss, who is presiding over the case, previously allowed most of the couple's claims to move forward, saying in a 2020 ruling that the language of the firm's disability policy "upon which they hang their hat is subject to different interpretations."

The couple argue that the firm grants women the extra eight weeks without regard to how long they are unable to do legal work. And they note that adoptive parents, regardless of gender, are entitled to 18 weeks of leave.

The firm, which for years has been aggressive in hiring Supreme Court law clerks, said it fired Savignac after he made an "intemperate, unreasoned threat" to wage a public-relations campaign to damage Jones Day if he didn't receive the leave he wanted.

The two sides are each representing themselves without outside counsel. In addition to battling on the finer points of employment law, the parties have also unsuccessfully sought sanctions against one another, each arguing the other side had engaged in tactics that were improper.

Jessica Lee, a senior staff attorney for the Center for WorkLife Law at the University of California College of the Law, San Francisco, said many companies treat men and women differently on parental leave because of the physical recovery from childbirth, but she said they need to guard against policies that reinforce gender stereotypes.

"A lot of companies are in the middle of figuring out how to redo policies to be more equitable," Lee said.

Value-Based Healthtech Companies Draw New Financing

By BRIAN GORMLEY

Companies seeking to steer the health system toward value-based care are capturing significant venture funding despite the complexity of this approach to medical services and a tepid startup financing market.

Conventional fee-for-service healthcare pays doctors for providing services. Newer, value-based payment models tie payments to quality and outcomes, a system designed to align incentives among doctors, patients and insurers. Venture-backed companies are delivering care through value-based structures or selling software to help doctors and insurers operate under this format.

Several value-based companies have closed venture rounds of \$100 million or more this year, including Main Street Health, which raised \$315 million to serve rural healthcare practices; Aledade, a network of independent primary-care practices that picked up \$260 million; and kidney-care startup Strive Health, which collected \$166 million.

This year, 1% of healthtech financings have been \$100 million or more, down from 4% in 2022 and 8% in 2021, according to Silicon Valley Bank, which says half of this year's megadeals in healthtech have been in value-based care companies.

Value-based care companies are drawing interest even as the financing market cools. U.S. and European healthtech startups—which sell tech-enabled healthcare products or services—raised \$8.15 billion in venture capital through Aug. 1, which is behind last year's pace, when these companies collected \$23.07 billion for the full year, according to SVB.

"In general, we believe that value-based care is the way to go," said Annie Lamont, a managing partner at venture firm Oak HC/FT, a Main Street investor.

Value-based care companies often require significant funding to gain market share.

That raises questions about how many of today's startups will be able to raise the capital needed to survive as large sustainable businesses. Many investors are willing to tackle the complexities of value-based models as more doctors and insurers view it as a solution to lowering costs while improving patients' health.

Investors are responding to a push by health insurers to explore value-based care models. Medicare, for example, aims to move all fee-for-service beneficiaries onto value-based care by 2030.

Venture-backed companies early last decade pioneered value-based care models in primary care, a giant market, said Julie Ebert, managing director, life science and healthcare banking for SVB. They include Oak Street Health, which formed in 2012 to provide care for older Americans. CVS Health acquired the company in May in a \$10.6 billion deal.

The success of these companies is contributing to momentum in the market now, including the formation of startups that tailor their services to specific patient populations, such as people with kidney disease, she added.

"Companies are finally starting to make money," Ebert said.

Nashville, Tenn.-based Main Street Health strikes deals with rural primary-care practices to help them operate under value-based structures. To do so, it negotiates agreements with health insurers who cover patients in physician practices.

Generally, one challenge to value-based care is that companies need to accumulate a sufficient volume of patients to show that their model is effective, said Marissa Moore, an investor with venture investor Omers Ventures. To do that, they must capture a large portion of the market, which requires a significant amount of time and money and people, she said.

U.S. Firm Accused of World Cup Labor Abuses

By MARIAH TIMMS

More than three dozen Filipino construction workers who helped build the multibillion-dollar stadiums hosting last year's World Cup in Qatar have sued the U.S.-based company that oversaw their construction, alleging it violated human trafficking laws and knowingly participated in an exploitative venture.

The civil complaint, filed Thursday in a U.S. District Court in Denver, alleges construction-services firm **Jacobs Solutions** and its subsidiaries illegally profited from their participation in a decadelong project that relied on forced and trafficked labor to build the tournament's facilities from scratch.

The suit details a litany of alleged abuses against the plaintiffs, including confiscated passports, requirements to work 36 or 72 hours straight, crowded housing, limited water in extreme heat, insufficient food and limited access to medical care.

"Our clients allege they were exploited and abused, that they were convinced to go to Qatar based on lies, and that they were coerced to work despite being denied humane living and working conditions," said Eli Kay-Oliphant, a lawyer at Sparacino, one of the law firms representing the laborers.

Jacobs said it had not yet had the opportunity to thoroughly review the allegations but was "committed to respecting the human rights and dignity of those within our operations and where we do business." CH2M Hill initially secured the contract to oversee the Qatari construction projects. Jacobs acquired the firm in 2017. A representative for Qatar couldn't be reached to comment.



The multibillion-dollar effort to build stadiums for the 2022 World Cup held in Qatar was criticized by human rights groups.

The plaintiffs are seeking unspecified monetary damages under the Trafficking Victims Protection Reauthorization Act, which targets forced labor, involuntary servitude and other forms of human trafficking.

The act allows a victim to sue perpetrators of the abuse, even if their involvement was limited to participation in a venture that involved human trafficking, if they knew or should have known about the exploitation.

Qatar has long been criticized for relying on the ex-

ploitative "kafala" sponsorship system to recruit migrant workers for its booming, ambitious construction industry. These laborers are often underpaid, overworked and housed in squalid conditions, and employers regularly confiscate workers' passports for the term of their contracts, according to a report by the U.S. State Department.

The plaintiffs took employment contracts with subcontractors at the World Cup construction sites in Qatar for mostly two- to three-year stretches between 2012 and

2021, according to the suit. During that period, CH2M, later Jacobs, and relevant subsidiaries were responsible for managing the work operations and employed "health and safety managers" and other advisory positions, tasked with site visits to monitor safety standards to contract requirements, according to the suit.

Human-rights groups estimated deaths on the World Cup job sites likely reached into the thousands, a number Qatar disputes. In 2014, the International Trade Union

Confederation used statistics from foreign embassies and the country's medical ministry to estimate that 1,200 migrant laborers, most of them from South Asia, had died in three years while building projects mostly tied to the World Cup.

Qatari leaders in statements last year touted modernization efforts and reforms that included a raise of minimum wages and food or housing allowances, although international watchdog groups say the new laws have had meager implementation.

Goldman Sachs Passed on Higher Offer for GreenSky

The steep loss **Goldman Sachs** is facing from its agreement to sell specialty lender GreenSky could have been smaller.

By Peter Rudegeair, AnnaMaria Andriotis and Laura Cooper

A group led by fintech **Pagaya Technologies**, which specializes in nontraditional underwriting that helps lenders approve more consumers for loans, offered roughly

\$700 million to buy GreenSky, according to people familiar with the matter.

But Goldman spurned the offer and instead entered into exclusive discussions around mid-September with the group led by Sixth Street that sealed a deal yesterday to buy the business with a bid in the neighborhood of \$500 million.

After The Wall Street Journal reported that the Sixth Street group was in exclusive conversations with Goldman,

the Pagaya group told Goldman it was willing to increase its offer, people familiar with the matter said. Goldman didn't respond to the offer.

Pagaya then contacted Sixth Street and offered to buy GreenSky from the investment firm once it closed the deal. That offer also was rebuffed.

Goldman executives say that they passed on the higher offer in large part because they had less confidence in the Pagaya-led group's ability

to complete the deal in a timely manner.

People familiar with the matter say financing was in place for the Pagaya offer.

As part of a deal with Pagaya, which has a market value of about \$1 billion, private-equity firms **Apollo Global Management** and **Blackstone** would have acquired GreenSky's loan portfolio.

Goldman disclosed on Wednesday that it expects the sale of GreenSky to result in a

hit of 19 cents a share to the bank's third-quarter results.

Goldman bought GreenSky, which specializes in extending loans to consumers for home renovations, for roughly \$1.7 billion last year, hoping it would help the Wall Street giant be a bigger competitor in consumer lending. Soon after it closed on the acquisition, Goldman began pulling back on its consumer-lending efforts amid internal concerns about its strategy and the money being spent on it.

TECHNOLOGY

WSJ.com/Tech

TikTok Pleads Its Case to Block Montana Ban

Law would bar app for residents after statute centered on privacy concerns

By MEGHAN BOBROWSKY

TikTok tried to persuade a federal judge on Thursday to block Montana's ban of the social-media app.

The company and some creators each sued Montana in May after Gov. Greg Gianforte signed a bill outlawing the video-sharing platform, alleging that the law violates the First Amendment, among other things. Those cases were later consolidated.

TikTok, owned by Beijing-based ByteDance, is requesting a preliminary injunction to stop the ban—which the state says is to protect residents' privacy—from going into effect at the start of next year. Montana is concerned about TikTok's ties to China and its ability to spy on users for the Chinese government. TikTok has denied ever sharing data with the Chinese Communist Party.

U.S. District Judge Donald Molloy said after an hourlong hearing in Missoula, Mont., that he will make a decision on whether to block the law as quickly as possible after taking each side's arguments under advisement. The legality of the ban itself will be decided later in a bench trial that has yet to be scheduled.

The judge didn't indicate which way he is leaning, but he challenged the state's assertion that the law protects residents' privacy, saying it confused him, since users share their data with TikTok voluntarily. "That's sort of a paternalistic argument," he said.

He also asked TikTok if its argument was against any

regulation for the popular app. A lawyer for TikTok said the platform doesn't reject all regulation, just that Montana's effort has gone "completely overboard."

The judge ended the hearing by saying he was impressed with the briefings from both sides, particularly the state's, which he called "much better than I've seen in the past." He added that TikTok's brief was "certainly helpful."

The lawsuit is the latest legal fight for the embattled TikTok, which has so far fended off multiple attempts to ban it from the U.S. altogether or force a sale of the app to an American company. Montana's law is the first state-level action of its kind taken against the social-media app, and the judge's decision on the injunction could signal how he will rule in the eventual case.

One of the conditions to grant the injunction is the likelihood of success in the trial, meaning the judge would probably determine TikTok has a substantial chance of winning the overall case to grant it.

"That would be a significant victory for TikTok," said Carl Tobias, a law professor at the University of Richmond who isn't affiliated with the case.

However, if the injunction is denied, it doesn't mean TikTok can't win the case. "You might still win on the merits," Tobias added. "That happens, but doesn't happen very often."

TikTok has argued that the Montana ban is illegal because it hampers free speech.

The company's lawyers also argue that the state doesn't have the right to enact such a ban and that the responsibility rests with the federal government.

Malaysia Says App Isn't in Compliance

By YING XIAN WONG

China-owned social-media platform TikTok isn't in full compliance with Malaysian laws and needs to do more to curb the spread of defamatory and misleading content in the country, a Malaysian minister said on Thursday.

"TikTok's compliance with Malaysian laws is still not satisfactory," and the platform needs to be "more proactive in controlling the spread of fake news and slanderous materials," Malaysian Communications Minister Fahmi Fadzil said in a Facebook post.

The minister didn't specify any particular breaches of Malaysian law.

He said he had met Wednesday with a TikTok executive to discuss the company's operations in the country, including what he said were complaints from local business, media and public agencies regarding the pur-

chase of ads on the platform.

In an emailed statement on Thursday, a TikTok spokesperson said the company "respects local laws and regulations, and is committed to taking proactive measures to address the issues raised." The company plans to meet next week with the Malaysian Communications and Multimedia Commission "to demonstrate our commitment in this regard," the spokesperson said.

TikTok, a short-video platform owned by China-based ByteDance, is facing heightened scrutiny in Southeast Asia, where it offers a fast-growing e-commerce service.

Indonesia recently barred social-media companies including TikTok from facilitating product sales on their platforms, a move it said was designed to protect small businesses. Vietnam recently said TikTok had broken laws related to e-commerce, information security and other areas.

Altman Doubles Bet On Startup

Continued from page B1 wave that has taken hundreds of companies public in the past four years. They mark one of several ways in which the Wall Street tool pushes the norms of corporate governance. SPACs have been criticized by regulators and investors for frequent poor performance and terms that benefit management over shareholders.

A blank-check company could theoretically pick a merger target backed by its management instead of a better-qualified alternative, said Michael Klausner, a Stanford University professor who studies SPACs.

"It's not a good sign," he

said of such conflicts. Still, he said, they are a marginal negative and the overall structure is "the real problem with all SPACs."

The filings also show that Altman spoke about the proposed merger with Oklo chief Jacob DeWitte in December 2022 and discussed a prospective valuation.

That phone call came two months after Altman initially suggested his partners at AltC pursue the deal, and after AltC had already made several proposals to Oklo. The following month, after the two sides tentatively agreed in writing to pursue a deal, Altman recused himself from further involvement.

AltC was launched in 2021 by Altman and Michael Klein, a former Citigroup banker turned SPAC deal maker. The management group put \$15 million into the SPAC and raised \$500 million from investors.

From the start, it was open about the potential for con-



EVPassport has about 2,000 vehicle chargers now set up across 35 states. A charging station in Corte Madera, Calif.

EV Charging-Station Operator Draws \$200 Million Investment

By LUIS GARCIA

Northleaf Capital Partners is betting \$200 million on electric-vehicle charging infrastructure by acquiring a majority stake in EVPassport, which provides the hardware and software to businesses seeking to offer recharging services to their customers and employees.

EVPassport, of Venice, Calif., doesn't sell the stations it installs. Instead it operates them, with about 2,000 vehicle chargers now set up across 35 states, said Olivier Laganière, a managing director at Northleaf who focuses on infrastructure deals. Clients include hotels, sports and entertainment venues, and parking facilities, according to EVPassport.

"We've been looking at EV charging as a sector for years now, trying to find the right opportunity to get involved. Clearly there are tons of tail-

winds in the sector," Laganière said. He cited increased "EV adoption and the desperate need for chargers."

Toronto-based Northleaf, which invests across private equity, infrastructure and credit strategies, found EVPassport's infrastructure-as-a-service model particularly attractive, Laganière said. The company operates the stations and charges users a fee, he said.

That approach provides the comfort of steady cash flows typical of infrastructure investments and is preferable to simply selling charging equipment, as other companies do, Laganière said. Another advantage of EVPassport's systems, he added, is that users don't need to install a dedicated app to charge their vehicles.

"One of the main frustrations from a consumer standpoint—the people driving their electric cars and using those charging systems—is each time having to download

a different app and having to subscribe for a different payment model," Laganière said.

Electric-vehicle use in the U.S. has grown steadily as the technology has developed, but there are big discrepancies in adoption rates across different states, according to studies and industry analysts. For example, about 25% of new cars sold in California this year through June were electric-powered, compared with less than 5% in Michigan and 8.6% in the entire country, according to J.D. Power estimates.

A study that the data-analytics company released in September showed that lack of public charging stations, as well as driver dissatisfaction with existing ones, could be holding back demand for electric vehicles. The need for more charging infrastructure creates opportunities for developers such as EVPassport, industry analysts said.

"I'm pretty bullish on the

overall prospects" of EV charging station companies, said Chris Pierce, a research analyst at investment bank Needham & Co. who covers transportation technology. "I don't think anyone thinks EV adoption isn't coming. I just think that EV adoption has been a little slower versus what people thought."

While increased use of the vehicles will likely lift many boats in the EV charging market, not all infrastructure providers have the same prospects, according to industry analysts.

"I think who the winners are going to be in the long term is yet to be determined," Stephen Gengaro, a managing director at investment bank Stifel Financial, said of providers of vehicle-charging infrastructure for businesses. "It's ultimately going to come down to their ability to pick the right locations and the right [customers]."

Chinese Suppliers Seek Bypass

Continued from page B1 their Korean joint ventures would help them expand internationally, with several listing the U.S. and Europe as target markets.

Chinese battery companies have long eyed expansion in the U.S., the world's second-largest auto market behind China, and the money offered by the IRA accelerated their timeline of doing business there. At the same time, intense competition and overcapacity challenges in China are driving firms to seek opportunities overseas.

Analysts say one wild card is that U.S. authorities haven't defined what constitutes a "foreign entity of concern" in the IRA.

The U.S. hasn't defined what level of Chinese involvement and at what stage of the supply chain is acceptable for auto and battery producers to qualify for tax credits, they say.

This uncertainty means there is a risk that such joint ventures could ultimately be barred from receiving incen-

tives, said Chris Berry, founder of energy metals consulting firm House Mountain Partners. "How involved China can be with different parts of the supply chain is an open question," Berry said.

China's role as indirect beneficiary of the IRA has come under scrutiny by American politicians.

Ford last month put on hold a \$3.5 billion plant making EV batteries with Chinese battery giant Contemporary Amperex Technology, in Michigan. The move followed months of pressure from key lawmakers in Washington about its Chinese partner.

Ford said it was pausing work there until the company was confident about operating the plant competitively.

Chinese companies are the world's biggest producers of the four key components needed in EV battery production—cathodes, anodes, electrolytes and separators, according to industry analyst SNE Research.

The country has a chokehold over much of the capacity needed to refine metals such as lithium, cobalt and manganese to make them suitable for bat-

tery production, said Lukasz Bednarski, a research analyst at S&P Global.

As a result, it is difficult for the U.S. and Europe to build an independent EV battery supply chain without China's help, at least in the near term, Bednarski added.

Three of the largest battery materials suppliers in China—GEM, Huayou Cobalt and CNGR Advanced Materials—have been the most active signing such cross-border deals, citing growing investment restrictions against China as reasons for cooperation.

Many of the newly formed Chinese partnerships with South Korean and Moroccan firms produce precursors, a mix of metals required for making cathodes.

Batteries are the most expensive component of an EV, accounting for about 40% of the cost of the car.

Zhejiang, China-based Huayou Cobalt has formed partnerships with the battery subsidiary of South Korean business titans Posco Holdings and LG Chem to build plants in South Korea this year, while Guizhou-based CNGR joined

with Posco and its subsidiary to invest \$1.13 billion to build two factories in the nation.

In Morocco, LG Chem last month said it would join with Huayou Cobalt and its parent company to build lithium refining and cathode materials plants, joining CNGR and Chinese lithium producer Sichuan Yahua Industrial, which have partnerships there to produce materials for EV batteries.

Huayou Cobalt, Sichuan Yahua, LG Chem and Posco didn't respond to requests for comment. CNGR reiterated a public statement that the deal will help the company's global expansion.

Chinese and South Korean companies are bracing for the possibility that these joint ventures wouldn't be deemed as IRA-compliant.

Posco Future M, the Posco subsidiary with Chinese partnerships, has said the company will modify their joint-venture agreements to reduce the stake of Chinese partners, should their partnership fall short of IRA requirements.

CNGR said in a stock exchange statement that the firm and its partner may sell shares in the venture, in the event of a major change of laws and policies. GEM's Pan said the company is preparing for unfavorable rule changes by avoiding majority ownership in any joint venture in South Korea.



Sam Altman stands to have a more than 7% stake in the combined company, which the deal values up to \$1.4 billion.

flicts, saying it could merge with a company part-owned by Klein or Altman, who had stakes in hundreds of startups through his involvement at Y Combinator. Altman's experience and wide ownership of startups featured heavily in a presentation to potential investors in the SPAC.

From the get-go, Klein told

investors in July, "we intended to work with Sam to find a company that he believed in."

AltC aimed to be investor-friendly by SPAC standards. It boasted a board with former Goldman Sachs President John Thornton, Harvard management professor Frances Frei and media investor and for-

mer journalist Peter Lattman. Management also didn't receive warrants—instruments that give investors a right to buy more shares in the future and that are a common feature in SPAC deals.

The shares from AltC won't be available for Altman or other SPAC management to immediately sell, and they only free up when the stock price repeatedly reaches various triggers between the listing price of \$10 and \$16.

The SPAC looked closely at more than 12 potential targets, filings show, but didn't have advanced discussions with any until after Altman suggested Oklo to Klein in October 2022.

Altman had long been a big advocate of the Santa Clara, Calif.-based startup, which was planning a new type of modular, small-scale nuclear-power reactor a fraction of the size of a standard plant. He has said he recruited the company to Y Combinator and invested personally. He has been its chairman since 2015.

The company is far smaller and earlier-stage than most venture-backed companies that go public. It had 48 employees as of June and hasn't raised large sums to date: It has disclosed raising about \$50 million in various forms of venture-capital funding.

Its designs haven't yet been approved by the U.S. nuclear regulator—with an application rejected last year. Oklo doesn't plan to deploy its first commercial reactor until at least 2026 and expects to continue losing money "for the foreseeable future."

That contrasts with the SPAC's stated investment criteria at its launch in 2021, when it said it was seeking a cash-generating company or one with "near-term potential" for "strong and sustainable free cash flow."

Oklo in the past year has announced a set of nonbinding commitments, including tentative plans for two new plants in Ohio and a small reactor at an Air Force base in Alaska.

BUSINESS & FINANCE

BV Investment Has Raised a New Fund

By Rod James

BV Investment Partners has raised a fund that will let it maintain control of a strong-performing software company as a wave of so-called continuation vehicles washes through the private-equity market.

The Boston buyout shop, which invests in technology businesses, said it gave investors in its nearly 10-year-old eighth fund the option to sell their holdings in **Right Networks** or roll into the new vehicle. BV's \$487 million **BVIP Fund VIII** acquired the Hudson, N.H.-based tax-and-accounting software provider in 2016.

As the commingled investment vehicle neared the end of its predetermined term, BV saw a "significant long-term growth opportunity" in keeping **Right Networks** under its roof as it liquidated the fund, said **Vikrant Raina**, the firm's chief executive and managing partner.

The cloud-based programs provided by **Right Networks** are now used by more than 10,000 accounting firms and 60,000 small and midsize businesses, according to BV. The business had 25,000 customers when BV acquired it, according to a statement released at the time.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Thursday, October 12, 2023				Thursday, October 12, 2023				Thursday, October 12, 2023			
Stock	Sym	Hi/Lo	% Chg	Stock	Sym	Hi/Lo	% Chg	Stock	Sym	Hi/Lo	% Chg
Highs											
Aflac	AFL	80.50	0.1	CedarFairRec	FUN	35.53	-2.3	Movella	MVLA	0.44	1.5
AbercrombieFitch	ANF	63.04	0.4	Cellectis	CLLS	1.36	-1.1	NovartisBio	NBIO	1.65	-4.8
AcurPharm	ACAP	8.82	9.1	CentenoCell	CENN	0.20	-5.0	NGM Biopharm	NGM	10.0	-15.4
Adobe	ADBE	574.48	1.8	CenterspacePfd	CSRP	23.16	-0.2	NAOV	NAOV	1.25	0.8
Alphabet C	GOOG	142.38	-1.0	CSOpsAcq/Kepiv	CSOP	25.21	-2.2	NanoVironx	NANO	22.8	-3.2
Alphabet A	GOOGL	141.22	-1.0	ChargeEnt	CHGT	0.36	1.5	NationaIntell	EYE	14.01	-2.1
AnteroMidstream	AM	12.39	-0.1	ChargePoint	CPE	3.50	-5.3	NearIntelligence	MIRW	0.01	4.2
AppliedIntTechs	AIT	163.61	0.4	Cheche	CHE	5.50	-14.4	Neonode	NEN	1.45	-1.3
AresMgmt	ARES	112.15	-1.5	ChiefsWarehouse	CHG	17.56	-3.4	NetCapital	NECP	0.33	7.0
AtiCoastalAcqn	ACHU	10.99	-1.0	Chemours	CHG	8.08	-3.0	NeuroRxPharm	NMRA	19.35	-4.4
BaillRing	BRR	43.05	-1.8	Chewy	CHWY	17.32	-7.6	NewAmstPharm	NVMS	7.05	-5.9
Biobaven	BHVN	27.94	-5.7	ChoiceOneFinl	COFS	1.65	-5.9	Newegg	NEGG	0.68	-3.6
BoozAllen	BAH	127.89	0.3	Clarus	CLAR	5.43	-7.9	NewellBrands	NWB	6.68	-4.1
Bsquare	BSQR	1.85	47.6	Clearfield	CLFD	25.21	-2.2	NextDayTech	NKTP	0.89	1.4
CDW	CDW	215.81	-1.0	CleverLeaves	CLVR	2.78	-2.4	NightHawkBio	NHWK	0.42	-2.3
CME Group	CME	22.13	1.4	Clorox	CLX	119.51	-1.9	908Devices	MASS	5.50	-10.2
CMX Resources	CMX	23.10	1.6	Cognex	CNX	39.35	-3.8	NiSunIntEntDev	NISN	2.18	-5.2
CalceDesign	CND	255.85	-0.3	CompetitionSolar	CSLR	1.41	-12.9	NKGenBotech	NKGN	2.97	2.7
Cedentia	CLS	27.17	0.8	COMSovereign	COMS	0.99	-0.0	Novoco	NOVO	0.75	-10.5
Cintas	CTAS	525.37	0.9	ComtechTel	CTL	7.91	-7.5	Noodles	NLDS	2.17	-6.8
ConstellationEner	CEG	116.16	0.6	ConduITPharm	CTD	1.70	-10.6	NorthmTPdE	NTRS	19.48	-2.4
Coursera	COR	19.56	-1.0	Corning	GLW	27.86	-3.3	NouveauMonde	NMG	2.01	-5.5
CrowdStrike	CRWD	190.36	-0.4	CrownElectronk	CRW	0.36	-3.8	Nucore	NVC	13.57	-5.5
DLH Holdings	DLHC	15.42	4.8	CrowdBioPharma	CBIO	1.97	-1.9	NucSteats	NUS	18.13	-3.2
DorianLP	LPG	31.41	-1.4	CustomsTruckWk	CTIS	0.02	-3.1	NurxTherap	NRX	6.17	-4.0
DigitalIndustries	DIGI	21.85	-1.0	Cutura	CTUR	3.47	-17.5	NuvationBio	NUVB	1.15	4.9
Eli Lilly	LLY	248.14	0.1	CytekBioSci	CTBK	4.83	-7.4	Nxu	NXU	0.08	-2.8
Ellevest	ELV	23.07	-1.4	DZS	DZSI	1.66	-4.6	ONE GroupHosp	STKS	4.44	-5.1
EmeraldHdg	EEX	5.87	4.3	Draco	DRDO	2.52	-5.8	Orion	ORIN	1.50	-7.8
EnergySolvTechn	ESOA	4.64	5.5	DayOneHlthPr	DOH	10.99	-4.2	OceanBioPharm	OCEA	2.04	-1.4
Everest	EV	398.72	0.4	DefinitiveHlthPr	DHN	10.54	-8.4	Olaplex	OLPX	1.67	0.6
Fabriner	FB	183.74	0.1	DefinitiveHlthPr	DHI	6.81	-2.8	Olo	OLO	5.60	-3.9
FidelityNat	FND	40.69	7.5	Denry's	DENR	1.81	0.8	Omnicore	OMC	1.28	-2.7
Ferguson	FERG	171.06	-0.7	DermaTherap	DETH	10.20	-11.0	Onfido	ONFO	0.74	-5.1
Frontline	FRO	20.57	1.0	DermtTech	DMTK	1.31	-8.2	OrionSci	ORSC	7.31	-6.2
GenieEnergy	GNE	18.90	1.8	DecCom	DGCM	75.04	-4.4	OrionEnergySys	OES	0.29	-4.2
GenSight	GENS	11.07	0.6	Digital	DIGI	24.67	-2.3	OrionEnergySys	OESX	1.14	-4.8
InspireMD	INSR	38.55	1.2	DigitalBrands	DBGI	6.11	-10.1	OrionPharm	ORPH	1.50	-7.8
Jabil	JBL	141.38	0.4	DigitalGrowth	DGG	1.42	-1.1	OrionPharm	ORPH	6.70	-11.3
JacobsSohls	JSLS	91.16	-1.3	DollarGene	DGL	10.19	-1.8	OrionPharm	ORPH	2.47	-4.7
LIVCapAcqnl	LVCAP	10.83	0.5	Domo	DOMO	8.94	-4.2	OrionPharm	ORPH	4.30	-10.1
LIFEIM	LIFE	6.9	4.0	DragonflyEnergyWt	DFEW	0.07	-2.7	OrionPharm	ORPH	2.70	-3.2
ELMD	ELMD	61.03	-0.0	DrivenBrands	DRVN	11.07	-3.9	OrionPharm	ORPH	2.70	-3.2
LiquidSys	LQDT	20.83	-1.3	Driveworks	DRIV	1.07	-1.0	OrionPharm	ORPH	2.70	-3.2
MSC Industrial	MSC	105.34	1.8	Dynex	DYN	7.64	-6.9	OrionPharm	ORPH	2.70	-3.2
M-tronids	MPTI	26.50	-1.7	ECB Bancorp	ECBK	9.82	-5.4	OrionPharm	ORPH	2.70	-3.2
MakeMyTrip	MHTT	42.99	-5.7	EaglePharm	EGPH	12.36	-2.5	OrionPharm	ORPH	2.70	-3.2
M&M's	MMS	32.87	-1.4	EaglePharm	EGPH	12.36	-2.5	OrionPharm	ORPH	2.70	-3.2
MetaPlatforms	META	330.54	-1.1	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
MillerKnoll	MILK	25.79	-2.8	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
99Acn	NAGU	10.79	0.7	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
NovoNordisk	NVO	10.27	1.4	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
Alphatech	NTX	10.27	1.4	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
OntoInnovation	ONTO	147.72	0.4	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
PaloAltoNtwks	PANW	264.34	0.5	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
Park-UI	PKOH	22.82	2.0	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
Parsons	PSN	58.55	0.2	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
AmerGoldShev	AG	39.48	-0.7	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
PowellIndustries	POWL	91.29	-4.3	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
RELX	RELX	35.88	-0.6	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
REV	REVG	16.54	-3.2	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
Shell	SHL	66.80	0.3	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
Smith&Wesson	SW	32.37	-1.3	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
Spunk	SPK	147.78	0.4	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
StructureTherap	GPCR	66.68	4.7	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
Synopsis	SNPS	502.66	0.3	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
TGVentureAcqn	TVAC	10.90	1.4	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
Amgen	AMGN	158.10	-0.1	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
TraneTech	TRC	211.21	-2.1	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
TrinityRegCapA	TR	11.62	9.8	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
US Steel	X	33.65	0.1	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
VertePharm	VRTX	370.68	0.4	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
Veeva	VEEV	158.10	-0.1	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
Williams-Sonoma	WMSM	180.37	-4.2	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
WorldwideWebbA	WWAC	11.24	2.5	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
Zscaler	ZS	176.31	-1.4	EdgewisePersonal	EPC	33.71	-1.2	OrionPharm	ORPH	2.70	-3.2
Lows											
AMN Healthcare	AMN	73.18	-4.9	AMN Healthcare	AMN	73.18	-4.9	AMN Healthcare	AMN	73.18	-4.9
AbCelleraBio	ABCL	3.92	-9.3	AbCelleraBio	ABCL	3.92	-9.3	AbCelleraBio	ABCL	3.92	-9.3
AdacisTherap	ACRS	5.49	-6.1	AdacisTherap	ACRS	5.49	-6.1	AdacisTherap	ACRS	5.49	-6.1
AcronTherap	ACRV	6.11	-7.3	AcronTherap	ACRV	6.11	-7.3	AcronTherap	ACRV	6.11	-7.3
AdaptHealth	AHCO	7.33	-0.3	AdaptHealth	AHCO	7.33	-0.3	AdaptHealth	AHCO	7.33	-0.3
AdaptiveBio	ADPT	4.28	-9.2	AdaptiveBio	ADPT	4.28	-9.2	AdaptiveBio	ADPT	4.28	-9.2
AdiaNorty	ANL	9.62	-7.1	AdiaNorty	ANL	9.62	-7.1	AdiaNorty	ANL	9.62	-7.1
AdvanceAuto	AAP	49.46	-2.0	AdvanceAuto	AAP	49.46	-2.0	AdvanceAuto	AAP	49.46	-2.0
AerovateTherap	AVTE	10.51	-10.4	AerovateTherap	AVTE	10.51	-10.4	AerovateTherap	AVTE	10.51	-10.4
AethlonTech	ATHN	1.52	-7.2	AethlonTech	ATHN	1.52	-7.2	AethlonTech	ATHN	1.52	-7.2
Affimed	AFMD	0.43	-6.7	Affimed	AFMD	0.43	-6.7	Affimed	AFMD	0.43	-6.7
AgapateATP	ATPC	1.06	-39.6	AgapateATP	ATPC	1.06	-39.6	AgapateATP	ATPC	1.06	-39.6
AgilentTechs	A	108.33	-0.9	AgilentTechs	A	108.33	-0.9	AgilentTechs	A	108.33	-0.9
Agilent	AGI	5.24	-2.5	Agilent	AGI	5.24	-2.5	Agilent	AGI	5.24	-2.5
AgriForte	AGRI	2.85	-19.1	AgriForte	AGRI	2.85	-19.1	AgriForte	AGRI	2.85	-19.1
Akoya	AKYA	3.21	-6.1	Akoya	AKYA	3.21	-6.1	Akoya	AKYA	3.21	-6.1
AlaskaAir	ALK	33.28	-2.6	AlaskaAir	ALK	33.28	-2.6	AlaskaAir	ALK	33.28	-2.6
AlaunosTherap	TRKT	0.10	-0.9	AlaunosTherap	TRKT	0.10	-0.9	AlaunosTherap	TRKT	0.10	-0.9
AlloVir	ALVR	1.66	-7.1	AlloVir	ALVR	1.66	-7.1	AlloVir	ALVR	1.66	-7.1
Alpina4	ALPN	0.59	-6.7	Alpina4	ALPN	0.59	-6.7	Alpina4	ALPN	0.59	-6.7
Amanin	AMN	0.71	-9.1	Amanin	AMN	0.71	-9.1	Amanin	AMN	0.71</	

COMMODITIES

Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
Oct	3.6180	3.6180	3.5940	3.5940	-0.0200	1,099
Dec	3.6115	3.6485	3.5695	3.5910	-0.0210	130,634
Gold (CMX) -100 troy oz.; \$ per troy oz.						
Oct	1874.70	1881.20	1867.00	1869.30	-3.50	393
Nov	1880.20	1888.80	1872.10	1874.20	-4.20	1,465
Dec	1888.10	1896.30	1880.60	1883.00	-4.30	362,513
Feb'24	1907.70	1916.80	1900.20	1902.50	-4.30	38,465
April	1928.00	1935.20	1919.10	1921.20	-4.30	18,522
June	1944.10	1954.50	1938.10	1940.30	-4.20	9,784
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
Oct	1139.30			1139.30	-34.60	1
Dec	1173.50	1184.00	1133.00	1147.50	-22.80	18,863
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
Oct	875.50	875.50		867.00	-14.60	80
Dec	22.205	22.390	21.880	21.959	-0.174	103,317
Crude Oil, Light Sweet (NYM) -1000 bbls.; \$ per bbl.						
Nov	83.20	85.20	82.31	82.91	-0.58	183,136
Dec	81.84	83.75	81.31	81.80	-0.27	329,854
Jan'24	80.81	82.46	80.34	80.73	-0.19	174,996
March	79.31	80.63	78.71	79.04	-0.17	93,984
June	77.71	78.83	77.19	77.51	-0.11	166,578
Dec	75.52	76.25	74.94	75.20	-0.09	151,627
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
Nov	3.0041	3.0559	2.9895	3.0449	.0464	64,020
Dec	2.9104	2.9627	2.8985	2.9434	.0316	65,820
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.						
Nov	2.1961	2.2281	2.1527	2.1650	-0.0451	76,189
Dec	2.1796	2.2105	2.1420	2.1510	-0.0427	80,360
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
Nov	3.385	3.428	3.299	3.344	-0.033	151,101
Dec	3.659	3.699	3.582	3.639	-0.019	114,969
Jan'24	3.891	3.927	3.820	3.875	-0.014	173,120
Feb	3.820	3.855	3.755	3.807	-0.013	57,199
March	3.520	3.562	3.471	3.518	-0.006	143,952
April	3.276	3.319	3.238	3.282	.003	86,470

Agriculture Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
Corn (CBT) -5,000 bu.; cents per bu.						
Dec	487.75	498.75	482.25	496.00	8.00	692,075
March'24	503.00	513.75	497.75	511.50	7.75	288,040
Oats (CBT) -5,000 bu.; cents per bu.						
Dec	395.75	402.75	383.00	383.50	-12.25	2,895
March'24	417.50	418.75	404.00	403.50	-12.00	858
Soybeans (CBT) -5,000 bu.; cents per bu.						
Nov	1252.50	1299.75	1250.50	1290.00	37.50	275,731
Jan'24	1272.25	1318.75	1270.25	1308.75	36.50	172,345
Soybean Meal (CBT) -100 tons; \$ per ton.						
Oct	386.80			387.60	13.30	152
Dec	378.00	394.40	378.00	392.90	15.80	184,007
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
Oct	52.21	55.17	52.16	54.47	.95	68
Dec	52.57	53.87	52.08	53.37	.65	154,250
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
Nov	15.91	16.05	15.90	15.93	...	6,346
Jan'24	16.26	16.37	16.25	16.27	0.00	3,342
Wheat (CBT) -5,000 bu.; cents per bu.						
Dec	557.25	574.50	547.25	571.50	15.50	241,618

	Open	Contract High	Low	Settle	Chg	Open interest
Wheat (KC) -5,000 bu.; cents per bu.	589.00	604.00	578.50	601.50	14.25	90,267
Dec	668.00	678.25	655.25	675.00	7.75	123,616
March'24	678.00	687.00	664.75	684.00	7.75	52,982
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.						
Oct	250.150	252.125	250.000	252.025	1.850	4,338
Jan'24	253.625	255.450	253.225	254.475	1.175	17,121
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
Oct	184.500	185.625	184.275	185.400	.900	11,064
Dec	186.900	187.975	186.625	187.800	.825	126,779
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
Oct	82.150	82.200	81.950	82.100	-0.050	9,803
Dec	70.000	70.375	68.825	70.100	.125	88,313
Lumber (CME) -27,500 bd. ft.; \$ per 1,000 bd. ft.						
Nov	507.50	507.50	498.00	504.50	-3.00	5,822
Milk (CME) -200,000 lbs.; cents per lb.						
Oct	16.83	16.94	16.80	16.93	.09	3,706
Nov	17.20	17.44	17.14	17.30	.07	6,478
Cocoa (ICE-US) -10 metric tons; \$ per ton.						
Dec	3,480	3,503	3,460	3,490	58	120,010
March'24	3,497	3,527	3,486	3,516	58	83,751
Coffee (ICE-US) -37,500 lbs.; cents per lb.						
Dec	147.85	149.90	147.05	149.30	1.60	101,950
March'24	148.80	150.60	147.95	150.00	1.35	56,638
Sugar-World (ICE-US) -112,000 lbs.; cents per lb.						
March	26.40	26.75	26.25	26.35	-0.05	431,404
May	25.21	25.56	25.11	25.20	-0.01	133,949
Sugar-Domestic (ICE-US) -112,000 lbs.; cents per lb.						
Jan	44.24	44.24	44.24	44.24	...	1,641
March	44.02	44.02	44.02	44.02	.21	2,691
Cotton (ICE-US) -50,000 lbs.; cents per lb.						
Dec	85.01	85.70	84.14	84.92	-1.3	122,392
March'24	86.73	87.40	85.90	86.66	-0.03	64,944
Orange Juice (ICE-US) -15,000 lbs.; cents per lb.						
Nov	377.40	388.00	377.00	385.25	7.20	6,572
Jan'24	358.85	369.45	358.25	367.65	8.20	2,592

Interest Rate Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
Ultra Treasury Bonds (CBT) -\$100,000; pts 32nds of 100%						
Dec	118-270	119-140	115-060	115-150	-2.20	1,545,077
March'24	118-070	120-000	116-090	116-140	-2.14	29
Treasury Bonds (CBT) -\$100,000; pts 32nds of 100%						
Dec	113-270	114-100	111-070	111-150	-1.29	1,373,522
March'24	113-310	114-110	111-110	111-170	-1.29	0,819
Treasury Notes (CBT) -\$100,000; pts 32nds of 100%						
Dec	108-035	108-160	107-040	107-075	-22.5	4,717,056
March'24	108-155	108-240	107-170	107-195	-22.0	1,893
5 Yr. Treasury Notes (CBT) -\$100,000; pts 32nds of 100%						
Dec	105-142	105-205	104-287	104-305	-12.7	5,728,694
March'24	105-275	105-295	105-100	105-107	-13.2	286
2 Yr. Treasury Notes (CBT) -\$200,000; pts 32nds of 100%						
Dec	101-143	101-155	101-086	101-096	-3.9	3,977,510
March'24	101-270	101-270	101-210	101-213	-4.4	3,366
30 Day Federal Funds (CBT) -\$5,000,000; 100 - daily avg.						
Oct	94.6725	94.6725	94.6700	94.6725	.0025	389,767
Nov	94.6450	94.6550	94.6350	94.6450	0.0000	666,090
Three-Month SOFR (CME) -\$1,000,000; 100 - daily avg.						
July	94.6825	94.6825	94.6825	94.6825	...	14,033
Dec	94.5800	94.5800	94.5300	94.5450	-0.250	1,427,573

Currency Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
Japanese Yen (CME) -¥12,500,000; \$ per 100¥						
Oct	.6710	.6715	.6677	.6677	-0.0028	1,235
Dec	.6777	.6784	.6743	.6744	-0.0029	256,904
Canadian Dollar (CME) -CAD 100,000; \$ per CAD						
Oct	.7359	.7365	.7300	.7305	-0.0048	174

	Open	Contract High	Low	Settle	Chg	Open interest
Dec	.7364	.7372	.7306	.7311	-0.0049	179,279
British Pound (CME) -£62,500; \$ per £						
Oct	1.2307	1.2331	1.2172	1.2174	-0.0131	840
Dec	1.2316	1.2335	1.2176	1.2178	-0.0131	226,899
Swiss Franc (CME) -CHF 125,000; \$ per CHF						
Dec	1.1166	1.1203	1.1080	1.1081	-0.0075	59,932
March'24	1.1287	1.1319	1.1200	1.1199	-0.0075	585
Australian Dollar (CME) -AUD 100,000; \$ per AUD						
Oct	.6415	.6432	.6309	.6312	-0.0095	257
Dec	.6431	.6446	.6323	.6327	-0.0095	188,339
Mexican Peso (CME) -MXN 500,000; \$ per MXN						
Oct	.0541	.0569	.05467	.05483	-0.0064	1,157
Dec	1.0625	1.0640	1.0527	1.0527	-0.0082	5,777
Dec	1.0650	1.0669	1.0555	1.0555	-0.0082	668,715

Index Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT) -\$5 x index						
Dec	34046	34153	33617	33796	-196	93,147

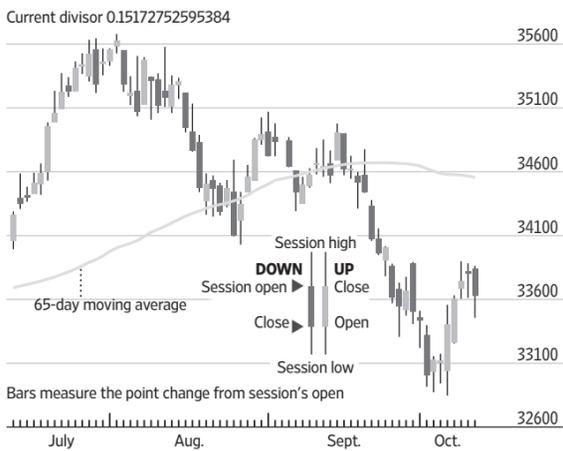
	Open	Contract High	Low	Settle	Chg	Open interest
March'24	34380	34457	33951	34122	-194	298
Mini S&P 500 (CME) -\$50 x index						
Dec	4417.75	4430.50	4355.50	4380.50	-29.25	2,026,287
March'24	4467.25	4479.00	4404.75	4429.50	-29.25	15,795
Mini S&P Midcap 400 (CME) -\$100 x index						
Dec	2525.80	2539.60	2458.50	2472.60	-49.70	38,816
March'24				2489.70	-48.60	1
Mini Nasdaq 100 (CME) -\$20 x index						
Dec	15407.50	15468.75	15216.25			

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

33631.14 ▼173.73, or 0.51%
 Last Trailing P/E ratio 24.35 17.78
 Year ago P/E estimate * 18.01 15.91
 High, low, open and close for each trading day of the past three months.
 Dividend yield 2.16 2.36
 All-time high 36799.65, 01/04/22



*Weekly P/E data based on as-reported earnings from Birming Associates Inc.; *Based on Nasdaq-100 Index

S&P 500 Index

4349.61 ▼27.34, or 0.62%
 Last Trailing P/E ratio * 20.14 18.05
 Year ago P/E estimate * 19.17 16.30
 High, low, open and close for each trading day of the past three months.
 Dividend yield * 1.68 1.79
 All-time high 4796.56, 01/03/22



Nasdaq Composite Index

13574.22 ▼ 85.46, or 0.63%
 Last Trailing P/E ratio ** 29.27 23.99
 Year ago P/E estimate ** 26.12 20.79
 High, low, open and close for each trading day of the past three months.
 Dividend yield ** 0.89 0.99
 All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Dow Jones									
Industrial Average	33863.80	33455.60	33631.14	-173.73	-0.51	35630.68	29634.83	12.0	5.3
Transportation Avg	15177.11	14838.69	14963.08	-161.90	-1.07	16695.32	12429.60	17.4	8.0
Utility Average	830.45	810.15	817.19	-12.56	-1.51	1002.11	783.08	-5.0	-2.5
Total Stock Market	43620.08	42978.07	43217.03	-353.19	-0.81	45969.67	36056.21	16.9	6.1
Barron's 400	975.00	954.87	960.29	-12.67	-1.30	1036.97	862.18	8.1	7.8
Nasdaq Stock Market									
Nasdaq Composite	13714.14	13491.56	13574.22	-85.46	-0.63	14358.02	10213.29	27.5	4.6
Nasdaq-100	15333.98	15090.69	15184.10	-57.02	-0.37	15841.35	10679.34	37.6	7.9
S&P									
500 Index	4385.85	4325.43	4349.61	-27.34	-0.62	4588.96	3583.07	18.5	7.2
MidCap 400	2507.55	2443.77	2457.55	-47.78	-1.91	2728.44	2245.21	6.8	6.9
SmallCap 600	1148.98	1118.85	1125.82	-21.97	-1.91	1315.82	1091.05	0.8	6.5
Other Indexes									
Russell 2000	1774.92	1725.44	1734.25	-39.04	-2.20	2003.18	1682.40	0.3	1.7
NYSE Composite	15510.58	15252.73	15329.55	-158.23	-1.02	16427.29	13607.31	10.4	4.8
Value Line	536.59	523.70	526.54	-9.76	-1.82	606.49	495.91	3.6	2.3
NYSE Arca Biotech	5076.62	4943.02	4954.06	-122.56	-2.41	5644.50	4570.64	6.1	-4.1
NYSE Arca Pharma	917.30	908.61	914.46	-0.57	-0.06	925.61	753.82	20.1	10.9
KBW Bank	77.26	75.88	76.48	-0.77	-1.00	115.10	71.96	-23.2	-1.7
PHLX ^S Gold/Silver	112.33	108.98	109.59	-2.49	-2.22	144.37	96.42	8.6	-9.3
PHLX ^S Oil Service	94.91	92.38	93.20	-0.69	-0.74	98.76	66.72	33.9	11.1
PHLX ^S Semiconductor	3596.78	3515.50	3548.62	10.80	0.31	3861.63	2162.32	56.8	40.1
Cboe Volatility	18.08	15.44	16.69	0.60	3.73	32.02	12.82	-47.7	-12.7

^SNasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
Transocean	RIG	6,746.2	7.66	0.09	1.19	7.66	7.53
SPDR S&P 500 ETF Trust	SPY	4,783.8	433.75	0.09	0.02	461.28	429.59
Apple	AAPL	3,411.5	181.11	0.40	0.22	181.24	180.69
Western Union	WU	3,022.2	13.12	0.03	0.23	13.28	12.99
Huntington Bancshares	HBAN	2,952.9	10.05	0.02	0.20	10.24	9.96
ProSh UltraPro Shrt QQQ	SQQQ	2,820.7	18.59	...	unch.	18.60	18.54
iSh MSCI Emerging Mkts	EEM	2,640.9	38.01	0.01	0.03	38.04	37.98
iSh 20+ Year Treasury Bd	TLT	2,415.2	86.34	0.27	0.31	86.39	86.07

Percentage gainers...

Company	Symbol	Last	Net chg	% chg	High	Low
Comtech Telecomm	CMTL	90.0	9.55	1.41	17.32	9.69 8.13
Dollar General	DG	776.9	109.83	8.00	7.86	110.80 101.50
LendingClub	LC	51.6	5.81	0.35	6.41	5.81 5.46
Groupon	GRPN	80.7	11.51	0.57	5.20	12.22 10.48
Atlas Energy Solutions	AESI	120.9	20.82	0.88	4.41	20.82 19.94
...And losers						
Outset Medical	OM	435.4	4.46	-2.31	-34.12	6.79 4.45
SMART Global Holdings	SGH	377.8	17.82	-5.76	-24.42	23.92 17.26
Tupperware Brands	TUP	120.4	2.43	-0.12	-4.71	2.56 2.41
Aclaris Therapeutics	ACRS	145.6	5.29	-0.25	-4.51	5.54 5.29
Revolve Group	RVLV	55.8	14.13	-0.56	-3.81	14.75 14.13

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	818,546,474	12,329,996
Adv. volume*	132,601,912	4,682,970
Decl. volume*	666,001,250	7,604,239
Issues traded	2,973	316
Advances	486	109
Declines	2,405	197
Unchanged	82	10
New highs	37	2
New lows	166	19
Closing Arms ¹	0.89	0.77
Block trades ²	4,081	175
	Nasdaq	NYSE Arca
Total volume*	4,858,626,680	341,789,263
Adv. volume*	1,481,757,432	72,485,088
Decl. volume*	3,329,864,063	268,665,550
Issues traded	4,459	1,809
Advances	1,116	229
Declines	3,171	1,566
Unchanged	172	14
New highs	42	10
New lows	331	34
Closing Arms ¹	0.79	0.48
Block trades ²	32,059	1,606

*Primary market NYSE, NYSE American NYSE Arca only.
¹(TRN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World					
	MSCI ACWI	663.89	-2.74	-0.41	9.7
	MSCI ACWI ex-USA	291.01	0.03	0.01	3.4
	MSCI World	2884.06	-15.44	-0.53	10.8
	MSCI Emerging Markets	962.69	5.85	0.61	0.7
Americas					
	MSCI AC Americas	1647.04	-11.37	-0.69	13.0
Canada	S&P/TSX Comp	19500.24	-163.60	-0.83	0.6
Latin Amer.	MSCI EM Latin America	2251.52	-12.86	-0.57	5.8
Brazil	BOVESPA	117050.74	...	Closed	6.7
Chile	S&P IPSA	3270.56	10.86	0.33	3.1
Mexico	S&P/BMV IPC	49745.16	-599.58	-1.19	2.6
EMEA					
	STOXX Europe 600	453.63	0.47	0.10	6.8
Eurozone	Euro STOXX	441.11	-0.35	-0.08	7.6
Belgium	Bel-20	3540.39	-8.50	-0.24	-4.3
Denmark	OMX Copenhagen 20	2243.88	49.70	2.27	22.3
France	CAC 40	7104.53	-26.68	-0.37	9.7
Germany	DAX	15425.03	-34.98	-0.23	10.8
Israel	Tel Aviv	1713.30	-12.54	-0.73	-4.7
Italy	FTSE MIB	28493.35	74.29	0.26	20.2
Netherlands	AEX	741.52	3.74	0.51	7.6
Norway	Oslo Bors All-Share	1524.20	20.27	1.35	11.9
South Africa	FTSE/JSE All-Share	73390.81	-458.72	-0.62	0.5
Spain	IBEX 35	9336.00	-24.40	-0.26	13.5
Sweden	OMX Stockholm	812.09	5.71	0.71	3.9
Switzerland	Swiss Market	10979.77	-58.53	-0.53	2.3
Turkey	BIST 100	8259.27	-71.37	-0.86	49.9
U.K.	FTSE 100	7644.78	24.75	0.32	2.6
U.K.	FTSE 250	17835.69	-40.55	-0.23	-5.4
Asia-Pacific					
	MSCI AC Asia Pacific	159.20	1.27	0.81	2.2
Australia	S&P/ASX 200	7091.00	2.59	0.04	0.7
China	Shanghai Composite	3107.90	28.95	0.94	0.6
Hong Kong	Hang Seng	18238.21	345.11	1.93	-7.8
India	S&P BSE Sensex	66408.39	-64.66	-0.10	9.2
Japan	NIKKEI 225	32494.66	558.15	1.75	24.5
Singapore	Straits Times	3218.69	25.83	0.81	-1.0
South Korea	KOSPI	2479.82	29.74	1.21	10.9
Taiwan	TAIEX	16825.91	153.88	0.92	19.0
Thailand	SET	1450.75	-5.24	-0.36	-13.1

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	52-Week High	% chg
Edesa Biotech	EDSA	4.88	2.18	80.74	19.67	2.46	-31.7
LL Flooring Holdings	LL	4.00	1.07	36.52	8.77	2.60	-45.4
Shengfeng Development	SFWD	13.73	3.17	30.02	17.60	2.94	...
Scholar Rock Holding	SRRK	8.06	1.21	17.66	13.00	5.56	10.7
Wah Fu Education Group	WAFU	2.35	0.32	15.76	4.88	1.82	11.9
Ezopen Parent	ETWO	2.49	0.30	13.70	7.21	2.15	-55.4
Perception Capital II	PCCT	11.29	1.30	13.01	15.40	9.24	10.9
OptimizeRx	OPRX	8.08	0.93	13.01	22.77	6.92	-43.5
InspireMD	NSPR	3.51	0.39	12.50	3.85	0.81	197.5
MicroAlgo	MLGO	2.82	0.30	11.75	71.50	1.12	-72.9
ICZOOM Group CI A	IZM	7.96	0.83	11.64	12.87	1.61	...
Direxion S&P Biotech Br	LABD	24.39	2.51	11.47	26.23	11.18	6.7
Golden Heaven Group Hldgs	GDHG	10.93	1.05	10.63	10.97	2.94	...
CSP	CSP1	20.94	1.97	10.38	26.39	6.68	188.4
FingerMotion	FNGR	6.72	0.62	10.16	9.48	1.01	-21.9

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
T2 Biosystems	TTOO	195,112	77.4	0.17	-43.87	2.93	0.05
Versus Systems	VS	173,557	51248.0	0.33	43.64	4.35	0.18
ProSh UltraPro Shrt QQQ	SQQQ	148,102	15.9	18.59	1.20	69.55	16.38
Jaguar Health	JAGX	121,457	14330.2	0.35	46.28	12.90	0.22
ProShares UltraPro QQQ	TQQQ	117,496	19.8	38.88	-1.17	47.14	

MARKETS

Stocks End Win Streak After CPI

Nine of 11 S&P 500 sectors decline as Treasury yields resume their climb

By Karen Langley

Major stock indexes fell, snapping a four-day winning streak, after fresh data showed inflation remains a concern.

Treasury yields rose after the consumer-price-index report and climbed further after a bond auction revealed weak demand.

THURSDAY'S MARKETS

The S&P 500 declined 0.6%, trimming the benchmark index's gain in 2023 to 13%. The Dow Jones Industrial Average dropped 0.5%, or about 174 points, while the tech-heavy Nasdaq Composite retreated 0.6%.

The losses were broad-based, with nine of the 11 sectors of the S&P 500 ending the day lower. The utilities and materials segments were the worst performers, dropping

Watch a Video



Scan this code for Dion Rabouin's video breaking down the CPI report.

1.5% each. The energy and technology groups ticked up 0.1% each.

Data Thursday showed recent progress in lowering inflation paused in September. The consumer-price index rose 3.7% from a year earlier, the same as in August. Core prices, which exclude the volatile food and energy categories, rose 4.1% from a year earlier, down from 4.3% in August.

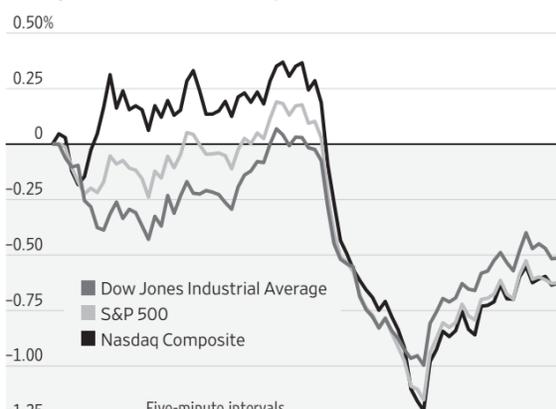
"Did the number come out perfectly for global investors? 'I would argue probably not because it's a bit higher than we could have hoped,'" said Benoit Anne, managing director for investment solutions at MFS Investment Management.

The report did little to change expectations that the Federal Reserve will hold its benchmark interest rate steady at its November meeting. But markets are less certain that rates will come down soon.

Traders on Thursday assigned a 57% probability to the Fed cutting its benchmark rate below current levels by its June 2024 meeting, according to CME Group's FedWatch tool. That's down from the 65% probability they gave that scenario on Wednesday.

The 2023 stock rally has faltered in recent months as yields on longer-term government bonds surged. The bond selloff recently drove the yield

Index performance on Thursday



Source: FactSet

on the benchmark 10-year U.S. Treasury note above 4.8% for the first time since 2007. Higher yields have weighed on stocks because they give investors new opportunities to earn returns at a lower risk.

Treasury yields had ticked lower but climbed again Thursday, leaving the yield on the 10-year at 4.710%, up from 4.596% on Wednesday.

The S&P 500 has retreated 5.2% from its 2023 high at the end of July.

Among individual stocks, shares of **Fastenal** led the S&P 500 with a gain of 7.5% after the industrial distributor re-

ported better-than-expected earnings and disclosed that its chief operating officer has resigned effective Oct. 31.

Shares of **Walgreens Boots Alliance** rallied 7% after growth in its pharmacy and healthcare businesses drove higher revenue.

Home-builder stocks declined after mortgage rates rose to their highest level since 2000. **D.R. Horton** shares fell 5.8%, while **PulteGroup** shares dropped 4.9%.

The small-cap Russell 2000 benchmark tumbled 2.2%, leaving it down 1.5% in 2023.

In oil markets, global bench-

mark Brent crude added 0.2% to \$86 a barrel. It is up almost 20% from a low in June. U.S. oil lost 0.7% to \$82.91 a barrel.

Overseas, the Stoxx Europe 600 added 0.1%. At midday Friday, Hong Kong's Hang Seng Index was down 1.8%, South Korea's Kospi was down 0.7% and Japan's Nikkei 225 was down 0.5%. S&P 500 futures rose 0.1%.

AUCTION RESULTS

Here are the results of Thursday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Applications	\$265,634,373,900
Accepted bids	\$95,665,502,300
* noncompetitively	\$4,635,931,500
** foreign noncompetitively	\$1,936,000,000
Auction price (rate)	99.585833 (5.325%)
Coupon equivalent	5.436%
Bids at clearing yield accepted	66.92%
Cusip number	912797HK6

The bills, dated Oct. 17, 2023, mature on Nov. 14, 2023.

EIGHT-WEEK BILLS

Applications	\$245,798,530,500
Accepted bids	\$85,596,615,500
* noncompetitively	\$1,563,255,400
** foreign noncompetitively	\$451,000,000
Auction price (rate)	99.168556 (5.345%)
Coupon equivalent	5.480%
Bids at clearing yield accepted	81.50%
Cusip number	912797HU4

The bills, dated Oct. 17, 2023, mature on Dec. 12, 2023.

29-YEAR, 10-MONTH BONDS

Applications	\$46,974,932,800
Accepted bids	\$20,000,002,800
* noncompetitively	\$31,982,200
** foreign noncompetitively	\$0
Auction price (rate)	88.806438 (4.837%)
Interest rate	4.125%
Bids at clearing yield accepted	22.14%
Cusip number	912810T15

The bonds, dated Oct. 16, 2023, mature on Aug. 15, 2053.

IEA Warns Conflict Increases Oil Risks

By Yusuf Khan

The conflict in Israel and rising tensions across the Middle East are raising risks to the global oil market, as demand for crude is set to rise to a record in 2023, according to the International Energy Agency.

In its monthly report, the Paris-based organization said a sharp escalation in geopolitical tensions in the Middle East has put markets on edge. The region accounts for a third of seaborne oil trade.

"While there has been no direct impact on physical supply, markets will remain on tenterhooks as the crisis unfolds," the IEA said Thursday.

Earlier this week, Brent crude prices shot above \$90 a barrel, following Hamas's surprise attack on Israel over the weekend. Neither Israel nor the Palestinian territories are major oil producers. Still, analysts point to worries that any ripple effects of the conflict could affect some of the region's major producers, including Iran, triggering a drop in supply.

That risk comes on top of tightening supply from the Organization of the Petroleum Exporting Countries.

"Against a backdrop of tightly balanced oil markets anticipated by the IEA for some time, the international community will remain laser focused on risks to the region's oil flows," the agency said.

The IEA said that it now expects oil demand to grow by 2.3 million barrels a day this year, an increase of 100,000 barrels a day from last month's report. That would translate into total demand averaging 101.9 million barrels a day, a record.

The IEA cited strong demand growth from China.

At the same time, the agency lowered its demand-growth expectation for 2024, forecasting that total demand will average 102.7 million barrels a day. It expects the strong economic rebound from Covid-19 lockdowns will start to wane next year, curtailing demand.

The IEA kept its outlook for supply unchanged from September's report, expecting output to grow this year by 1.5 million barrels a day to average 101.6 million barrels a day. The IEA expects this to rise further next year, by 1.7 million barrels a day, to average 103.3 million barrels a day, again unchanged from its September forecast.

The IEA said the market is likely to remain in a substantial deficit for the remainder of the year amid Saudi-led oil cuts by OPEC. The IEA also noted that global crude stocks fell to their lowest level since 2017.

The agency said rising oil prices were rekindling fears over inflation, with gasoline in the U.S. currently \$4 a gallon. It said that this could lead to further monetary tightening—or interest rates being held at high levels for a longer period. Such moves threaten "possibly pushing the fragile global economy into stagflation."

Additionally, the IEA noted that Russian oil revenue continued to rise, moving to nearly \$19 billion in September.

Bank Earnings to Offer Consumer-Health Clue

By Ben Eisen

U.S. households and businesses have been resilient in the era of high interest rates. Big-bank earnings may show whether they are starting to crack.

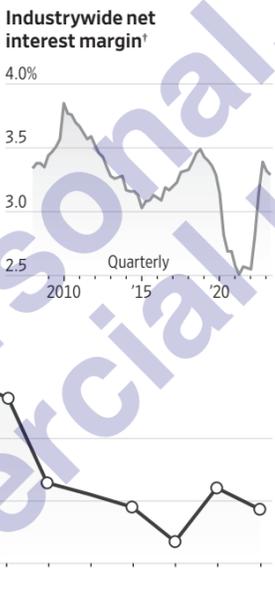
Consumers have largely kept spending and borrowing even after the Federal Reserve started lifting interest rates early last year. The megabanks that handle their transactions are still raking in strong profits.

But the 10-year Treasury yield recently pushed to its highest level since 2007, making it tougher for companies and individuals both to borrow money and pay it back.

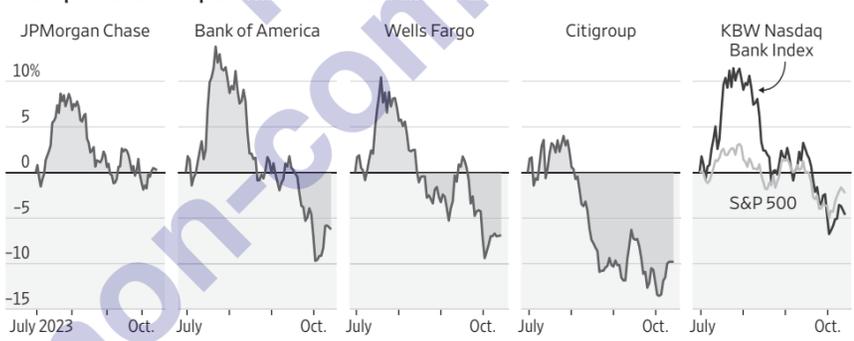
"The three main themes of the quarter are rates, rates and rates," said Mike Mayo, an analyst at Wells Fargo.

JPMorgan Chase, Wells Fargo and Citigroup are due to report their third-quarter results on Friday. They will be followed by Bank of America and Goldman Sachs on Tuesday and Morgan Stanley on Wednesday.

The largest banks are expected to keep churning out profits, benefiting from massive scale that helps them thrive in both strong and weak economies. Small and midsize banks, which are due to report throughout the month, may face more pressure.



Share-price and index performance since the end of June



*Data through August †Data through second quarter of 2023 Sources: Commerce Department via St. Louis Fed (personal consumption expenditures); Federal Reserve via St. Louis Fed (Commercial real-estate loans); Federal Deposit Insurance Corp. (net interest margin); FactSet (performance)

Consumer health

Executives say that a strong job market and the lingering effects of pandemic government stimulus have mostly kept everyday Americans in good financial health this year.

Bank of America Chief Financial Officer Alastair Borthwick said last month at a conference that U.S. consumers are spending 4% more on their credit cards and debit cards than they were a year earlier,

but that the pace of spending has been slowing from elevated levels.

JPMorgan Chase Chief Executive Jamie Dimon said last month that consumers have a lot of extra cash but they have been spending it down. He warned that the future might not look as sanguine as the present. "To say the consumer's strong today, meaning you're going to have a boom-

ing environment for years, is a huge mistake," he said.

Loan losses

If consumers and businesses fall into worse financial straits, they may miss payments on their loans in greater numbers. Banks have been setting aside modest amounts to cover loan losses, which they expect to worsen,

but not surge.

One area of concern is commercial real estate. Office buildings haven't filled back up since the pandemic, raising the risk that loans tied to them go into default. In the second quarter, Wells Fargo set aside more money for losses in the sector and Goldman wrote down some real-estate investments.

Timur Braziler, a midcap

bank analyst at Wells Fargo, said the number of companies he covers that have preannounced credit charge-offs for the third quarter is higher than at any point in memory over the past decade, suggesting that the credit backdrop is becoming less benign.

Assets and liabilities

Rising interest rates are likely to further eat into the paper value of bonds and loans that banks put on their balance sheets when rates were near zero.

Large potential losses on securities and loan portfolios weakened the three regional banks that eventually failed this spring. Such losses aren't likely to pose the same existential threat to the biggest banks, but they tie up money that could otherwise be reinvested at higher rates to earn more income.

For example, Bank of America said that in the second quarter, it was nursing unrealized losses of \$106 billion on the bonds it plans to hold to maturity. Those losses probably grew in the third quarter.

Bank regulations

Expect bank executives to talk extensively about regulators' proposed rules that require banks to hold more capital. They have loudly pushed back against the proposal, saying it is overly stringent and wouldn't have prevented this year's bank failures.

Wells Fargo's Mayo said there are signs banks are already reducing their lending to prepare for tougher new rules. "These are the biggest proposed capital changes in a decade," he said. "It's impacting behavior now."

The new rules are one reason bank stocks have mostly underperformed the broader stock market in recent months.

Former Barclays CEO Staley Is Fined in U.K. Epstein Probe

By Josh Mitchell

LONDON—Former Barclays Chief Executive Jes Staley was fined more than \$2 million and banned from senior roles in banking by British regulators, who said he misled them about his ties to Jeffrey Epstein.

The Financial Conduct Authority said a yearslong investigation had concluded Staley "recklessly misled" both London-based Barclays and the regulatory agency about his relationship with Epstein, the late convicted sex offender.

The regulator imposed a fine of £1.8 million, equivalent to about \$2.2 million. Its finding is provisional, and Staley has appealed the decision to

an oversight body, the agency said Thursday.

The authority said Staley had approved a 2019 letter from Barclays claiming the two didn't have a close relationship—despite multiple personal visits, frequent phone calls and about 1,700 emails between the pair, including one in which Staley called Epstein one of his "deepest friends."

Staley failed to exercise sound judgment or set an example to staff, said These Chambers, the regulator's joint executive director of enforcement and market oversight.

The ban on Staley is justified "if we cannot rely on him to act with integrity by dis-



Ex-Barclays CEO Jes Staley.

closing uncomfortable truths about his close personal relationship with Mr. Epstein," she said.

Staley, through his lawyer, said he was very disappointed by the decision and would continue to challenge it.

"If I had known who JE really was, there is absolutely no doubt that I wouldn't be in the position I am in today," he said. "Prior to undertaking my former role, it was known that I had had a relationship with JE."

Epstein pleaded guilty in 2008 to soliciting and procuring a minor for prostitution. He spent time in a Florida jail and registered as a sex offender.

He was arrested in 2019 on sex-trafficking charges after the Miami Herald reported on dozens more women who said they were abused. Epstein died later that year in jail while awaiting trial, in what the medical examiner ruled a suicide.

Staley has maintained he was friendly with Epstein but never knew about the latter's alleged sex trafficking and ended the friendship before he became Barclays CEO. The U.K. regulator said it "makes no findings" that Staley saw or knew about those alleged crimes.

Staley, a former JPMorgan Chase banker, became CEO of Barclays in December 2015. He resigned from the U.K. bank in November 2021 because of the FCA probe.

Barclays said Thursday that it was seeking to recoup or cancel about \$22 million in compensation for Staley.

Last month, JPMorgan settled a lawsuit against Staley over Epstein, on undis-

closed terms.

The regulator's findings offered fresh detail on contacts between the two men in the run-up to Staley's appointment in October 2015 to run Barclays.

Barclays, one of Britain's largest financial institutions, said in a 2019 letter to regulators that Staley last communicated with Epstein well before he joined the bank.

But the FCA found Staley had visited Epstein's island in the U.S. Virgin Islands as late as April 2015 and that the pair exchanged numerous emails and phone calls ahead of Staley's appointment.

Staley was previously fined in 2018 after trying to unmask a whistleblower.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Walgreens CEO Needs to Cut Dividend

The pharmacy chain is in financial trouble and must start a new chapter with investors

There's lots to fix at **Walgreens Boots Alliance**, whose shares are down nearly 40% this year.

Once newly announced Chief Executive Tim Wentworth hires a chief financial officer, his team will need to move quickly to regain investors' trust. One thing they will likely have to do is cut the dividend, marking the end of an era for a company that has long been a member of the S&P 500 Dividend Aristocrats Index.

The dividend is one of many issues Wentworth, who starts the job this month, will need to grapple with. Nearly every aspect of the company's business is facing significant challenges: Retail sales are under pressure from declining demand for Covid-19 products, the pharmacy counter is facing low reimbursement rates from pharmacy-benefit managers and wages are pressuring costs.

These difficulties were front and center on Thursday as the company's interim management reported a \$180 million loss for the fiscal fourth quarter and projected adjusted earnings per share for fiscal 2024 that fell short of analyst expectations.

There is no quick fix to many of Walgreens's difficulties, but acknowledging what many on Wall Street know would be a good start. Walgreens has one of the highest dividend yields in the S&P 500, at about 8.5%. Sky-high yields can be a sign of an opportunity for investors. It can mean the payments are unsustainable. In the case of Walgreens, it is the latter.

Cash dividend payments have



The company has one of the highest dividend yields in the S&P 500, at about 8.5%.

outpaced free cash flow by 66% over the past seven quarters, Jefferies analyst Brian Tanquilut wrote before the latest quarterly results. John Ransom, an analyst at Raymond James, says the company may have to emulate **AT&T** and cut its dividend by half. "You have to recognize the reality of your financial position and start shoring up the balance sheet," says Ransom.

Former aristocrats were initially punished but have gone on to retain their blue-chip status and to reward investors with share-price gains. These include GE, **Bank of America**,

Eli Lilly and **Pfizer**.

During an analyst call on Thursday, Walgreens management said there were no changes to the dividend policy. The company has been able to fund payments partly by selling down its stake in **Cencora** (formerly known as Amerisource-Bergen). And since Walgreens's unencumbered stake in Cencora is worth about \$2.69 billion versus annual dividend payments of \$1.67 billion, it won't run into a liquidity crisis any time soon, notes RBC Capital Markets' Ben Hendrix.

Moody's downgraded Walgreens

to its lowest investment-grade credit rating with a negative outlook in January. It noted at the time that though it had halted stock buybacks, "expected progress in reducing its stubbornly high debt balance will be slow." The dividend cut would sting, but it would be an admission that the company needs to push the reset button with investors.

The announcement this week that the company was tapping Wentworth, a former CEO of **Express Scripts**, was cheered by Wall Street. Tanquilut wrote that Wentworth will "provide the leadership,

strategic vision, and acumen necessary to execute on WBA's push into the provision of healthcare services."

The appointment came after Walgreens in September said Rosalind Brewer would step down as its chief executive officer. Brewer had been pushing Walgreens deeper into U.S. healthcare services.

But integrating and scaling up the healthcare business takes time: The healthcare division reported a \$294 million quarterly operating loss on Thursday, and it is hard for investors to be patient when the main pharmacy business is underperforming. The company in September said it expected its full-year adjusted earnings per share to come in around the low end of its forecast. In an open letter to the new management, Ransom urged them not to open new Village MD clinics "until the company figures out how to better attract new patients."

In many ways, the problems at Walgreens mirror those at CVS. CVS shares suffered as its retail and pharmacy businesses face pressures. CVS has been buying up businesses to bolster its healthcare offerings. But, unlike Walgreens, CVS recognized that power was shifting to vertically integrated health providers and it bought **Aetna** and pharmacy-benefit manager **Caremark**.

The hiring of a former PBM executive this week signals Walgreens understands that extracting better terms from middlemen will be key.

Unfortunately for income investors, its transformation could soon involve a jarring fall from grace.

—David Wainer

Beijing Must Tackle A Mountain of Local Debt

After a decade of kicking the can down the road, China's local-government debt problem has become impossible to ignore. How adroitly Beijing acts to address it could make or break China's financial system—and the economy's trajectory as a whole.

China's city governments have long been burdened with heavy debt—a consequence, in part, of a system that allocates most tax revenue to Beijing but leaves the bulk of expenditures, outside of defense, to cities and provinces. Recently the debt pains of local governments have gotten noticeably more acute.

In May, the finance bureau of Guiyang, the capital of the far western province of Guizhou, admitted it had "basically exhausted" measures to defuse debt risks. In September, Inner Mongolia said it would issue 66 billion yuan, equivalent to about \$9 billion, of "special refinancing bonds" to help repay higher-interest debt issued before 2018.

The International Monetary Fund projected in February that China's local-government debt burden, as a percentage of gross domestic product, will rise 9 percentage points this year. In 2022, that rise was 5 points. In 2021, it was 2. Much of that debt was issued off official balance sheets, at high interest rates, through "local government financing vehicles": corporate fundraising platforms controlled by local authorities. But banks and households—the latter through purchases of retail wealth-management products backed by LGFV bonds—are key creditors. That creates clear financial and political risks if too much debt goes bad.

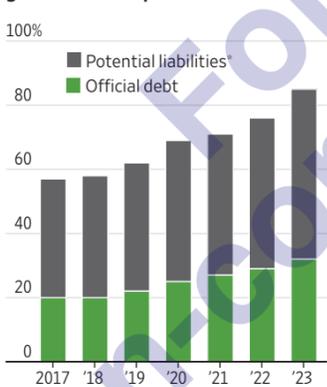
Why has the long-festering problem come to a head now?

One key reason is that two important sources of local government revenue—taxes and land sales for property development—took a big hit in 2022, even as expenditures to fight the pandemic rose sharply.

Property and land sales—the latter about a quarter of local-government revenue—look unlikely to fully recover soon. That could leave city governments with a permanent hole in their budgets.

China's problems are in part a consequence of the previous crackdown on "shadow banking" in 2018, which shaved financially stressed LGFVs of another funding source besides banks and the bond market. Since 2018, yields on

Estimated local government debt burden in China, percentage of gross domestic product



*Debts held through local government-owned corporate financing vehicles. Note: 1 trillion yuan = \$137 billion. Sources: International Monetary Fund (government debt); CEIC (government funding)

many higher-rated LGFV bonds trended downward. But lower-rated debt remained expensive to issue, as doubts grew about LGFV creditworthiness and alternative funding sources like shadow banking dried up.

At the same time, investment returns on many local-government projects fell sharply, thanks to years of overbuilding. Return on assets in the power and heat supply sector fell from about 4% in 2015 to 1.5% in 2022, figures from data provider CEIC show.

Falling returns, high legacy interest costs and deeply depressed land sales add up to a toxic mix for local governments. But there are reasons for optimism too.

For one, while the debt problem is worsening, acute financial distress appears to be concentrated in less-wealthy inland provinces, which typically have lower debt burdens in absolute terms. A list of the top 10 most financially distressed Chinese cities compiled by consulting firm Rhodium in mid-2023 was, with a few exceptions like the megacity of Tianjin, dominated by cities in China's north and west such as Lanzhou and Kunming.

There are some strategies the central government can employ to tackle the problem. Beijing can green-light local governments to swap much more of their off-balance-sheet, high-interest LGFV debt into official provincial debt—which is lower interest, since investors assume provincial debt is backed by Beijing. A similar program kicked off in 2015 helped local authorities refinance trillions of yuan of high-interest debt.

Major sources of local government funding, excluding debt



Many more debt-swap announcements like Inner Mongolia's are likely: On Monday, the provinces of Liaoning, Yunnan and Guangxi, as well as the province-level city Chongqing, unveiled plans totaling nearly 190 billion yuan.

Local authorities can lean on local banks to refinance high-interest LGFV bond debt as low-interest bank debt—or roll over existing loans.

Both options have downsides. LGFV debt adds up to at least 11% of Chinese banks' loan books, according to consulting firm Gavekal Dragonomics. Writing off or rolling over a significant chunk of that debt will be a big hit to profitability and balance sheets—when net interest margins are near record lows. And swapping much more LGFV debt into provincial debt creates problems too: moral hazard and, potentially, higher borrowing costs for Beijing over the long run as it assumes more direct risk for localities' spending habits.

But Beijing doesn't have much of a choice. When land sales have weakened dramatically in the past, governments have often plugged the gap with LGFVs—especially since 2016. LGFV bond issuance has already begun rebounding in recent months as financial conditions have eased and the property market has slumped again. But this time, markets may not be able to absorb another big wave of issuance. Meanwhile, reports of unpaid local government workers' unpaid local government workers won't do much to reassure already thrifty households. The time for can-kicking is done. —Nathaniel Taplin

Banks' Deposit Pressures Could Get Worse

Higher interest rates have done a number on banks' deposits. They might not be done.

As investors prepare for another round of quarterly bank earnings, the hope isn't for rosy reports about banks' deposit costs. Instead, they will be looking for any clarity on whether the worst is over, and when costs might even start to go down.

Yes, the rates banks pay to their customers have risen considerably. So perhaps that process has mostly run its course.

But there are reasons to think there remains room for banks' deposit funding costs to keep going up for a while—particularly if the Federal Reserve has truly adopted a higher-for-longer interest-rate stance, effectively giving depositors more time to change their behavior and adjust to the new environment.

In the second quarter, the average overall cost of deposits at U.S. banks—at 1.78%, according to Federal Deposit Insurance Corp. data—was 3.2 percentage points below the average effective federal-funds rate, at nearly 5%.

The gap hasn't been that wide since the 1980s. That alone suggests there is much more catching up to do.

Another indicator is how relatively underused so-called time deposits still are. These include certificates of deposit, in which customers get a higher rate for agreeing to lock up their money with the bank for a defined period.

This number has ticked up. By the second quarter of this year, time deposits at U.S. banks made up about 13% of all deposits, ac-

ording to FDIC data. That is up sharply from the sub-7% nadir in 2021 and 2022.

But it is historically low. In 2007, the last time that the 10-year U.S. Treasury note—a potential alternative for customers who have cash they don't mind locking up—was yielding as much as it has this year, more than 30% of all deposits were time deposits.

This can be a double-edged sword for banks.

Time deposits can protect banks from further increases in rates. But they limit their ability to benefit as quickly from falling interest rates.

The overall cost of deposits can keep rising even if the average rate on interest-bearing deposits is steady. That happens when deposits shift from "golden" zero-interest accounts to interest-paying ones. And that has been happening.

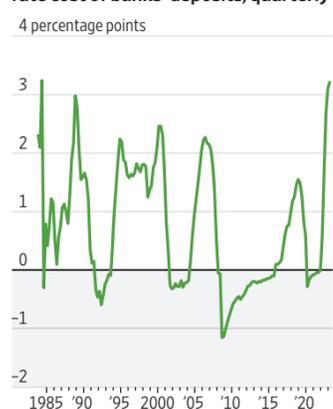
Some banks have said this process was slowing. But despite dipping in recent quarters, the percentage of systemwide deposits that are interest-free is still fairly high from a wider historical lens. Almost 25% of domestic deposits at U.S. banks in the second quarter were noninterest-bearing, versus under 20% back in 2007, according to FDIC data.

Of course, the Fed could change course rapidly and start slashing rates.

Or, perhaps the many years of low interest rates, plus changes in technology and how people and companies manage their cash, mean that those past benchmarks don't really apply anymore. Or maybe this time isn't so different.

—Telis Demos

Gap between the average effective federal-funds rate and the interest rate cost of banks' deposits, quarterly



Note: Data through second quarter 2023. Source: Federal Reserve (federal-funds rate), Federal Deposit Insurance Corp. (deposit costs, time deposits)

Time deposits as a share of all U.S. bank deposits, quarterly





\$4 Million
Madeleine Albright's Georgetown house lists. **M3**

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\$40,000
Asking monthly rent
\$27,500
Actual monthly rent

Harris rented a six-bedroom house in the Keystone Islands.

Miami's Luxury Rental Market Falls Back to Earth

New inventory, return to office and the end of the Covid housing craze are causing rents in the city's luxury sector to drop

By E.B. SOLOMONT

15%
Percentage decrease in the median monthly rent for a Miami luxury three-bedroom house

70,300
Number of luxury apartments in Miami, up from 53,440 in 2020

When Neil Harris moved his family to Miami from Tennessee in 2020 during Covid, he signed a \$29,500-a-month lease for a beachfront apartment that he said was "well worth it." But Harris, 46, who owns a staffing agency and trucking company, said he cringed when his rent jumped to \$42,000 a month the following year. He reluctantly paid, he said, to avoid uprooting his children and because he knew that was the going rate, and if he didn't pay it someone else would. By this year, however, the economy and real-estate market had changed. In April, Harris rented a six-bedroom house in Miami's Keystone Islands. While it was originally listed for \$40,000 a month last year, he got the waterfront home with a dock for

Please turn to page M10



Neil Harris, shown with his 8-year-old son Cornelious, moved to Miami during Covid.



\$85,000
Monthly rent of an Arte Surfside unit in a deal that fell apart

At Arte Surfside, a private-equity executive walked away from renting a high-end unit, saying two of his business deals had fallen apart.

A Billionaire's 'Addiction'—House Flipping

Rockstar Energy drink founder Russ Weiner has made a second career buying and selling luxury homes

By LIBERTINA BRANDT

WHEN OCEANFRONT estates in the heart of Palm Beach, Fla., began skyrocketing in value during the pandemic, Russ Weiner, creator of the Rockstar Energy drink, knew it was just a matter of time until high-end waterfront homes in nearby communities began experiencing similar growth. So in September 2020, he bought two properties, spanning a total of roughly 3 acres, for about \$32 million in the village of North Palm Beach. A few weeks later, he sold the properties for around \$50 million to private-equity executive Robert F. Smith.

Weiner, 53, began dabbling in high-end real estate



Russ Weiner purchased this home in the Bird Streets neighborhood of West Hollywood, Calif., in 2019.

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PRIVATE PROPERTIES

Florida Home Gets \$18 Million Discount

A waterfront home in Boca Raton, Fla., has sold to a developer for \$23.5 million, nearly \$20 million less than its original listing price of \$41.5 million.

The buyer is local builder Jeff Norman, who said he plans to demolish the circa-1964 house and build one or two new homes in its place.

SOLD
\$23.5
MILLION

1 acre, 260 ft. of waterfront

Waterway. It was the longtime residence of the late Patti and William Carpenter, according to Patti Carpenter's son, Todd Payne.

When the property hit the market last year asking \$41.5 million, it was the priciest home on the market in Boca Raton. The price was reduced several times and

dropped to \$29.5 million this summer, according to Carmen N. D'Angelo Jr. of Premier Estate Properties, who represented the buyer and seller with his colleagues Joseph G. Liguori and Gerard P. Liguori.

Norman, who has been building in the Boca Raton area for around 40 years, said he had been eyeing the property for its acreage and water frontage, "but the initial offering was a little rich for me." Once the price tag was reduced to \$29.5 million, "it was kind of a no-brainer."

D'Angelo said the property's value was in its location and its frontage on the Intracoastal.



The circa-1964 house is slated for demolition.



When they first listed the home, there was demand in the market for home-renovation projects, he said, but the demand waned as building costs and supply-chain issues increased. As a result, they reduced the price to appeal to a buyer looking to demolish the property and start over.

Payne said the sale was bitter-sweet.

"I am sad to see the house go

and am ready to put that chapter of my life behind me," he said in an email. "My mother loved that home with all her heart. It was more than a piece of property, it was home for over 40 years."

In August, the median sale price in the Boca Raton ZIP Code 33432 was \$1.07 million, down 3.8% from the same time last year, according to Redfin.

—Libertina Brandt

After a Record Deal, Nantucket Gets Another Major Listing

On the heels of a record-breaking \$42 million home sale on Nantucket, a historic home on the island is listing for \$25 million.

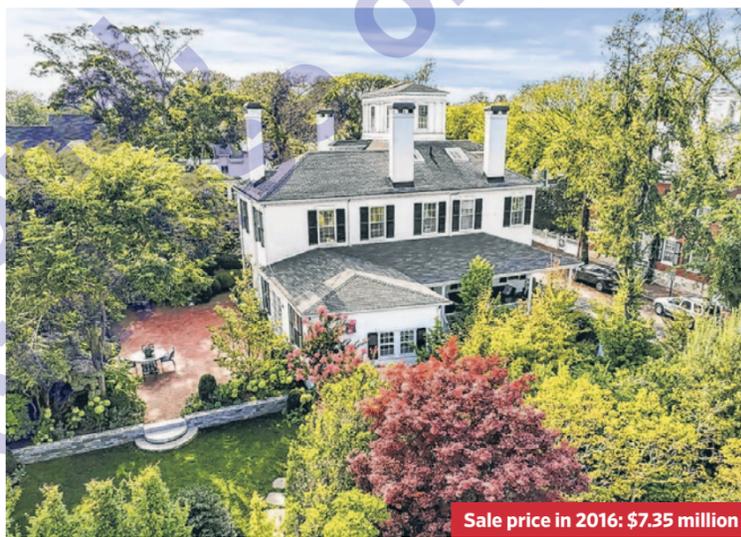
The sellers are Bill Holodnak, co-founder of the executive-recruiting firm Occam Global, and his wife, Marjorie Holodnak. The couple paid \$7.35 million

FOR SALE
\$25
MILLION
6,800 sq. ft.,
6 bedrooms,
gym, cupola

for the property in 2016, records show, and extensively renovated it. In contrast to the contemporary waterfront compound purchased last month by Barstool Sports founder Dave Portnoy for \$42 million, the Holodnak house was built around 1820 on Nantucket's cobblestoned Main Street, said listing agent Bernadette Meyer of Maury People Sotheby's International Realty. Spanning about 6,800 square feet, the house has eight fireplaces and six bedrooms. Granite steps lead to a landing covered by a portico with two sets of Ionic columns.

Built by John Coleman, a renowned Nantucket builder, the house originally belonged to whaling merchant John Wendell Barrett and his wife, Lydia Mitchell Barrett, historical documents show.

Bill Holodnak said he and his wife spent about two years renovating the



Sale price in 2016: \$7.35 million

house. They kept original details such as marble fireplace surrounds, interior shutters, leaded-glass windows and arched pocket doors.

But the Holodnaks completely redid the kitchen, updated the mechanicals and excavated the basement, adding a bedroom, gym and living area. They renovated the third floor, which has views of Nantucket Harbor, and restored a cupola to bring in additional light. They also added a guest suite to the third floor. In the enclosed yard,

they built a brick patio and pergola. Holodnak is the former president of J. Robert Scott, an executive-search business owned by Fidelity Investments. He said he spends several months out of the year on Nantucket.

The Holodnaks are looking to sell the house because it is harder to gather the extended family as everyone gets older, he said. He said the Portnoy purchase had nothing to do with their decision to put the house on the market.

—E.B. Solomont

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PRIVATE PROPERTIES



ton and the president of the Czech Republic at the time, Freedman said. Years later, when Hillary Clinton became secretary of state, Albright hosted a dinner for her and invited other living former secretaries of state, including Henry Kissinger, Colin Powell, Condoleezza Rice and George Shultz, Freedman said.

The house has a brick facade and there is a semicircular staircase in front with iron railings wrapped in ivy, Rankin said. French doors lead to a brick terrace with a stone fountain.

In contrast to the public spaces on the first floor, the home's second and third floors were a private refuge, Freedman said. Albright turned the third floor into an office, where she spent weekends preparing notes for classes she taught at Georgetown University, he said. She had a library on the second floor, where she would retreat each night to watch the news, review materials for the next day and read. "That was her happy place," he said.

The home feels like a "period house," Rankin said, with original details such as wide plank floors, fireplace mantels and crown moldings, although Albright had redone the kitchen and primary bathroom within the last decade. There is a butler's pantry and a separate breakfast room off the kitchen.

The garden is unusually large for Georgetown, with an oversized two-car garage, Rankin said. When Albright was secretary of state, part of the garage was repurposed for diplomatic security. "They had a little watch room with cameras and secure communications," Freedman said.

During the first nine months of the year, single-family home sales in Georgetown fell 20% from the same period in 2022, according to Sotheby's, while the median sale price rose 2.5% to just over \$2 million. Overall, Rankin said the luxury market in Washington is limited by a lack of inventory.

—E.B. Solomon

Madeleine Albright's Georgetown Row House Goes On the Market

The longtime Washington, D.C., home of the late former U.S. Secretary of State Madeleine Albright is listing for \$4 million.

Albright, who was secretary of state from 1997 to 2001 under President Bill Clinton, died in 2022. She had lived in the Georgetown row house since 1968, when she and her then-husband, Joe Albright, bought it for around \$100,000, according to the book "Madeleine Albright: A Twentieth-Century Odyssey." Albright raised her three

daughters in the Federal-style house, which became a hub for foreign-policy experts and those interested in politics and national security. They convened for the monthly dinner parties she hosted, according to Jacob Freedman, a close family friend who was Albright's chief of staff in her later years.

Built around 1853, the roughly 4,000-square-foot house has four bedrooms, said listing agent Michael Rankin of TTR Sotheby's International Realty, who is marketing the property with colleague Logan MacKethan.

When Albright and her hus-

band divorced in 1983, she kept the Georgetown house along with a farm in Virginia, according to her 2003 autobiography "Madame Secretary." She began hosting political dinners at the Georgetown house in the 1980s, the book said. The house has a double living room and two fireplaces, and Freedman said she typically packed in as many chairs as possible and invited speakers ranging from cabinet officials to senators. "Later people would say I had hosted 'salons' in my 'elegant

Georgetown house," Albright wrote in her autobiography. "The truth is my house is comfortable, not elegant, and my dinners were simple buffet affairs—salad, roll, and a slice of something. As one participant told a reporter, anonymously, 'We certainly don't go there for the food.'"

During the Iraq war, Albright's home became a regular gathering place for foreign policy people outside the Bush administration, Freedman said. Albright also convened a dinner within a week of

the 2016 presidential election, he said, when guests stunned by the election of Donald Trump came together to think about the future.

"She gave everyone some hope and some historical perspective, as the matriarch of the foreign-policy community," he said.

At times, Albright also hosted more intimate gatherings in her dining room. When she was U.S. Ambassador to the United Nations in the 1990s, the Prague-born Albright hosted then-president Clin-

The house was built around 1853.



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Three Ways to Pay for a Home if a Traditional Mortgage Isn't on the Table

Cash isn't the only option if you don't want or can't qualify for a regular home loan

If you're shopping for a luxury home, what can you do if you are self-employed or highly leveraged and won't qualify for, or don't want, a traditional mortgage?

Many buyers simply pay cash for their homes. According to ATTOM, a property-data provider, 33.12% of all sales nationally of single-family homes over \$1 million in the second quarter of 2023 were cash deals.

But there are other ways to pay for a luxury home when a traditional mortgage product isn't a good fit. Here are some creative alternatives to consider.

Collateralize your investment portfolio. These loans, known as investment credit lines, asset-based loans or margin loans, allow you to borrow against the securities you already hold in your brokerage account, whether they are stocks, bonds or alternative investments. The advantages, according to Michael Silver, a certified financial planner in Boca Raton, Fla., are that they have no application fees or closing costs, no financial documentation is required and your credit score and debt-to-income ratio aren't considered. "It's strictly based on your assets," he said. "So, if somebody is highly leveraged or if they're high-net worth but have bad credit, none of that matters."

The interest rate on a margin loan fluctuates, however, and rising rates or declining asset values can result in the institution re-



quiring the borrower to come up with additional assets to secure the loan. Silver said the interest rates on margin loans are typically 1% to 2% over the federal-funds rate (which was between 5.25% to 5.5% on Oct. 6) and that most institutions will fund about 60% to 70% of the value of the pledged assets.

These loans are beneficial for home buyers who don't want to sell their assets to avoid paying capital-gains taxes, and borrowers who are self-employed or lack sufficient documentation to qualify

for a mortgage. "I also recommend margin loans for people who want to buy a house and come in aggressively with cash, but they need to sell their current house," Silver said. "If they got a bridge loan, they would have to go through the bank application process, but you can get a margin loan in a week."

Consider a cross-collateral loan. Cross-collateralization can be used to purchase a primary home, a second home or an investment property. It simply means that multiple assets are used as secu-

rity for a loan.

For example, if you're buying a \$1 million house, and you apply for a traditional mortgage at an 80% loan-to-value ratio to avoid paying for private mortgage insurance, you would qualify for an \$800,000 mortgage and have to come up with \$200,000 in cash.

If you own another home free and clear, by using a cross-collateral loan, the lender would combine the appraised values of both homes and finance up to 70%, the maximum loan-to-value ratio typically used by lenders who offer

cross-collateral loans, according to Sarah Alvarez, vice president of mortgage banking for William Raveis Mortgage. So if your other home is worth \$500,000, you would qualify for a \$1.05 million loan (70% of \$1.5 million).

"That allows you to get 100% financing for the million-dollar purchase, and private mortgage insurance is not required," Alvarez said. The lender will mortgage both properties to secure the loan. The interest rate charged on a cross-collateral loan depends on a number of factors but is usually comparable to a traditional mortgage, Alvarez said.

Liquidate assets. Another alternative financing method is to liquidate assets. In tight markets, offering to pay cash and close quickly can give buyers a competitive advantage. This strategy is usually best for home buyers who have substantial assets that can be liquidated quickly and easily, such as a stock portfolio, rather than real estate, which is a nonliquid asset that can take months to convert to cash.

Bear in mind that liquidating assets can be a taxable event that triggers capital-gains taxes. Be wary of cashing out your 401(k) or other retirement account for cash. You'll have to pay income tax on the money you withdraw from a 401(k), plus if you're under age 59½, the Internal Revenue Service will assess a 10% penalty, although there are some exceptions to the penalty such as for total and permanent disability.

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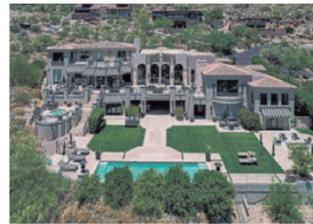
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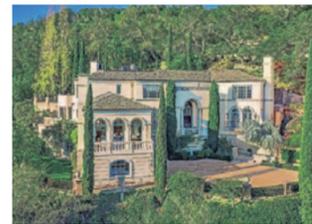
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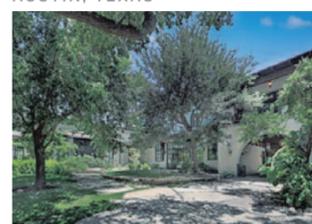
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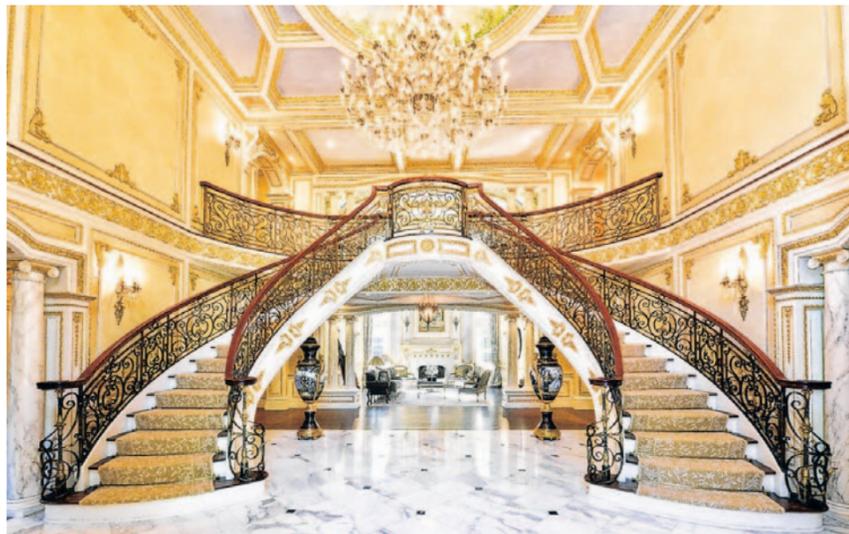
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Dan and Sheree Funsch, both beauty-industry executives, met in 2005 at a trade show in Chicago.

"I told Sheree, 'I'm going to build you the biggest, most beautiful home, and I'll marry you, and you'll move in,'" Dan Funsch told his future wife while they were dating. "And I did."

Château Sheree, their resulting New Jersey home, spans about 16,000 square feet. Decorated with 47,000 sheets of 22-karat gold leaf, it has two pubs and a salon where Sheree Funsch said she tests products and gets her hair done.

Now the couple is putting Château Sheree on the market for \$9.995 million, after spending roughly \$16 million to buy the land and build the house.

The couple bought the roughly 2.4-acre Saddle River property in 2007 for



Construction and land cost: \$16 million

FOR SALE
\$9.995
MILLION
16,000 sq. ft.,
8 bedrooms, 2 pubs

\$2 million. They demolished an existing house on the property and spent about \$14 million to build and landscape Château Sheree, completing it around 2012, said Dan Funsch, former owner and chief executive of Intarome Fragrance. Sheree Funsch is chief executive of the personal-care manufacturing company LaDove.

Dan Funsch said he listed the house for less than he put into it in order to be competitive in the local marketplace. He built the house for his wife and family's enjoyment, rather than for a return on investment, he said.

The estate has eight bedrooms, 13 fireplaces and a home theater, according to listing agent Vicki Gaily of Special Properties/Forbes Global Properties.

—Sarah Paynter

Lila Delman
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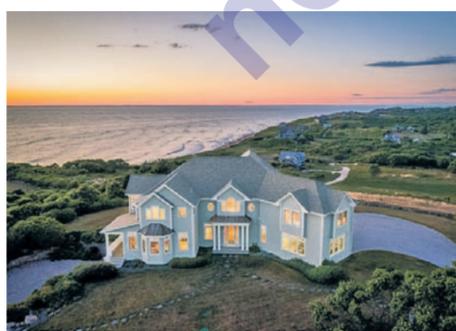
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MANSION

House Flipper

Continued from page M1 after he founded Rockstar Energy in 2001. He'd buy luxury homes, redo them to his liking and then live in them until he decided to move somewhere else. Eventually, he said, he became good at the flipping part. "And I vowed never to do it again, probably 10 times. But I kept going, and I guess I got addicted," he added.

One of Weiner's first big sales was in 2008, when he sold a glass-and-concrete mansion in the Hollywood Hills neighborhood of Los Angeles that he'd been living in. He sold the home for around \$2 million more than what he paid for it in 2004.

In 2010, he bought a home in Miami's Palm Island after it went into foreclosure. He spent roughly \$2 million renovating it. He then sold it for \$14.5 million in 2012 to rapper Birdman, the founder of Cash Money Records.

Weiner grew up in the San Francisco Bay Area and began his career as a salesman in the student travel industry. Like his father, political commentator Michael Savage, Weiner had an interest in politics. In 1998, he ran for a seat in the California State Assembly and won the Republican primary by five votes. Though he lost the general election, his ambitious campaign caught the attention of Maurice Kanbar, founder of SKYY Vodka, who then hired Weiner to help him develop new beverage products. Weiner said he worked for Kanbar for about a year before using his life savings, around \$50,000, to start Rockstar,



Russ Weiner at one of his Miami Beach properties, which has a Balinese-inspired exterior and contemporary interior.



which he sold in 2020 to PepsiCo for what was reported at the time to be around \$4 billion.

Today, Weiner spends his time managing his family office. Over the past roughly two decades, he's successfully flipped nearly a dozen properties, many with big names attached to them like Madonna's former French Country estate in Beverly Hills, which he bought for about \$20 million, renovated for roughly

\$4 million and then sold for around \$30 million. But Weiner has also made some mistakes along the way.

"For however many good deals I've done, there's a thousand others I could have done," he said. "But no one's perfect. It's hard to bat a thousand."

Weiner's current portfolio includes properties in Florida, Utah, California and Colorado. His plan is to shed most of the homes he currently owns so that he

can turn his focus to Florida, where he believes price appreciation is a sure thing.

Read on for a closer look at Weiner's current holdings.

Miami Beach, Fla.

▲ 1. Sitting on more than an acre with a private dock and around 170 feet of water frontage on Biscayne Bay, the contemporary home has roughly 9,200 square feet of interior space, seven bedrooms, a wine cellar, a rooftop terrace, a pool and a Jacuzzi.

Weiner bought the property in 2016 for roughly \$19.95 million and put about \$5 million worth of work into it. His renovations include the pool and the boat dock. He also added boat lifts, the cold plunge, the Jacuzzi, a tiki hut and an outdoor bar. He rents the home out.

2. A roughly 2-acre estate on Miami Beach's Pine Tree Drive is Weiner's current passion project. He bought the property, which has around 600 feet of wrap-around water frontage, in

2021 for roughly \$18.1 million.

Weiner said he bought the property with the intention of restoring and expanding the Mediterranean-style home already on the property.

Earlier this year, he gutted the existing house and spent around \$1 million moving it from the back of the property to the front, where it will serve as a guesthouse, guard house and spa. It will also be expanded, he said, and will have about 12,000 square feet of interior space. Where the older home once stood, Weiner will build a roughly 30,000-square-foot, futuristic-style main house.

The property will also come with a guest estate two lots over that Weiner bought in 2021 for \$17 million. The guest estate spans just under 2 acres and has around 170 feet of water frontage. The property will have another guesthouse as

well as amenities including indoor and outdoor gyms, a clay tennis court, a padel court, pickleball courts, a sand volleyball court, a cold plunge and Jacuzzi.

Weiner expects both properties to be completed by 2026. The total cost of construction will exceed \$100 million, he said.

Delray Beach

Weiner resides in Delray Beach, where home prices have also benefited from the pandemic-led housing boom. The average sales price as of October 2023 for Delray Beach luxury properties is up 27% from 2020, according to data from Premier Estate Properties.

Weiner's home spans roughly 15,000 square feet and sits on roughly 2.2 acres with a tennis court and 220 feet of ocean frontage, he said. He bought the property in 2009 for nearly \$11.6 million and has made several



Renderings of Weiner's major Miami Beach construction project on a 2-acre estate with 600 feet of water frontage



Weiner bought this home for his personal residence in 2009 in Delray Beach, Fla.

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MANSION



List price: \$50 million
Purchase price: \$39.6 million
Renovation costs: about \$2 million

▲ Weiner's second Park City, Utah, home has 'every amenity you could think of.' ▼



Continued from the prior page changes to it over the years, including adding a large tiki hut by the water.

Park City, Utah

1. When international travel was restricted during the first year of the pandemic, Weiner decided to visit the mountains for a change of scenery. In December 2020, he came across a roughly 10,300-square-foot, ski-in, ski-out home with a 4,000-square-foot garage that was listed for \$17.5 million in Park City, Utah.

"That year, everyone was panicked. Some people were moving but a lot of people

were not. The home was sitting, so I snagged it," he said. "Park City was an undervalued market. You had homes that are gigantic, that are built very well and were much less expensive than Aspen. I thought 'This doesn't make sense. How could a house this amazing be this much less than something in Aspen?'"

So Weiner bought the home, which was built in 2015 and sits on around 6 acres, for \$17 million. One of its standout features, he said, is the garage, which spans two levels, can fit nine cars and is made of concrete, steel and glass.

"It's the prettiest garage I've ever seen," he said. "It even has a view of the mountains."

Weiner spent about a year making updates to the home, which totaled around \$2.5 million. "Every home you buy you have to assume you're going to do a lot more work than you think," he said. "Even if it's brand new." The property is now listed for \$31 million.

2. In 2022, Weiner bought another home in Park City that sits on roughly 5 acres and has around 17,600 square feet of interior space. The home comes with "every amenity you could think of," Weiner said, including an indoor bowling alley, sports court, a rock-climbing wall, a golf simulator and a ski room, where vintage skis decorate the ceiling. There is also an indoor-outdoor heated pool.

Weiner purchased the home for \$39.6 million, which is currently the most expensive home sale recorded in Utah, according to local agent Paul Benson of Engel & Völkers. He spent about a year having the



This Park City, Utah, home is ski-in, ski-out.

home finished and around \$2 million making additional upgrades that included installing a generator, replacing the home's smart systems and adding window coverings, window tints and solar shades. The house is listed for \$50 million.

Aspen, Colo.

To find a property worth buying, Weiner looks for high-end homes in high-end markets with high replacement costs. One of those markets, he said, is Aspen.

While on a visit to Colorado in late 2020, he came

across a roughly 9,600-square-foot, modern home on Red Mountain in the town of Aspen that was for sale.

"I knew it was a great deal because it was one of the only big modern homes available for sale in the best location in Aspen," he said. According to local agent Doug Leibinger of Compass, the replacement cost of this home today would likely exceed \$2,000 a square foot. And that doesn't even include land cost, he said.

So Weiner bought the

six-bedroom home, which sits on roughly an acre and overlooks Aspen Mountain, for around \$22 million.

"It's perfect to the naked eye," Weiner said. It was designed by architecture firm Aidlin Darling Design and boasts an exterior made of concrete, steel, stone and glass.

While the property's potential for price growth was front of mind when he purchased it, Weiner plans to enjoy the home himself for a while and has made several changes to it, including adding a saltwater system to the heated outdoor lap pool.

Weiner rents out the property regularly, he said, usually for around \$210,000 a month.

Beverly Hills, Calif.

Weiner still owns two properties in Los Angeles County, one of which spans roughly 2 acres and is located in Beverly Park, a guarded and gated community. The Spanish-style main home on the property is around 10,000 square feet, according to Weiner, who used it as his primary



Weiner's Aspen, Colo., home spans 9,600 square feet and has multiple pools.

Purchase price: \$21.7 million
Rent: \$210,000 per month

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MANSION



Purchase price: \$16.5 million
Rent: \$100,000 per month

Weiner bought his West Hollywood home for millions less than it previously traded for. Below, Russ Weiner, founder of Rockstar

residence before moving to Florida. He bought it for around \$15 million in 2007 and in 2019 began a gut renovation of the home, which will span 15,000 square feet once finished.

However, construction was halted in 2020 because of the pandemic. "L.A. shut down. There were no inspectors. No one would work," Weiner said. "You couldn't get permits."

Weiner was able to resume some construction on this property in 2021, but is still waiting for several permits. "It's a nightmare," he said.

He expects to complete the home by 2025. The total cost of the renovation,



he said, will be around \$20 million.

West Hollywood, Calif.

Some of the best deals Weiner has landed are homes that sat on the market for long periods. "A big trick in real estate is that deals come when people sit with their house for over a year on the market," he said. "If it's sitting and they can't sell it, they give up."

In 2019, he found one of

those deals in the Bird Streets area of Los Angeles's Hollywood Hills.

A roughly 13,000-square-foot home with a 180-degree view of downtown Los Angeles had been sitting on the market for over a year, Weiner said, and the seller was eager to get it off their hands.

It first listed in 2018 for \$29 million but had dropped to \$21.995 million about a year later. Weiner said he was able to buy it for around \$16.5 million, which is about \$10.4 million less than what it sold for in 2016, according to public records.

Weiner has had the home on and off the market a few times. He said that for now, he will keep the home off the market because earlier this year, a property across the street, which has an incomplete home on it, sold for around \$20 million. Weiner said that once that home is complete, it will increase the value of his property, which he will then list for sale.

Weiner said he doesn't mind waiting because he is currently renting the home out for about \$100,000 a month.

Purchase price: \$15 million
Projected renovation costs: \$20 million



This property is in the Beverly Park community of Beverly Hills, Calif.

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MANSION

Miami Rental Slowdown

Continued from page M1
 \$27,500. "I'm saving \$20,000 a month and I've got everything I want," he said.

After a historic run-up in prices, the luxury rental market in the Miami area is seeing a significant slowdown. Although rents are higher than they were pre-pandemic, real-estate agents said the velocity of people moving to Miami has slowed and there are fewer people willing to overpay. Meanwhile, newly built apartments are adding thousands of rental units to the market, further easing the supply-demand imbalance that has characterized the market over the past few years.

"Two years ago, people needed a roof over their head—you'd have 12 offers and everyone was just trying to find a place," said Miami real-estate agent Christopher Wands of Douglas Elliman. "Those days are kind of over. People will still pay a premium, but it's fewer and farther between."

In the Miami luxury market, defined as the top 10% of the market, nearly all segments are down from pandemic-era peaks, said



Asking rent in 2021: \$50,000
 Current asking rent: \$37,000

real-estate agent Ana Bozovic, whose firm Analytics.Miami tracks the market. So far this year, the median monthly rent for a luxury three-bedroom house in Miami-Dade County is \$8,500, down 15% from \$10,000 last year, she said. The median monthly rent for a luxury three-bedroom condo is \$8,200, down 8.9% from \$9,000 last year.

Overall, Miami's rental market seems to be cooling faster than other cities nationwide, according to data from list-

ing website Zumper. In September, the median monthly rent for a Miami one-bedroom apartment fell 1.47% to \$2,690 from the month before, and 1.96% to \$2,500 in Miami Beach, Zumper said. By comparison, the median rent for a one-bedroom nationwide grew 0.1% to \$1,511 during the same period.

The dip is a sharp change from the frenzied pace of the real-estate market over the past few years, as an influx of people moved to Miami for warm weather and low taxes, driving up real-estate values to historic levels. The median monthly rental price for a luxury four-bedroom house rose more than 94% from \$5,400 a month in 2019 to \$10,500 a month this year, according to Analytics.Miami.

Agents and owners said that type of growth was nearly impossible to sustain. "You can't be on a roller coaster forever going up," said Scott Shuffield of Berkshire Hathaway HomeServices EWM Realty, who recently did a deal for a Brickell apartment for just under \$11,000 a month, down from \$12,000 last year.

With many workers being called back to the office, some renters no longer need as much space for home offices, real-estate agents said. Filippo Incorvaia of FI Real Estate said he's had sev-

A rental deal for a six-bedroom house on the waterfront in South Beach recently fizzled after the landlord and tenant couldn't come to terms.

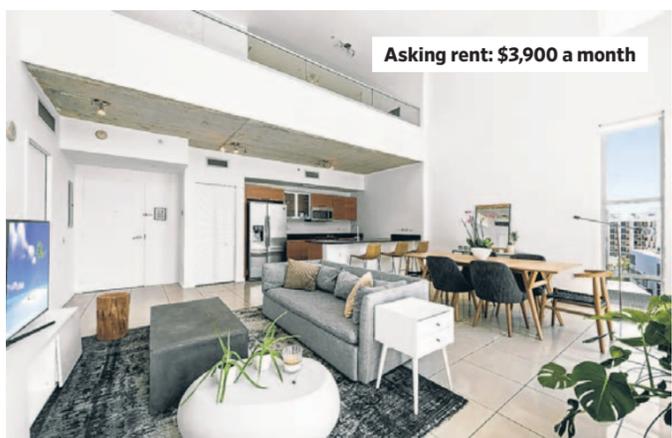


eral clients downgrade from three or four bedrooms to two or three after being called back to the office. He's currently marketing a live-work loft in Midtown that has been lingering on the market, most recently asking \$3,900 a month. "We tell [landlords], this is a real slowdown. Don't wait for the next guy to pay up," he said.

Meanwhile, Miami is bracing for a glut of inventory. Developers have raced to deliver thousands of rental units over the past few years, thanks to zoning changes and increased demand from people who moved to Miami during the

pandemic. Currently, there are about 70,300 luxury apartments in Miami with another 30,000 under construction, according to the Florida Apartment Association. By comparison, the total luxury inventory was about 53,440 in 2020.

"That's just huge, as far as construction goes," said Amanda White, the association's vice president of government relations and research. Most construction is in the luxury sector, which has resulted in higher vacancy rates among high-end units. So far this year, the vacancy rate for luxury rentals in Miami is 8%, compared



Asking rent: \$3,900 a month

Many workers are returning to the office and need less space for working from home. A live-work loft in Midtown has been lingering on the market.

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NEW PRICE: Mint Park Avenue Rosario Candela Jewel | 770 Park Avenue, 2C | 5 Rooms | 2 Bedrooms, 2 Bathrooms | Co-op | \$2.95M | Web# 22443102

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MANSION



with 5.3% in 2021, according to the association. By comparison, the vacancy rate for the overall rental market in Miami is 5%, up from 3.3% in 2021.

Areas such as Sunny Isles, which had an oversupply of inventory pre-Covid, are feeling the additional inventory more acutely. Compass agent Ivan Chorney said he is listing a three-bedroom at the Turnberry Ocean Club in Sunny Isles for \$31,000 a month, down from around \$39,000 in February.

When people were flocking to Miami during the peak of Covid, renters wanted to be anywhere in the area, Chorney said; now they are choosier about location. "They want to be in Surfside, or close to the Bal Harbor shops. When you're in Sunny Isles, you get a little bit removed from that," he said. As a result, "we haven't been able to rent them like we did in previous years."

Like real-estate markets all over the country, Miami-area rentals are also being impacted by economic pressures including high

interest rates and inflation.

This past summer, a client who works in private equity walked away from renting an \$85,000-a-month condo at Arte Surfside when two big business deals fell apart, said Chorney. "He's like, there's nothing I can do about it," Chorney said. "This is the effect of the macro environment."

Lewis Liebert, 50, who owns a private aviation company, lives full-time in Connecticut and started renting a second home in Miami a few months before Covid. In late 2020, he rented a two-bedroom apartment at the Ritz-Carlton Residences in Sunny Isles.

Over a three-year period, he said his rent rose by about 50%. Until recently, he felt he had no alternative, so he re-signed the lease twice. This year, he found a three-bedroom apartment in Edgewater where his monthly rent is 10% to 15% less than at the Ritz, partly because the amenities and service levels are different. Liebert declined to say exactly how much he pays in rent, but two-bedrooms at the Ritz are currently priced between \$15,000 and \$25,000 a

month, while three-bedrooms at his building in Edgewater rent for \$12,000 to \$17,500 a month.

Some Miami-area buildings are now offering concessions for the first time in several years, real-estate agents said. That's a stark change from the peak of Covid, when incentives were widespread in New York and other cities but scarce in Miami.

Real-estate agent Calli Henley said one of her clients recently signed a year-long lease for a \$6,000-a-month apartment in Brickell with two bedrooms and a den. Instead of requiring four months of rent as a security deposit, the landlord asked for a \$1,000 security deposit and offered one month of free rent.

At Gables Station, a Coral Gables rental development that opened in 2021, property owner Hines is offering six weeks free for certain units on a 13-month lease, according to its website.

Because so many buildings came on the market at the same time, the FAA's White said, "they're essentially competing for residents."

At the Missoni Baia condo tower in Edgewater, new units are listed



Lewis Liebert left the Ritz-Carlton Residences after his rent went up.

daily for sale and rent, according to Chorney, who is listing a two-bedroom apartment there. The unit came on the market for \$15,000 a month in August and is now asking \$14,000, he said. Though the unit has unobstructed views, he's only gotten lowball offers.

Still, rents are higher than they were pre-Covid. Greg Mirmelli, who owns and manages homes throughout Miami, said a six-bedroom house he manages in the Venetian Islands fetched around \$50,000 a month in 2019. By 2021, he was getting as much as \$100,000 a month for the home. In May, he listed it for \$67,770 a month and in August cut the price to \$59,000, according to Zillow.

Despite the kind of drops described by Mirmelli, superluxury rentals are holding up better than other sectors of the market, in part because of limited inventory for very large, single-family homes, Bozovic said. According to from Analytics. Miami, the median monthly rent for single-family houses with six or more bedrooms is \$19,400, up 10.9% from last year and 59% from 2019.

Alberto Fernandez, whose family owns rental properties throughout Miami, said he has ultra high-end homes that still fetch six figures a month. But he has experienced more negotiating in the \$30,000 to \$40,000 range. One of his family's properties on the waterfront near Bay Point commanded \$50,000 a month in 2021 and is now asking \$37,000. Fernandez said they recently had interest from a tenant in the \$30,000 range, but couldn't come to terms. "There's a lot more haggling over the addendum and terms," he said.

A seasonal ebb and flow has also returned to the rental market. For the past few years, the market hasn't slowed during the summer, but this year there was a lull typical of the pre-Covid era, agents said.

Demand from seasonal renters typically spikes in mid-October, and industry professionals said they are hoping the market is about to pick up.

30,000
Luxury Miami rental apartments under construction

Asking rent in 2021: \$100,000 a month
Asking rent: \$59,000 a month

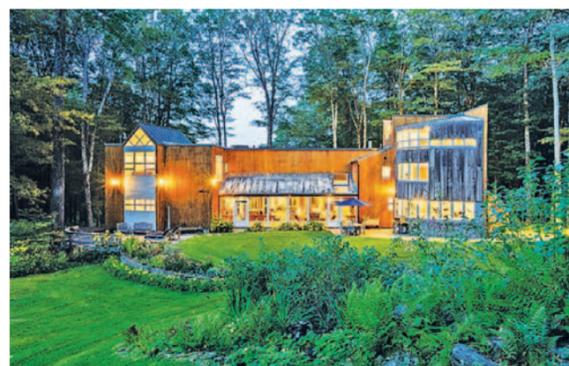


A six-bedroom house in the Venetian Islands has cut its price after originally listing for \$67,770 in May. In 2019, it rented for \$50,000.

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MANSION



HOUSE CALL | LEANNE MORGAN

Viral Videos Helped Put Her on the Map

The stand-up star talks about her mother's Tupperware parties, almost losing her Tennessee accent and how social media led to her Netflix special

I always had an audience. Even in Adams, Tenn., the small town of 600 near the Kentucky border where I grew up. I was related to 75 of them.

Many in my immediate and extended family were funny. We had a ball. My mama, Lucille, is still hilarious, and my daddy, Jimmy, is a wonderful storyteller. Then there were all my grandparents, aunts and uncles, great aunts and uncles, and cousins.

Mama says I always stood out.

When I was little, I'd walk to the tiny grocery store we owned and stand where people were checking out. They'd gather around to hear what I was saying, so I must've had something.

We lived in a 1,400-square-foot, brown-brick ranch with white trim that my parents built on 2 acres of farmland. We grew fire-cured tobacco for makers of chewing tobacco.

At night, if Mama got invited to a Tupperware party, I'd go along. She'd light up the room. I'm con-

vinced she could have gone to Hollywood. Instead, she stayed home. She wanted me to go. We'd watch celebrity TV game shows together like "Match Game" and "Hollywood Squares." She even let me watch "Saturday Night Live."

My older sister, Beth, and I had our own rooms, but she had a TV and a phone. I didn't mind. I preferred talking to Mama and playing with boys outside.

In high school, I did fine—A's and B's. I was in only one school play and loved it. I played Stupe-

Leanne Morgan in Austin, Texas, in September, left, and, below center, with her sister, Beth, and mother, Lucille, in Adams, Tenn., in 1971.

fyin' Jones in "Li'l Abner." Daddy was embarrassed because I didn't have any lines. I didn't care. I got to wear a bathing suit.

At the University of Tennessee, I majored in child and family studies. But I was aimless and felt there was chaos in my soul. At 21, I dropped out and got married.

My husband and I didn't exactly get along. He wanted me to take diction lessons to lose my strong Tennessee accent. He was embarrassed.

At 23, we divorced, and I returned to college to finish my degree. Meanwhile, I was waiting ta-

still managed to do open-mic nights at comedy clubs in town and in Austin.

In 2019 I hired two guys to do social media for me. They put out clips from my stand-up act. It was like somebody had lit a match. I started selling out all over the U.S., which led to my Netflix special this year.

Today, Chuck and I live in Knoxville. We have a two-story, 4,500-square-foot brick house with white columns.

Earlier this year I sold out the Grand Ole Opry. Mama came along. It was her 80th birthday, and we brought her out on stage. The audience sang "Happy Birthday."

Afterward, she looked at me and said, "Baby, you did it." It was more like we did it. My sister feels that way, too, and my daddy just breaks down and cries: "Leanne, your humor gives people so much comfort."

Thank goodness I kept my accent.

—As told to Marc Myers



Leanne Morgan, 58, is a stand-up comedian who stars in Netflix's "Leanne Morgan: I'm Every Woman." She is currently on her "Just Getting Started" tour and will co-star in the film "You're Cordially Invited," due next year.

LEANNE'S WAY

Stand-up ideas? I used to jot them on bank-deposit slips. Now I put them in my iPhone's Notes.

Feel young or middle-aged? It's a fine line. I feel flirty doing stand-up. Then I realize my heels are killing me.

Fave home space? My bed, with my two beagles, Oggi and Gigi. I can relax and talk on the phone, read, nap or watch TV.

Coollest purchase? I got my grandbabies a nice wood swing set.

Accent? I've always been proud of where I came from. We're farming people.

FROM LEFT: TROY CORRADO; LEANNE MORGAN (FAMILY PHOTO)

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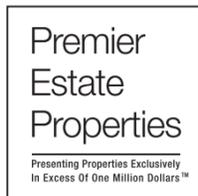


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Boca Raton, FL | \$28,945,000
Royal Palm deepwater estate with clubroom, gym, pool, office, 130'± yacht dock.
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Boca Raton, FL | \$25,500,000
New Modern/Organic-inspired Sanctuary Point Estate sited on 173± ' of waterfrontage.
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Boca Raton, FL | \$24,500,000
New Modern Malibu-inspired Sanctuary Point Estate with 170± ft of waterfrontage.
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Lighthouse Point, FL | \$19,950,000
New Modern-inspired Intracoastal Estate sited on 161'± of waterfrontage.
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Boca Raton, FL | \$17,995,000
New Royal Palm fairway estate furn. By Lesly Maxwell Interiors. Stunning primary ste.
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Okeechobee, FL | \$17,459,000
Pine Creek Sporting Club ranch is hunter's dream with scenic views & luxe features
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Palm Beach, FL | \$11,995,000
Historic 1924 Mediterranean, 4 bedroom, 4.5 bath, guest house. Ocean block location.
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Boca Raton, FL | \$10,995,000
6-Bedroom lifestyle estate on 93± of no-wake waterfront with dock. Waterside pool/spa.
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Fort Lauderdale, FL | \$10,975,000
New Modern Las Olas Masterpiece features chic style, 100± ft waterfront with dock.
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West Palm Beach, FL | \$8,999,000
Mansion in the sky with breathtaking panoramic views of the ocean and intracoastal.
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Boca Raton, FL | \$8,595,000
New custom Modern estate is located in Boca Raton's prestigious Estate Section.
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Lighthouse Point, FL | \$8,495,000
Brand New West Indies-Inspired Estate with 100'± waterfrontage on Flamingo Waterway.
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Fort Lauderdale, FL | \$7,995,000
4-Bed, office, cabana, roof terrace in secure riverfront building with full amenities.
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BOCA RATON, FL | \$7,900,000
Expansive modern estate in Boca Bridges features lakefront views & opulent features.
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Fort Lauderdale, FL | \$7,775,000
Exquisite wide water views, floor to ceiling glass, 95± dock; direct ocean access.
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Vero Beach, FL | \$7,500,000
Coastal elegance defines this five-bedroom riverfront home with pool and dock.
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Talley/Hendricks — +1 866 220 8195
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Delray Beach, FL | \$6,750,000
This estate with 55± feet of waterfront and a dock, is near Downtown Delray Beach.
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Pascal Liguori Estate Group — +1 866 502 5441
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Village of Golf, FL | \$5,795,000
Luxe Village of Golf Bermuda-Inspired estate offers sunset, golf and water views.
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West Palm Beach, FL | \$4,950,000
Charming newer-construction estate, located in the chic SoSo in West Palm Beach.
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Jim McCann — +1 866 485 1960
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Boca Raton, FL | \$4,475,000
Exclusive waterfront nestled along the Intracoastal Waterway in Boca Raton, FL.
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Penniman/Liguori — +1 866 214 5722
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Vero Beach, FL | \$3,995,000
New Barrier Island residence features optimal floorplan for entertaining.
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Brown/Talley — +1 866 220 7912
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Fort Lauderdale, FL | \$3,950,000
Spanish Colonial deepwater estate with 100'± new private yacht dock on Las Olas Isles.
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Platon Polishchuk — +1 866 449 1301
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Delray Beach, FL | \$3,895,000
Custom courtyard residence offers Key West charm close to downtown Delray Beach.
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Delray Beach, FL | \$3,395,000
Lake Ida 2020 Coastal-Modern masterpiece lives like a brand-new custom estate.
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Vero Beach, FL | \$2,995,000
Deepwater estate boasts private dock, boat lift, pool, and large entertaining space.
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Boca Raton, FL | \$2,500,000
Downtown Boca Raton residence in Tower 155 offers a beach/chic lifestyle.
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Karp/Wells — +1 866 281 7565
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PRIVATE PROPERTIES

An Alabama Hunting Ranch Shoots for a Record

A hunting ranch in southwestern Alabama is asking \$12.5 million, nearly triple the price of the most expensive home ever sold in the area.

The roughly 1,200-acre property is located about 30 miles north of Mobile in Washington County, where the priciest home sale on record was \$4.49 million, said listing agent Clint Flowers of National Land Realty. Homes in the Mobile metro area typically sell for less than \$7 million, he said.

The ranch contains a five-bedroom, roughly 20,000-square-foot house, as well as a large barn and numerous shooting houses, Flowers said. The price tag is warranted by the size of the home and the quality of its construction, which is rare in the area, he said. He added that Washington County is becoming more popular as a hunting destination for affluent buyers from the coast.



The sellers are Dr. Jim Spires, a surgeon based in Mobile, and his wife, Michelle Spires. Jim Spires said he believes the price is justified because the replacement cost would exceed the asking price.

Jim Spires started acquiring the raw land for hunting around 1987, paying about \$2 million. After getting married in the early 1990s, the Spireses spent about \$6 million to build the house,

which was completed in the mid-2000s, he said. The limestone house has a walk-in gun safe with a bank vault door, plus a trophy room where Spires displays taxidermed animals he has shot.

A movie theater is designed to double as a storm shelter, he said. The great room, which opens to a commercial-grade kitchen, has 27-foot ceilings.

Nearby, the Spireses constructed a large barn for equipment and game processing. Also made of limestone, the structure cost about \$300,000 to build, he said. They installed about 30 miles of road and about 6.5 miles of fencing, Flowers said.

The grounds contain a dove field, a duck pond, two fishing lakes stocked with bass.

Jim Spires estimated that the estate contains about \$500,000 worth of deer, which he breeds on the property, and some \$3 million worth of timber.

With their children spread across the country, the Spireses are selling because they are traveling more, said Jim Spires. They also have homes in Mobile and Wyoming, and are building one on the Florida Panhandle along Scenic Highway 30A. —Sarah Paynter

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Nancy Taylor Bubes 202-386-7813
Liz D'Angio 202-427-7890



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Marsha Schuman 301-943-9731
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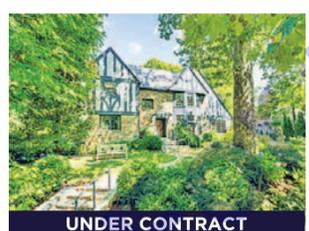
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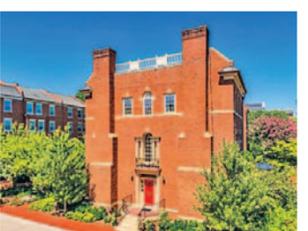
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Savannah, Georgia

Lowcountry-style 4-bed, 4.5-bath deepwater estate with elevator on a rare 5-acre lot on the Forest River with new dock, mature landscaping, and incredible privacy. US\$3,325,000.

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Savannah, Georgia

c. 1853, 4-story renovated brick townhouse with 4 short-term rental units in Historic Landmark District. Strong financials, turnkey, with off street parking. US\$2,750,000.

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staci@stacidonegan.com



Savannah, Georgia

Private 4-bed, 4.5-bath estate on a double lot on the Wilmington River. Spacious floor plan, deepwater dock with electric boat lift, 4.5-car garage.

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Rumson, New Jersey

Masterfully designed with unparalleled finishes, this bespoke home is a timeless classic with floor-to-ceiling windows, custom millwork, and warm gathering spaces. US\$7,699,000.

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Award-winning "Clock House" is a timeless retreat where modern day luxury blends while respectfully maintaining the original character. US\$3,500,000.

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Saddle River, New Jersey

English Manor set on 4.65 acres of property with mature trees on the perimeter creating an incredibly private and serene estate. US\$5,800,000.

Kristin Gildea Fox
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kgildeafox@christiesrealestategroup.com



Piermont, New York

Brand new construction with Hudson River views. 3-bed "green energy" efficient home on 0.25 acres close to New York City. Property ID: 6219704. US\$1,175,000.

Glenn Meyerson
Christie's International Real Estate Group
+1 914 522 2322
glennmeyerson@gmail.com



Little Compton, Rhode Island

Stunning coastal estate located in picturesque Little Compton, New England and a short distance from the ocean. Property ID: 1340106. US\$3,900,000.

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Charleston, South Carolina

Opportunity to own a front row beach property on Sullivan's Island. Restore this mid-century cottage or start fresh and build your dream home. US\$5,100,000.

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Noord, Aruba

Explore coastal living at Tierra del Sol. 6-bed, 5-bath paradise boasts views, a gourmet kitchen, spacious living, and a pool. Own your dream today. US\$3,000,000.

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Grand Cayman, Cayman Islands

Hotel zoned 9.5-acre oceanfront development opportunity near Seven Mile Beach. Property ID: 415429. US\$29,900,000.

Ewelina Cimring
Provenance Properties Cayman Islands
Christie's International Real Estate
ewelina.cimring@provenanceproperties.com



Paris 6th District, France

Located near the capital's iconic Bon Marché department store, this 100 sq m split-level apartment benefits from two terraces. Property ID: 82365674. €3,440,000.

Garance Husson
Daniel Féau
Christie's International Real Estate
+33 184 797 522
g.husson@danielfeau.com



Paris 7th District, France

This 91 sq m artist's studio is opening onto a delightful garden in the heart of Saint-Germain-des-Prés. Property ID: 83268904. €1,810,000.

Sabrina Giraud
Daniel Féau
Christie's International Real Estate
+33 184 796 334
sabrina@bdfrance.fr



Paris 8th District, France

This split-level 330 sq m apartment is on the 3rd floor of a freestone building between the Champs Elysees Gardens and Faubourg Saint-Honoré. Property ID: 7516239. €8,950,000.

Otto Weijnsfeld
Belles demeures de France
Christie's International Real Estate
+33 184 796 334
otto@bdfrance.fr



Paris 16th District, France

This 382 sq m penthouse apartment on the 7th and 8th floors enjoys open views of the Eiffel Tower and the west of the capital. Property ID: 5026746. €8,320,000.

Valérie Selignan
Daniel Féau
Christie's International Real Estate
+33 184 797 839
v.selignan@danielfeau.com



Chios, Greece

At a close distance from Chios town, a beautiful seafront villa of 1,115 sq m in a lush garden of 9,067 sq m, a beach, and a boathouse. US\$3,423,913.

Kallia Spitha
Ploumis Sotiropoulos Real Estate
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kspitha@ploumis-sotiropoulos.gr

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Corfu, Greece

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Kallia Spitha
Ploumis Sotiropoulos Real Estate
Christie's International Real Estate
+30 210 3643112
kspitha@ploumis-sotiropoulos.gr



Sutton, Dublin, Ireland

Ultra-lux 2-bed, 2-bath 1st floor apt, set in a prestigious, private Castle development overlooking Dublin Bay. Approx. 150 sq m. Lift, patio, and balcony. 2 parking spaces. €1,395,000.

Guy Doherty
Sherry FitzGerald
Christie's International Real Estate
guy.doherty@sherryfitz.ie



Saint Jean, Saint Barthélemy

Overlooking St. Jean Bay and the hotel Eden Rock, this 9,500 sq ft multilevel structure's sleek linear form and chic interior spaces would be a celebrity home in Beverly Hills. €47,000,000.

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