

What's News

Business & Finance

◆ General Motors' Cruise driverless-car unit plans to eventually reintroduce its robotaxi service following safety mishaps, but will narrow the focus to one city and shelve plans for the Origin, a GM-built driverless taxi. B1

◆ United Airlines is considering using passenger information to help brands serve targeted ads to its customers, joining a growing number of companies weighing user data for the purpose. B3

◆ U.S. air-safety regulators cleared Boeing to begin key flight tests on its 737 MAX 10 jet, a milestone toward preparing the plane for commercial service. B3

◆ Firearms maker Colt sought to block Vista Outdoor's proposed merger with a Czech industrial company, making an unsolicited offer to acquire the U.S.-based sporting- and outdoor-goods firm. B3

◆ Genesis Global filed a lawsuit to recover about \$689.3 million of digital assets that a former business partner withdrew from the cryptocurrency lender before it filed for chapter 11 bankruptcy protection. B6

◆ The Pritzker Organization, the family office of Hyatt Hotels executive chairman Thomas Pritzker, started a venture division to invest in early-stage companies with a \$190 million fund. B6

◆ U.S. markets were closed for the Thanksgiving Day holiday. In trading elsewhere, Hong Kong's Hang Seng Index advanced 1% and the Shanghai Composite gained 0.6%. Japan was closed for a holiday. B11

World-Wide

◆ Israel and Hamas were set to begin a four-day pause in the nearly seven-week-long war, raising hopes that more than a dozen Israeli hostages would be freed in exchange for Palestinian prisoners, after negotiators overcame sticking points to the arrangement. A1, A10

◆ The American dream—the proposition that anyone who works hard can get ahead, regardless of background—has slipped out of reach in the minds of many Americans, according to a new survey. A1

◆ China provided the WHO with data on a pneumonia outbreak among children in the country after the agency made an unusual public request for the information, renewing questions about Beijing's transparency on public health. A18

◆ The electoral win by Geert Wilders, the Dutch far-right leader who has championed draconian policies against immigration and Islam, reflects how intractable the issue of migration remains in Europe and in much of the West. A7

◆ The EU will help Finland bolster its borders following a recent surge of migrants trying to enter the country from Russia, which Helsinki has accused of facilitating their passage. A7

◆ U.S. authorities stopped a plot targeting a Sikh activist and confronted the Indian government about the potential involvement of its agents, according to people familiar with the matter. A18

◆ Two U.S. senators called on the federal government to investigate health insurers that are paying high prices for generic drugs for serious diseases. A3

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All Pumped Up for Thanksgiving Day Parade



HORN OF PLENTY: Large crowds of spectators turned out Thursday for the annual Macy's Thanksgiving Day Parade, with 25 giant balloons and more than two dozen floats, as well as marching bands and other performers from around the country.

Toy Companies Are Suffering From a Case of Holiday Blahs

By HARRIET TORRY AND BEN GLICKMAN

Shoppers couldn't get enough toys and games during the pandemic. Now, they are finding other ways to spend their time, and that is spelling trouble for toy makers and sellers.

Sales of toys have slumped so far this year, down 8% through September compared with the same period last year, according to market-research firm Circana, and appeared poised to be lackluster this holiday season. Imports of toys and games have fallen sharply this year and sales at toy stores, department stores and other gift sellers declined in October, leading a broader pullback.

A retrenchment on the most fun-to-give gifts sends a signal that Americans are starting to ease their spending more broadly as pandemic savings dwindle, the labor market softens and shoppers worry about global events and still-elevated inflation. Easing consumer spending would cool overall growth, because it accounts for more than two-thirds of economic activity. This holiday season is off to a slow start for Wildlings Toy Boutique in Phoenix, which sells classic toys such as dollhouses and wooden cars and accessories. The store has been trying to drum up customer interest with experiences, including Santa visits and family photo shoots in front of a Christmas-tree backdrop outside the store.

"I think people are reluctant to spend as much and to spend as early," said owner Jennifer Mawcinnitt, who expects people to come in looking for deals on Black Friday. Larger retailers are seeing similar trends. Customers are "showing ongoing discretion and making trade-offs to be able to afford the things they want, given the sustained high cost of the things they need," Walmart Chief Financial Officer John David Rainey told analysts last week.

Early in the pandemic, when many were unable to travel and dine out, Americans shifted their spending toward goods, including toys, games and electronics. That has reversed. Please turn to page A2

◆ Heard on the Street: Holiday cash to spend... B12

Four-Day Truce Set In Deal To Free Hostages

Hamas expected to release 13 held in Gaza in trade for Palestinian prisoners

Israel and Hamas on Friday were set to begin a temporary pause of the nearly seven-week-long war, raising hopes that more than a dozen Israeli hostages would be freed later in the day in exchange for Palestinian prisoners.

By Jared Malsin, Summer Said and Stephen Kalin

Israel said its forces, which invaded the Gaza Strip nearly a month ago, would be stationed along cease-fire lines in sparsely populated areas, starting at 7 a.m. local time Friday. The military would continue administrative and logistical movements and would prevent Gaza residents from moving from the enclave's south into the main battle zone in the north, a spokesman said.

In return, an initial group of 13 hostages, all women and children held by Hamas, would be freed around 4 p.m. Friday, said Majed al-Ansari, a spokesman for the Foreign Ministry of Qatar, a major negotiator of the deal. A group of Palestinian prisoners, also women and children, would be released around the same time and humanitarian aid would flow into the enclave, he added.

"The war is not over yet," said Israeli military spokesman Avichay Adraee. "The humanitarian pause is temporary."

Qatari officials were setting up an operations room to monitor the deal. Please turn to page A10

◆ Inside the Israel-Hamas negotiations..... A10

American Dream Has Turned Elusive, Voters Say

By AARON ZITNER

The American dream—the proposition that anyone who works hard can get ahead, regardless of their background—has slipped out of reach in the minds of many Americans.

Only 36% of voters in a new Wall Street Journal/NORC survey said the American dream still holds true, substantially fewer than the 53% who said so in 2012 and 48% in 2016 in similar surveys of adults by another pollster. When a Wall Street Journal poll last year asked whether people who work hard were likely to get ahead in this country, some 68% said yes—nearly twice the share as in the new poll.

The survey offers the latest evidence that Americans across the political spectrum are feeling economically fragile and uncertain that the ladder to higher living standards remains sturdy, even amid many signs of economic and social progress.

Half of voters in the new poll said life in America is worse than it was 50 years ago, compared with 30% who said it had gotten better. Asked if they believed that the economic and political system are "stacked against people like me," half agreed with the statement, while 39% disagreed.

The American dream seemed most remote to young adults and women in the survey. Some 46% of men but Please turn to page A4

INSIDE



BUSINESS & FINANCE Sam Bankman-Fried's life behind bars: crypto tips and paying with pouches of mackerel. B1



MANSSION It's not a great time to sell, but London luxury owners are tired of waiting. M1

Leaf Blower Fight Roils Home Of World's Most Perfect Lawns

In posh Greenwich, Conn., residents fight the noise; 'these hideous machines'

By JOSEPH DE AVILA

Will Greenwich, Conn., home to some of America's most perfect lawns, finally blow off noisy leaf blowers?

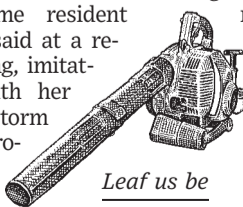
Some who live there are pleading for peace. "The roar, roar, roar is inescapable!" longtime resident Monica Prihoda said at a recent town meeting, imitating a motor with her voice. "Even the storm windows do not protect me."

"Please," she implored local officials. "I beg you." More than 100 cities nationwide, including some near Greenwich, restrict loud leaf blowers. But the tony New York City suburb that is home to billionaires and hedge funds, has

long refused to turn over a new leaf. Town leaders decades ago exempted gas-powered blowers from Greenwich's noise ordinance.

Now, a coalition of residents called "Quiet Yards Greenwich" is being anything but quiet. Raking through reams of documents and citing a case from the 17th century (about a neighbor's pig sty), they are pushing for a seasonal limit on gas-powered leaf blowers and urging electric ones instead.

In fierce opposition are some landscapers, who've already invested in gas-powered equipment. "I totally respect your desire to go green—organic lawn care, electric cars, healthy or Please turn to page A6



Leaf us be

OpenAI Is in Flux As Altman Returns

Sam Altman is back at the helm of OpenAI, days after the board abruptly ousted him. Almost everything else is still in flux.

By Berber Jin, Deepa Seetharaman and Tom Dotan

The deal struck Tuesday night to restore Altman as chief executive is a long way from the ultimate goal he wanted to achieve heading into a weekend of intense negotiations. He had lobbied for an entirely new slate of direc-

tors—built on the ashes of the directors who fired him—and wanted to rejoin the board again himself, people familiar with the matter said.

Instead, Altman won't be on the reconfigured board, and one of the directors who fired him is still there.

On Tuesday evening, the company announced a new initial board consisting of Bret Taylor, the former co-CEO of Salesforce; Larry Summers, the former Treasury secretary; and Adam D'Angelo, the chief executive of Quora and only hold- Please turn to page A11

How a Philosophy Split Silicon Valley

Debate over social movement called effective altruism fueled OpenAI blowup

By ROBERT McMILLAN AND DEEPA SEETHARAMAN

Over the past few years, the social movement known as effective altruism has divided employees and executives at artificial-intelligence companies across Silicon Valley, pitting believers against nonbelievers.

The blowup at OpenAI showed its influence—and the triumphant return of chief executive Sam Altman revealed hard limits, capping a bruising year for the divisive philosophy.

Coming just weeks after effective altruism's most prominent backer, Sam Bankman-Fried, was convicted of fraud,

the OpenAI meltdown delivered another blow to the movement, which believes that carefully crafted artificial-intelligence systems, imbued with the correct human values, will yield a Golden Age—and failure to do so could have apocalyptic consequences.

OpenAI, which released ChatGPT a year ago, was formed in part on the principles of effective altruism, a broad social and moral philosophy that influences the AI research community in Silicon Valley and beyond. Some followers live in private group homes, where they can brainstorm ideas, engage in philosophical debates and relax Please turn to page A11



U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

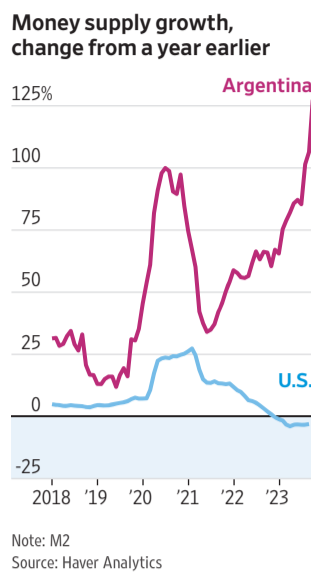
A Cautionary Tale of 'Fiscal Dominance'



Argentina is the bedtime horror story that other economies use to scare each other. Long after other emerging markets had internalized fiscal and monetary rectitude, Argentina has continued to lurch from default to hyperinflation and back. So other countries may be tempted to conclude there is nothing to learn from the economic catastrophe that swept the radical populist Javier Milei to victory in this past weekend's presidential election. That might be just a bit too flip. Argentina's problems are rooted in a combination of government borrowing, lax monetary policy and inflation, all of which other countries, including the U.S., have experienced to some degree in recent years. What sets Argentina apart isn't so much economic as political: its central bank is completely subordinated to the treasury, a combination economists call "fiscal dominance." As yet, this looks like a mostly Argentine problem. In fact, one positive take-away of the recent surge of inflation is that central banks almost everywhere were allowed to combat it, with growing evidence of

success. And yet in an era of structurally higher debts and populist politics, it would be foolish to dismiss the risk altogether. Argentina's budget deficit, which JPMorgan projects at around 5% of GDP this year, is actually smaller as a share of GDP than the U.S.'s. The problem is that years of economic mismanagement have left it with no access to the capital markets. Therefore the central bank finances the deficit by purchasing government debt in the open market and lending directly to the treasury. This de facto money printing equaled about 5% of GDP in the first nine months of the year, according to JPMorgan. Moreover, the central bank loses money on this because it earns less interest on its loans to the government than it pays on the bonds it issues. Adding these losses, Argentina's public deficit will balloon to about 14% of GDP this year, according to JPMorgan. Iván Werning, an Argentine-born economist at the Massachusetts Institute of Technology, said the math is simple: to print enough money to finance a deficit of 5% of GDP requires expanding the monetary base (such as currency) by a like amount, which of course de-

values the money the public already holds, yielding an inflation "tax." Argentina's inflation hit 142% in October. Milei has promised to end inflation by replacing the peso with the dollar and abolishing the central bank. Dollarization makes it impossible to finance deficits by printing money. Other countries that have dollarized including Ecuador and El Salvador have ended inflation. But there are problems with Milei's plans. First, Congress, which opposition parties control, may not agree. Second, it is unclear where Argentina will get the dollars to replace its pesos with no access to private foreign capital and a current-account deficit (which entails a net drain of foreign currency to pay for imports and interest on external debt). Finally, dollarization wouldn't eliminate the underlying problem of government deficits. "The root of the problem is fiscal. If you don't fix that, in the long run it is game over again," Werning said. Milei has promised to take a chain saw to public spending, but much of it consists of subsidies and pensions that are politically difficult to cut.



A dollarized Argentina that didn't reduce its deficits would eventually default. From 1991 to 2002, Argentina had a currency board, a form of dollarization, under which pesos and dollars were convertible one for one and circulated side by side. The government and private sector borrowed heavily in dollars, but mounting trade and budget deficits undermined confidence in their ability to repay. Eventually the peg broke and Argentina's economy collapsed. Many emerging markets used to share Argentina's history of reckless borrow-

ing, hyperinflation and crises. Most left that behind in the last few decades by empowering independent central banks to target low inflation. The price surge that followed the pandemic and Russia's invasion of Ukraine threatened to undo that progress. Yet central banks in emerging markets have aggressively raised interest rates and guided inflation back down. The U.S. is the antithesis of Argentina: It has an independent central bank, little exposure to currency fluctuations and unparalleled access to capital markets. True, in 2020-21 Congress issued trillions of dollars of debt, some of which the Fed purchased under its quantitative easing program to ease borrowing conditions. By early 2021, the broad money supply had soared 25% from a year earlier, in retrospect a tipoff that demand was growing too fast for supply to keep up. Prices soared. Still, if this was fiscal dominance, it was short-lived. The stimulus ended, the Fed raised interest rates, the money supply is now contracting and inflation is closing in on the Fed's 2% target. Some economists—proponents of the "fiscal theory of

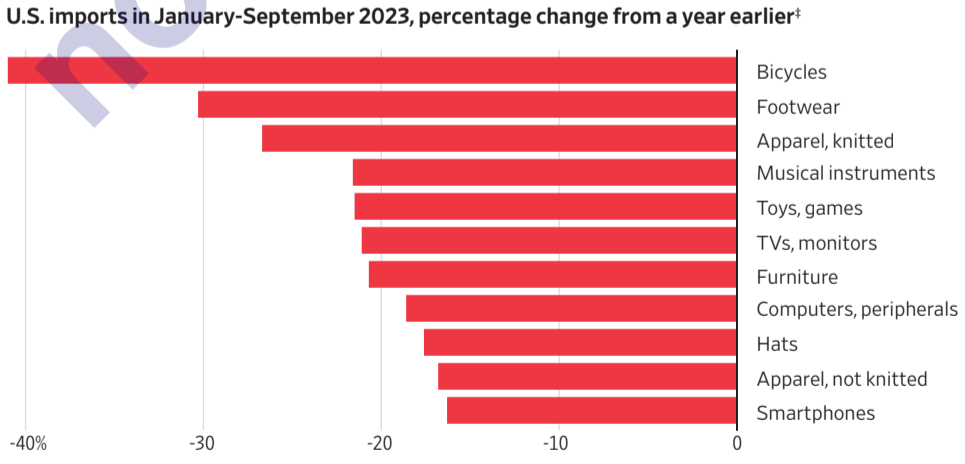
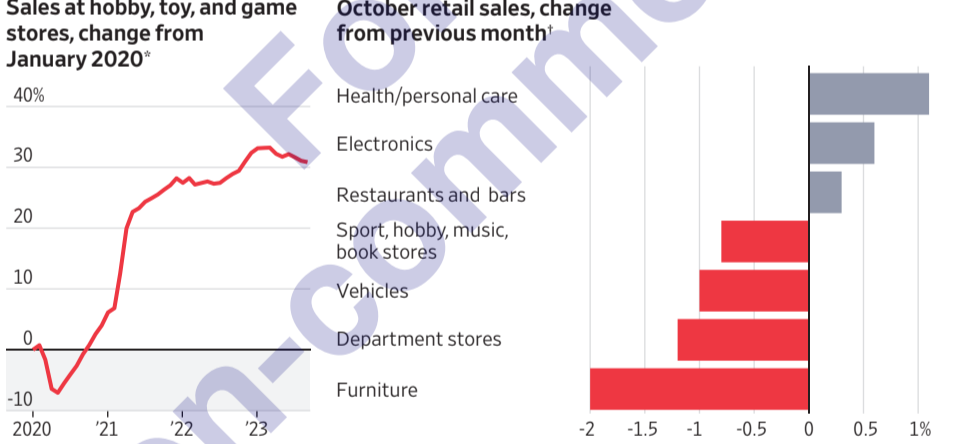
the price level"—think inflation will rebound. "You're seeing interest payments start to explode and it's not obvious Congress is going to pay for that" by cutting spending or raising taxes, said Eric Leeper of the University of Virginia. Lackluster bidding at recent auctions of Treasury debt are "a pretty early indicator people are concerned about the possibility of fiscal dominance." By raising interest rates, the Fed simply compounds deficits, ensuring inflation returns in the future, he said. "It becomes a vicious circle." Still, most other economists think fiscal dominance can't happen unless the Fed accedes to political pressure. Yet neither President Biden nor the governors he appointed to the Fed board have objected to its rate increases. In his term, former President Donald Trump pressured the Fed to lower rates and has hinted that if he returns to office, he might do so again. Yet that may not be in his interest. The last two years have demonstrated that nothing damages a leader's popularity more than inflation. It is why Argentina just elected a new president, and the U.S. might a year from now.

Ho Hum, Instead of Ho, Ho, Ho

Continued from Page One
Spending on services has grown roughly double the pace of goods for most of this year as consumers caught up on experiences such as concerts and trips to Europe. Fewer board games and puzzles are coming off toy store shelves because "people are going outside," said Katherine Nguyen, owner of Building Blocks Toy Stores, which has three locations in Chicago. Nguyen is seeing an exception: Shoppers can't wait to get their hands on toys they can squeeze, such as the Bitzee digital pet and Squishable plush toys. "I don't have a store big enough to sell" all the stuffed animals now in demand, Nguyen said. She added that those toys are popular in part because they are geared toward social and emotional self-care as children navigate postpandemic life. Hannah Sweet, a retired care manager in Tiburon, Calif., said she was more cautious about spending this holiday season than in previous years, pointing to concerns about an economic downturn. Economists surveyed by The Wall Street Journal in October put the probability of a recession in the next year at essentially a coin flip. "I am prioritizing gifts to children and grandchildren," said Sweet, 81 years old. Still, she recently took a trip to Germany and next year plans to go on a river cruise in Europe with family. "It's important to travel while I can," Sweet said.



Sales of toys are down 8% through September compared with the same period last year.



^{*}Reflects 12-month rolling average of sales [†]Seasonally adjusted [‡]Tariff category names simplified and may include components, related items. Furniture includes bedding and lighting. Toys and games includes sports equipment. Sources: Commerce Department (sales); Census Bureau (imports)

Flat season

The National Retail Federation, a trade group, expects November and December holiday spending to rise 3% to 4% this year from last, or hold about flat when factoring in inflation. That would be slower than a 5.4% increase in 2022 and a 13% rise in 2021. Expecting potentially weaker demand, retailers and other sellers ordered fewer toys and other popular gifts from overseas. U.S. imports of toys, games and sporting goods dropped 21.5% in the nine months through September, compared with the same period a year earlier, according to the Commerce Department. Bicycle imports fell more than 40%; smartphones declined 16%. Toy companies struggled to clear out bloated inventories in 2022 after supply-chain snags left retailers with extra stock. Barbie maker Mattel warned that rising prices

across the economy and high borrowing costs would likely continue to dent demand for toys this holiday season. Chief Executive Ynon Kreiz said in October that overall industry sales would fall by a mid-single-digit percentage for the full year. Hasbro, the maker of Monopoly, Play-Doh and Transformers action figures, reported a 10% drop in revenue in the third quarter and cut its full-year guidance because of weak demand. "We have a cautious outlook on the holiday," Hasbro Chief Executive Chris Cocks said on a call with analysts. "And I think anyone who says they know how the holiday is going to go, they must have a crystal ball because this has been a tough one to predict." Hasbro expects consumers to wait longer to make their

purchases and to look for more deals. Some deals are already emerging. Toy prices fell nearly 4% in October from a year earlier, the Labor Department said. Consumers are facing a number of headwinds that threaten to curtail holiday cheer this year. Hiring slowed sharply in October and the unemployment rate has risen this year. Paying down credit-card bills is more difficult with interest rates at two-decade highs, and student-loan payments resumed for millions of borrowers. Consumer sentiment in November fell to the lowest level in six months, the University of Michigan said on Wednesday.

Americans' downer attitudes on the economy might not transfer to slashed spending. Many economists saw signs that elevated interest rates would cause consumers to ease up this year. Instead, they spent lavishly, causing economic growth to accelerate. "Overall, the consumer has been very resilient: That's why we're not in a recession," said Sucharita Kodali, a retail analyst at Forrester. Nguyen, the owner of Building Blocks, remains optimistic about this holiday season. "People don't cut out their children," she said. "Even if they have job insecurity, or worry about food costs," they still buy gifts for their children, she added. —Anthony DeBarros contributed to this article.

U.S. WATCH

KENTUCKY Fire, Evacuation After Train Derails

A chemical fire at a Kentucky train derailment that caused evacuations has been extinguished and people can return to their homes, rail operator CSX said Thursday. CSX spokesperson Bryan Tucker said "the fire is completely out." He said that authorities and CSX officials reviewed air-monitoring data and decided it was safe to let displaced residents return home. The CSX train derailed around 2:30 p.m. Wednesday near Livingston, a remote town with about 200 people in Rockcastle County. Residents were encouraged to evacuate. Two of the 16 cars that derailed carried molten sulfur, which caught fire after the cars were breached, CSX said. It is believed that the fire released the potentially harmful gas sulfur dioxide, but officials haven't released results of measurements taken from air-monitoring equipment that was being deployed Wednesday night. The derailment meant some Livingston residents woke up on Thanksgiving in a middle school shelter. —Dan Frosch

NEW YORK Terror Ruled Out In Wreck at Border

The FBI has ended its investigation of a fiery car wreck that killed two people at a border checkpoint in Niagara Falls after finding no evidence that it was a terrorist attack, easing a period of high tensions as Americans headed into the Thanksgiving holiday. The Federal Bureau of Investigation's decision late Wednesday came several hours after the vehicle raced through an intersection, hit a median and was launched through the air before slamming into a line of booths and exploding at the Rainbow Bridge in Niagara Falls. Local police are now handling the case as a traffic investigation. "A search of the scene revealed no explosive materials, and no terrorism nexus was identified," the FBI's Buffalo office said. The two people who died were a husband and wife, according to a person briefed on the investigation. The crash prompted the closure of the Rainbow Bridge and three other bridges connecting western New York and Ontario, as federal officials swarmed the area. —Associated Press

CORRECTIONS & AMPLIFICATIONS

The success of blood thinners being developed by Bayer and Bristol-Myers Squibb hinges on whether they can prevent strokes and other cardiac events more effectively than available treatments. A Business & Finance article on Tuesday about Bayer stock falling after the company halted a study for a blood-thinning drug incorrectly said "hinders" instead of "hinges."

The Israel Defense Forces and Lebanese Hezbollah have been exchanging attacks in

northern Israel. In some editions Wednesday, a Page One article about a deal Israel reached to free hostages held by Hamas incorrectly said the parties have been exchanging attacks in northern Gaza.

Pharos Capital has about \$1.1 billion under management. A Business & Finance article on Wednesday about Pharos co-founder Kneeland Youngblood suing ConocoPhillips over a land dispute incorrectly said Pharos had \$1.5 billion under management.

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

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U.S. NEWS

Senators Seek Probe Of Insurers, Drug Prices

By JOSEPH WALKER

A pair of U.S. senators called on the federal government to investigate health insurers that are paying high prices for generic drugs for serious diseases such as cancer and multiple sclerosis.

Sen. Elizabeth Warren (D., Mass.) and Sen. Mike Braun (R., Ind.) sent a letter on Wednesday to the U.S. Department of Health and Human Services' Office of Inspector General requesting an investigation into the high drug prices and any role played by health insurers' shared ownership with the pharmacies that often fill the prescriptions.

The letter cites a recent article in The Wall Street Journal that reported that big health insurers **Cigna Group**, **CVS Health** and **UnitedHealth Group** are paying multiples more for drugs such as cancer therapy Gleevec and multiple-sclerosis treatment Tecfidera than what manufacturers charge for generic versions.

"These findings are alarming," the senators said of the Journal article in its letter to HHS Inspector General Christi Grimm. "This anticompetitive behavior raises costs, hurts independent pharmacies, and undercuts Congress' ability to rein in excessive profits of insurance companies."

Generics are supposed to help health plans keep a lid on drug spending. Healthcare experts say insurers, even though they reimburse pharmacies for drugs, can profit by charging high prices if their parent companies also own pharmacies and other players in the drug-supply chain. That is because insurers often steer patients to use their own pharmacies, keeping the money under the same roof.

Cigna owns Express Scripts, a pharmacy-benefit manager, or PBM, that negotiates drug prices with pharmaceutical companies, and the specialty pharmacy Accredo. **CVS** operates the Caremark PBM, as well as health-insurer Aetna and thousands of retail pharmacies. **UnitedHealth**, the largest U.S. health insurer, also owns both a PBM and specialty pharmacy in addition to employing tens of thousands of U.S. doctors. **UnitedHealth** declined to comment. **Cigna** and **CVS** didn't respond to requests for comment.

The senators also asked whether the healthcare companies are able to dodge a law that requires insurers to allocate no more than 15% to 20% of insurance premiums to profits and administrative costs.



Hipster-Friendly Portland Tries the Milwaukee Way

By ZUSHA ELINSON

PORTLAND, Ore.—Fed up with vandalism and rampant drug use in Portland's struggling downtown, Steven Lien set out this summer to find a new location for the self-described largest men's underwear store in North America.

The 67-year-old Oregon native even put down a deposit on an appealing vacant storefront across the river for his business, underU4men. But unlike major retailers such as Target or REI that are fleeing downtown, Lien ultimately decided to stay, striking a last-minute deal to renew his lease in September.

Lien got a screaming good deal in a market that now favors tenants, he said, and was encouraged by signs of life such as a new luxury hotel and condo development.

"It was really a lot of soul searching," Lien said on a recent afternoon, surrounded by racks of colorful, stylish undergarments for men. "And I really ended up pushing on the lease....Believe me, it is not a market-rate lease."

Portland is hoping more businesses will follow Lien in deciding to stay downtown as the onetime hipster capital struggles with a wave of crime and homelessness that led Oregon's largest city to lose population for the first time in years. City officials are offering new incentives for businesses and developers that they hope will breathe life into the area.

Local leaders are looking for answers in unusual places. In October, Andrew Hoan, chief executive of Portland Metro Chamber, brought civic and business leaders to the Midwest city of Milwaukee to learn

how it transformed its sleepy downtown with the new Deer District, an entertainment and shopping area around the Milwaukee Bucks' home arena, and new residential and office projects over the past seven years.

In years past, when Portland was one of the coolest, fastest-growing cities, parodied in shows like "Portlandia," such a visit would have been like Andy Warhol seeking style tips from Andy Griffith.

Hoan, who was born in Milwaukee, said his hometown can offer a road map with its focus on cleanliness and public safety in the downtown area. "You would be hard-pressed to find a blade of grass in a park that was unmowed, a sidewalk that you or I would not feel comfortable eating our dinner off of," said Hoan. "By doing basic services really well, they've created a viable place for business."

When Portland City Commissioner Carmen Rubio got the invitation for the Milwaukee trip, she said, she thought, "Hmm, that's interesting." But she found there was much she could learn from the city. "What

emerged was a friendly camaraderie," she said "Because we're a city trying to make it work getting through a tough time."

Milwaukee Mayor Cavalier Johnson said municipal leaders across the country have begun paying attention to his long-ignored city. "Things have been very different here, where we have businesses that are moving into downtown Milwaukee, we have people coming into downtown," he said.

America's downtowns have struggled since the pandemic with a falloff in office workers and a rise in homelessness and

petty crime. Once-thriving city centers on the West Coast have been hit particularly hard.

Office and retail vacancy rates in Portland's central business district soared to new highs, 23% and 7% respectively, in the third quarter, according to the Portland Metro Chamber. Foot traffic has stagnated this year at around 60% of what it was in 2019, the chamber said. Public drug use has flourished with the state's new decriminalization law and the rise of fentanyl.

Portland has begun taking a more nuts-and-bolts approach. It recently started offering tax credits for businesses that sign or renew leases in the downtown area and have employees working from the office at least half the time. It also gives grants to businesses for security, fixing windows and cleaning graffiti, which Lien has made use of.

In an effort to bring more people downtown, Rubio also backed incentives earlier this year for converting vacant office space to apartments, such as waiving developer fees.

So far small local businesses have stepped up to fill the vacancies downtown. Last month, Portland Gear, a hip apparel company that grew out of a popular Instagram account, celebrated the grand opening of a large store. "The things that built this city that we all love about it are still here," said Marcus Harvey, the company's founder and chief executive. "A few little things that are issues of the times are going to pass."

After his flirtation with leaving downtown, Lien said he was glad he stayed. Foot traffic is picking up on his block after the Ritz-Carlton opened a new hotel nearby in late October. A revamped city park named for Portland's famed drag queen Darcelle XV is also set to open across the street from his shop next year. "There are struggles downtown, but I am optimistic," he said.



Top, office and retail vacancies in downtown Portland are at new highs while foot traffic is stuck at around 60% of what it was in 2019. Above, underwear retailer Steven Lien says he was persuaded to stay in part by a below-market-rate lease.

America's downtowns have struggled since the pandemic.

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U.S. NEWS

Calling It Quits This Month



Rep. Ken Buck (R., Colo.)



Rep. Mike Burgess (R., Texas)



Rep. Tony Cárdenas (D., Calif.)



Rep. Anna Eshoo (D., Calif.)



Rep. Kay Granger (R., Texas)



Rep. Brian Higgins (D., N.Y.)



Rep. Bill Johnson (R., Ohio)



Rep. Dan Kildee (D., Mich.)



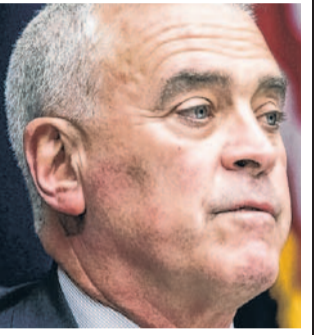
Rep. Derek Kilmer (D., Wash.)



Rep. George Santos (R., N.Y.)



Rep. Abigail Spanberger (D., Va.)



Rep. Brad Wenstrup (R., Ohio)

Departure Plans Surge in Congress After GOP House Speaker Drama

By SIOBHAN HUGHES

WASHINGTON—House lawmakers rushed to the exits just ahead of Thanksgiving, with a surge of announced retirements from members fed up with drama and partisanship on Capitol Hill.

A dozen lawmakers—six Democrats and six Republicans—have said in November that they don't plan to continue serving in Congress, the most in any month since at least 2011, based on data compiled by news site Ballotpedia. Just Tuesday, Republican Rep. Bill Johnson of Ohio, 69 years old, announced he would leave office early next year to lead Youngstown State University.

The pickup in retirements comes as Republicans continue to fight a wrenching intraparty battle over government spending, with hard-liners successfully ousting Speaker Kevin McCarthy (R., Calif.) last month and putting the heat on his successor, Mike Johnson (R., La.). This tussle has spilled onto the House floor, paralyzing it for weeks at a time. Moreover, many lawmakers of both parties have grown weary of the antics of some colleagues, with name-calling and social-media smack-downs now commonplace.

"The last few years have been among the most difficult and frustrating times in my professional career with a

chaotic House," said Rep. Dan Kildee (D., Mich.), 65. The six-term lawmaker, who once served as the Democrats' chief deputy whip, announced this month that he wouldn't seek re-election. "It's hard to erase that experience from one's mind in making this decision."

Earlier this year, many of the House lawmakers who announced retirements were leaving to pursue higher office, including Democratic Reps. Adam Schiff, Katie Porter and Barbara Lee, who are seeking a California Senate seat.

Others are running for Senate slots in Maryland, West Virginia, Indiana, Texas and elsewhere.

That has changed in recent months. Since the ouster of McCarthy in October and weeks spent without an elected House speaker, some lawmakers of both parties have concluded that Congress is just not going to be a productive place.

"This is a bad patch—but it's the start of a bad patch, not the end of it," said Rep. Brian Higgins (D., N.Y.), a 64-year-old, 10-term congressman who plans to leave in early February to lead a Buffalo performing-arts center. "Spending more time doing considerably less is not a way that I want to spend the next decade."

Of lawmakers who made

November announcements to retire, only one—Rep. Abigail Spanberger (D., Va.), 44 years old, who hopes to be elected Virginia's governor—is quitting to seek higher office. The rest are generally planning to serve at local organizations, retiring from public service or haven't decided what to do next.

By this week, the list of House lawmakers who won't be part of the next Congress had reached 36, based on a tally maintained by the House press gallery, which includes resignations and planned retirements as well as deaths. That is consistent with the average of about 35 per Congress since 1960, based on statistics maintained by the Brookings Institution, though more retirements could be announced before this Congress is over.

Many lawmakers trace the trend directly to the speaker fight and the related battles over government spending, while also citing personal reasons such as a desire to be near family rather than constantly in Washington.

Both Republicans and Democrats described a partisan environment turbocharged by social media, with the desire to generate online attention so powerful that serious legislative efforts were often short-changed.

"The environment is different than maybe when I

started," said Rep. Brad Wenstrup (R., Ohio), a 65-year-old, six-term lawmaker who serves on the House Intelligence Committee and two weeks ago announced that he wouldn't seek re-election. "There are some people that come to really put their heads down and work and work hard and perform—and there's others that want to be more performers than producers."

New Speaker Mike Johnson has already engendered bad feelings with some conservatives after he was forced to pass a short-term bill with Democratic backing to avert a shutdown, raising the prospect of more fighting next year when the next deadlines come in January and February. Other factors have played a role as well, including the fallout from the most recent presidential election, which former President Donald Trump falsely claimed was stolen.

Rep. Ken Buck (R., Colo.), 64, announced on Nov. 1 that he wouldn't run again, saying in a video posted to social media that "too many Republican leaders are lying to America, claiming that the 2020 election was stolen, describing Jan. 6 as an unguided tour of the Capitol, and asserting that the ensuing prosecutions are a weaponization of our justice system."

DeSantis Has Little Time To Catch Up

By ALEX LEARY

Tough new polling in Iowa and New Hampshire. A rising Nikki Haley. And an ever-dominant Donald Trump.

Ron DeSantis's campaign is heading in the wrong direction, and time is running out.

The Florida governor has less than two months before the first 2024 Republican presidential nominating contest on Jan. 15 in Iowa, a state he is banking his campaign on to show he can compete with Trump. But he now finds himself battling Haley, the former South Carolina governor and United Nations ambassador, for a distant second place in the state behind the former president.

DeSantis recently earned the endorsement of Iowa Gov. Kim Reynolds, but so far that hasn't made much difference in the polls. On Tuesday, he gained the backing of Bob Vander Plaats, an influential Christian leader in Iowa. DeSantis's campaign boasts of an extensive ground effort in Iowa and says the governor's work ethic—soon he will have visited each of the state's 99 counties—will give him a boost as voters start to pay attention.

"As we approach Thanksgiving there isn't an Iowa caucus goer that has not already had the chance to see Ron DeSantis at least once and ask him a question, shake his hand," said deputy campaign manager David Polyansky, who promised in the final stretch "a swarming, high-tempo campaign that is going to squeeze the political life out of our competition."

Polyansky declined to predict how DeSantis would finish in the state but said the strategy is to cut into Trump's air of inevitability. "Admittedly, you want to slow down Trump early in the process and that early on starts in Iowa," he said.

At this stage of 2016, Polyansky noted, people were discounting eventual Iowa winner Sen. Ted Cruz. Trump went on to win New Hampshire, capture the nomination and the White House.

Iowa has a history of late shifts but polls show Trump with a nearly 30-point lead and DeSantis now must contend with the surging Haley. Next on the calendar is New Hampshire, which will hold its primary Jan. 23, but things look worse for the governor there; a recent poll showed

him falling to fifth place behind former New Jersey Gov. Chris Christie and biotech entrepreneur Vivek Ramaswamy as well as Haley and Trump.

"As I drive around New Hampshire, especially through small towns, the number of Trump signs I see is scary," said state Rep. Mark Pearson, who is backing DeSantis. "The hard core is solidifying now."

The former president has an incumbent-like command over the party and has solidified that position in the face of numerous legal challenges he has used to portray himself as a victim of political persecution.

Ever since a disastrous campaign launch on Twitter in May, DeSantis has struggled to live up to the hype that preceded his candidacy. His attempts to run to the right of Trump turned off some supporters and muddled his case for why he should be viewed as a suitable alternative to Trump. A stiff persona hasn't helped.

"Gov. DeSantis hasn't exactly wowed people on the stump and he has made a number of rookie mistakes that have hurt his ability to gain more supporters," said Republican pollster Whit Ayres.

DeSantis's attempts to change the trajectory include turning to mainstream media outlets such as CNN and MSNBC and the hyper focus on Iowa, a state where conservative views on social issues including abortion play well. DeSantis, 45 years old, is also taking on Trump, 77, more directly, accusing him of failing to fulfill past campaign promises and suggesting he isn't physically up for the job. "Father Time is undefeated," the governor said Sunday on CNN. "Donald Trump is not exempt from any of that."

Trump, who endorsed DeSantis in his 2018 run for governor and for months has cast him as disloyal, isn't letting up. A Trump spokesman said the former president would return often to Iowa and said DeSantis would face "unimaginable pain that he's never felt before in his life."

DeSantis has emphasized his support for abortion restrictions and sought to portray Haley as less committed. To Trump's satisfaction, DeSantis and Haley have been attacking each other relentlessly since she began to rise following strong debate performances.

Iowa has a history of late shifts but polls show Trump with a big lead.

Belief in American Dream Falls

Continued from Page One only 28% of women said the ideal of advancement for hard work still holds true, as did 48% of voters age 65 or older but only about 28% of those under age 50.

People in both political parties reported a sense of precariousness and disaffection.

Oakley Graham, a stay-at-home father in Greenwood, Mo., outside Kansas City, said that by some measures he was living the American dream. And yet, he feels insecure.

"We have a nice house in the suburbs, and we have a two-car garage," said Graham, who is 30 years old and whose wife is an electrical engineer. "But I'd be lying if I didn't say that money was tight." For him and most of his neighbors, "no matter how good it looks on the outside, I feel we are all a couple of paychecks away from being on the street."

Graham, who leans Democratic in his politics and voted for President Biden, said life is "objectively worse" than 50 years ago, in part because la-

bor unions are no longer as strong and capable of helping as many workers. He said his grandfather, a maintenance-crew worker for railroads, retired on a union pension, something most people don't have now.

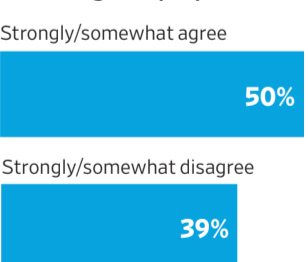
Some unions, including autoworkers, have won wage gains and other concessions after labor strikes this year, but the share of U.S. workers who belong to unions hit a record low last year.

John Lasher, a Donald Trump supporter in Springfield, Mo., feels the American dream "is past tense." In prior decades, "if you showed up for work and you did your job well and you tried to help out, you were rewarded," said Lasher, 78, a retired electrical inspector for aircraft carriers and submarines. Now, he said, it isn't as uniformly true.

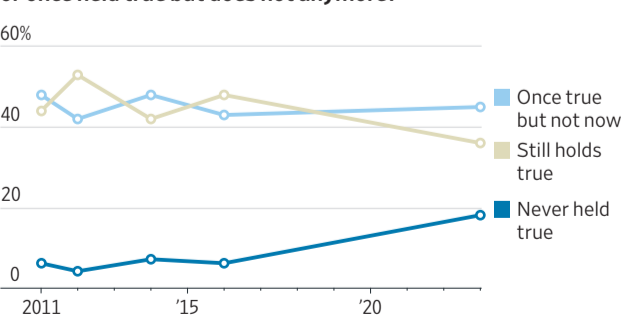
Lasher blames Democratic policies for the change. Rising prices, which he blames on the Biden administration, are robbing people of the American dream, he said. "With inflation, you're working hard just to make ends meet, and then any extra work that you put in is just trying to get so you're not in the hole," he said.

The new survey adds to signs of pessimism found in other recent polls. An NBC News survey released this month found that 19% felt con-

Do you agree or disagree: 'The economic and political systems in the country are stacked against people like me.'



Do you think the American Dream—that if you work hard you'll get ahead—still holds true, never held true, or once held true but does not anymore?

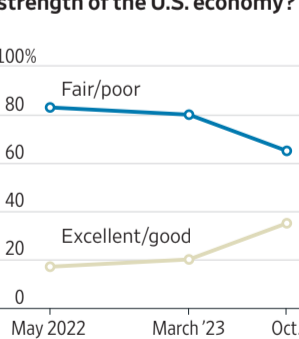


Sources: Wall Street Journal/NORC surveys, most recently of 1,163 registered voters, conducted Oct. 19-24, 2023; margin of error: +/- 4 pct. pts. (2023 results); PRRI telephone polls (2011-2022)

fident that life for their children's generation would be better than for the current one—a record low in the group's surveys dating to 1990.

While those and other questions tend to ask Americans about broad changes over time, one finding from the Journal/NORC poll found a decline in pessimism about the current economy. Some 35% of voters said they rated the economy as excellent or good, an improvement from the 20% who said so in March and 17% in May 2022. The share rating the economy as "not so good" or poor fell to

How would you rate the strength of the U.S. economy?



65%, compared with 80% or more in the prior two surveys.

Diana Walker, 62, who lives in the Atlanta suburb of Decatur and leans Democratic, thinks the American dream has faded. Now retired, she was satisfied with her career with a delivery-service company.

"But to listen to my kids talk, how hard they have to work for what they need in life, how they feel that they have not been rewarded or they're just a number, that they can be replaced at any time—I don't know," she said, adding: "It was better for me." One of her grown children manages a fast-food restaurant; one works in maintenance and a third works for a communications company.

Walker also believes the economic and political systems aren't set up for her family to succeed. "I'm African-American, and the odds are always against Black people," she said. Minority groups, she said, have a hard time getting mortgages and often don't get fair market value for their homes.

Large shares of other Black respondents in the Journal survey, which was conducted by NORC at the University of Chicago, said the nation's economic and political systems were rigged against them—some 68% said so, compared with about half of Latino and white voters.

Among all respondents, 18% said the American dream never held true, a far larger share than the single-digit shares recorded in similar past surveys by the nonprofit Public Religion Research Institute.

The PRRI polls were conducted by telephone, while the Journal-NORC poll surveys people who belong to NORC's random-sample panel. But the diminished faith in the American dream recorded in the new survey is so large that the differing polling methods can't account for the change, said Juan Carlos Donoso, a NORC researcher who worked on the new poll.

The Journal-NORC poll surveyed 1,163 registered voters from Oct. 19 to Oct. 24. It has a margin of error of plus or minus 4 percentage points.

The views reflect a mix of economic and social data that show broad improvement in living standards over time, but also challenges for workers.

Inflation outpaced the gains in worker pay in 2022 for the second year in a row, and mortgage rates are at their highest level in more than two decades.

In longer-term trends, the unemployment rate for Black Americans hit a record low this year, as it did for Latino workers last year, in data dating to the 1970s.

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U.S. NEWS

IRS Is Delaying Tax Deadlines Set by Congress

By RICHARD RUBIN

WASHINGTON—Congress set strict enforcement deadlines when it created new tax requirements for e-commerce platforms, older 401(k) savers and cryptocurrency brokers.

The Internal Revenue Service has now postponed them all for two years—which could cost the Treasury more than \$8 billion.

The latest IRS move to push back a congressional deadline came this week. Officials for the second time delayed the requirement that platforms such as Venmo send informational tax forms to the IRS and to many users who receive more than \$600 in revenue a year.

The IRS decisions help the affected taxpayers avoid burdensome requirements. Millions of people selling goods on eBay or reselling tickets on StubHub won't get confusing tax forms in January. High-income workers age 50 and up can still make their full retirement contributions in pretax dollars next year instead of posttax accounts. And crypto brokers don't yet have to report transactions that could lead to eight billion informational returns going to the IRS each year.

At least in the short run, however, the tax agency's moves frustrate lawmakers' attempts to raise revenue and plug gaps in tax compliance. They are symptomatic of a phenomenon in which administrations of both parties take action without the oversight or cost analysis required by legislation. The tax delays aren't as headline-grabbing as President Biden's student-loan relief or former President Donald Trump's border-wall

construction. But they allow the IRS to deliver what are, in a sense, tax breaks without congressional approval.

The IRS, like every administrative agency, exercises discretion as it interprets sometimes vague laws. It tries to balance helping taxpayers meet their obligations with strictly enforcing the law. This year alone, the IRS gave Californians seven extra months to pay their 2022 taxes after natural disasters. Separately, it prevailed over a taxpayer who filed a Tax Court petition 11 seconds too late.

In a statement justifying the recent series of rule delays, the IRS pointed to a tax code section that gives the commissioner the power to "administer, manage, conduct, direct, and supervise the execution and application" of tax laws. "The IRS has used its authority over the years to delay implementation of complex laws in the interest of good tax administration," it said.

Some lawmakers say the tax agency can't change deadlines that Congress wrote into law.

"The IRS is completely out of control and must be held accountable as they continue to make up the law as they go," said Rep. Carol Miller (R., W.Va.), a Ways and Means Committee member who has been pushing to repeal the online seller law. "The Biden administration must be reminded that Congress writes the laws; they are the ones who must correctly implement them."

Fred Goldberg, a former IRS commissioner, said officials have a responsibility to look holistically at making the tax system run as smoothly as possible.

"My starting assumption is that the IRS does what the



The IRS's postponement of enforcing certain deadlines for two years could cost the Treasury \$8 billion.

statute says, read literally. It's a big barrier to get over. But they can and should get over it," he said, endorsing occasional relief such as the delays the IRS has recently allowed. "It's common sense, and it's not willy-nilly and it's not mere personal preference."

Online sellers

The most recent IRS decision pushed back new requirements for payment and e-commerce platforms such as Venmo and Ticketmaster. In a 2021 law, Congress said they must send information returns to the IRS and to sellers who receive at least \$600 in revenue in a given year. The law didn't change what is taxable but, generally, if the IRS has more information on more transactions, tax compliance improves.

That was supposed to take effect for tax year 2022, with the first forms sent in early 2023. But the IRS postponed it last December after lawmakers and business groups warned

that the forms could be difficult for taxpayers to understand and use in filing their own returns. The agency again delayed the rule for tax year 2023 and said it would attempt to enforce a \$5,000 threshold—neither the old law nor the new one—in tax year 2024.

The congressional Joint Committee on Taxation projected that the first two full years would generate about \$2 billion when the law was passed by Democrats in 2021. Congress had counted the revenue to help pay for pension-law changes.

Many lawmakers want to reverse the 2021 law or impose a threshold far above \$600. But the idea is stuck in a logjam with other tax measures, and its prospects are uncertain.

"There are times where arguably this kind of discretion of agencies to not enforce the law kind of does get us to the place where a well-functioning Congress would have gotten us anyway," said Brian Galle, a

tax law professor at Georgetown University.

And when the IRS moves on its own, there is generally no legal recourse. Taxpayers can challenge IRS actions when they are individually harmed, but they typically can't sue over taxpayer-friendly rules.

Crypto brokers

The delay on crypto brokers' reporting, however, has drawn frustration from some in Congress.

The law, passed in 2021, was intended to ensure crypto transactions would be reported similar to stock sales, so the IRS has independent information on costs and gains that it can use for audits. Similar to the changes for online sellers, these rules wouldn't change what is taxable but would give the IRS more visibility into opaque income streams. The rules were supposed to take effect in tax year 2023, with forms sent in 2024.

The IRS released proposed rules earlier this year but said they won't take full effect until 2026. The first two years were projected to generate more than \$4 billion, to help pay for the bipartisan infrastructure law.

Rules for retirees

The delay in retirement rules was also partly a response to industry pressure. Congress, in a 2022 law, required most people age 50 and up to change how they make catch-up contributions, or amounts above the annual limits.

That was supposed to start in 2024. But industry groups questioned how they could comply, and the IRS gave everyone another two years.

The delay is likely to cost about \$2 billion over 10 years, based on the original estimates from the joint tax committee. When writing the law, Congress had counted that money toward a package of retirement-policy changes.



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FROM PAGE ONE

Leaf Blower Fight Roils Greenwich

Continued from Page One
...organic food...but it's your choice," Roberto Fernandez, a Greenwich resident and owner of a landscaping company, said at the meeting. "Don't force homeowners and professional landscapers and tree companies to go and think like you."

After testing electric blowers, Fernandez concluded they weren't strong enough. They weighed more than traditional blowers and required charging too frequently, he added.

The debate has split Greenwich's landscaping industry.

Jeff Cordulack, who owns a local landscaping company, said he saves money on gasoline by using electric blowers. His employees wield two hand-held ones at the same time, and they work fine, he says.

"They blow very strong," said Cordulack, who supports putting limits on gas-powered blowers. "We throw leaves around."

Quiet Yards Greenwich is asking the town to ban gas-powered leaf blowers on residential properties from May 1 to Sept. 30. Landscapers use them during spring and summer months to clean grass clippings from sidewalks, patios and long driveways found on these large properties. Locals said some residents even use them to dry their cars. Current rules allow them to be used year-round during certain hours.

Greenwich's Representative Town Meeting, the town's 230-member legislative body, is expected to vote on the proposal in December. The top elected official, First Selectman Fred Camillo, backs the effort.

The uprising against blaring blowers is years in the making. The wealthy community's anti-leaf blower movement started in the 1990s with the formation of a group called Project Quiet Yards. They lobbied Greenwich officials to limit the use of the noisy lawn tools. Those efforts failed. Instead, the town gave



Svetlana Wasserman bought an electric leaf blower for her landscapers.

gas-powered leaf blowers an exemption to the local noise ordinance, establishing the hours the tools could be used.

When the pandemic forced residents to stay home, many faced a roaring symphony of leaf-blowers during work and school. A new group of fed-up locals organized Quiet Yards Greenwich in 2021.

Co-founder Elizabeth Dempsey said the insulated walls and windows of her home on a 3.79-acre lot are no match for the gas-powered leaf blowers during busy blowing months. "I can hear it in my house all day," said Dempsey, a 61-year-old former banker.

Svetlana Wasserman, a 53-year-old former management consultant, moved from a nearby town in Westchester County, N.Y., for a home with a bigger yard in 2019. "One of the first things that jumped out at me when I moved here, despite living in the back country and 5-acre estates, is how friggin' noisy it is," she said.

Even among spacious lots with few neighbors, Wasserman said she can't escape the leaf blowers. She puts on earbuds and plays music when she needs a reprieve, she said.

"Sometimes I play Radiohead," said Wasserman, also of Quiet Yards Greenwich. "Usually it's some pretty angry music."

Sophie Koven, another member, said one pivotal moment

for her occurred last year during her son's eighth-grade graduation.

Midway through the outdoor ceremony, the blare of a gas-powered leaf blower began drowning out the student speaker. "One person operating one leaf blower can just ruin an event for 800 people, and no one can do anything about it," said Koven, 49, who works as a mediator.

Quiet Yards Greenwich provided town officials with a 71-page white paper documenting the impacts of gas-powered leaf blowers and concerns about fumes and noise. The paper

included a survey of 680 residents, with nearly 90% saying they wanted to curtail gas-blowers in their neighborhood.

"PLEASE do something about these hideous machines...The noise on our street is unbearable," one survey participant wrote. "I suffer. Our dog suffers."

Some respondents weren't pleased with the possibility of new lawn-tool limits. "Stop trying to regulate and interfere in everyone's life!" one person commented in the survey.

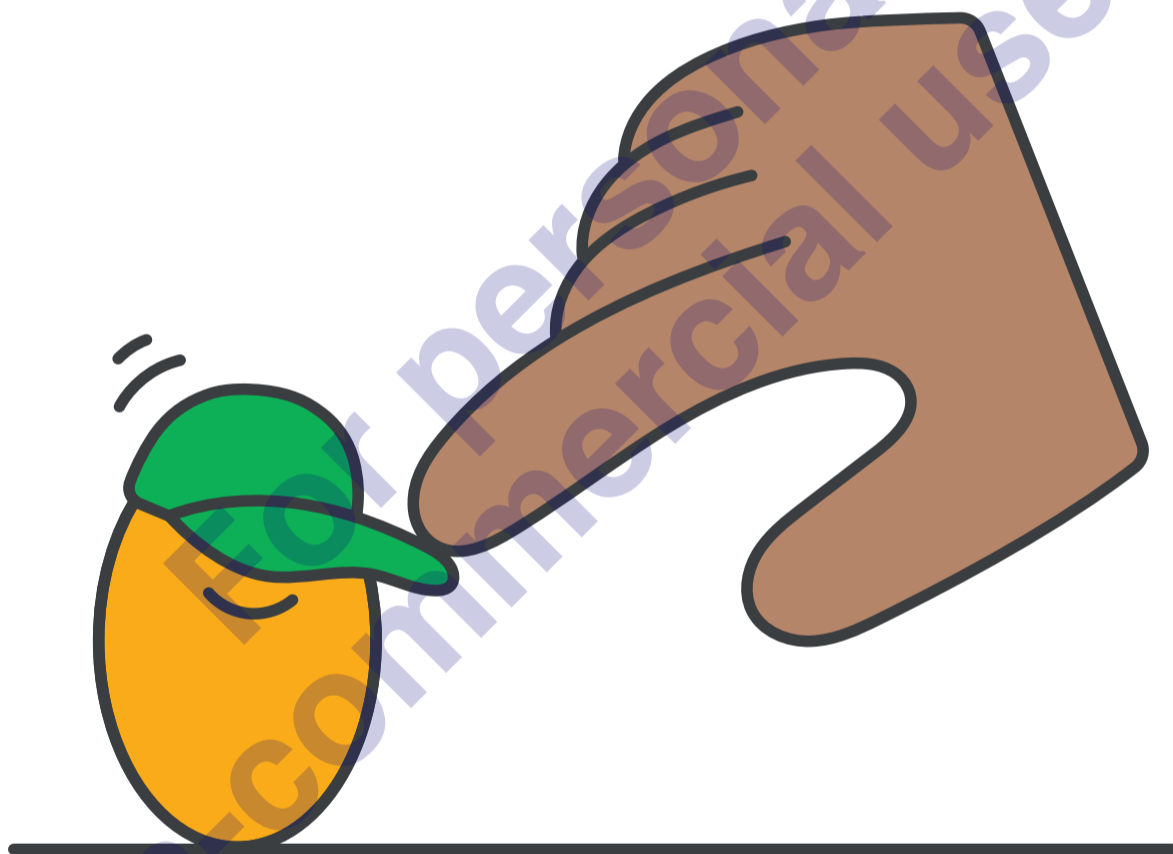
Making her case for leaf-blower restrictions during a recent town meeting, Koven cited a dispute in 17th century England, known as Aldred's case. That landmark case involved a man who built a pigsty next to the home of his neighbor, William Aldred.

Aldred filed and won a nuisance complaint in court, establishing a right for people to enjoy their property that was adopted by the settlers who came to the U.S., said Koven, a trained lawyer.

Karen DeWahl, a Quiet Yards Greenwich member who will often wear noise-canceling headphones while having lunch with her husband to escape the noise of blowers, said she hopes the group's proposal to cut down on the noise will be successful.

"It's a beautiful town, it really is," DeWahl said. "So we want to enjoy it."

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WORLD NEWS

Far-Right Leader Wins Dutch Election

Wilders campaigned to close borders to migrants from Islamic countries

By GARETH VIPERS
AND LAURENCE NORMAN

The electoral win by Geert Wilders, the Dutch far-right leader who has championed draconian policies against immigration and Islam, reflects how intractable the issue of migration remains in Europe—and in much of the West.

Nearly a decade ago, an influx of Middle Eastern and African arrivals drove a wave of anti-immigration policies across Europe, boosted the popularity of far-right parties and stirred tensions with Europe's growing Muslim population.

Today, as some European countries grapple with a flow of migrants not seen since 2015-16, the failure to identify policies to manage the surge

in arrivals is prompting a political backlash.

Those tensions helped propel Wilders to a major election victory Thursday, putting a leader who has proposed slashing immigration, closing mosques and banning the Quran within reach of the leadership of the Netherlands.

His Freedom Party, or PVV, which has promised to halt all immigration to the Netherlands, was set to win 37 out of 150 seats in the country's parliament, according to projections by Dutch news agency ANP based on results from almost all voting districts. The PVV's closest rival, former European Commissioner Frans Timmermans' Labor/Green Left coalition, was projected to secure 25 seats.

The incumbent ruling party, the VVD, was on course to secure 24 seats, down from the 34 gained in 2021, according to ANP.

The result puts Wilders in line to lead talks in forming a



Geert Wilders is a controversial anti-Islamic politician.

governing coalition, and possibly become the next prime minister, though negotiations are likely to take some weeks.

While Wilders' party was the clear winner from Wednesday night, analysts said it would be possible for a left-leaning or right-leaning coalition of other parties to

form a government without the Freedom Party.

In the past, Dutch mainstream parties have moved to cut Wilders' party out of government. However, the new leader of the VVD, Dilan Yeşilgöz-Zegerius, said before Wednesday's vote that she was open to forming a govern-

ment with the Freedom Party as long as it didn't hold the premiership.

"We are going to work hard to put Dutch people first again!" Wilders said on X, formerly Twitter, on Thursday.

Wilders, 60 years old, is one of Europe's most prominent and controversial anti-Islamic politicians. He has called for the "de-Islamization" of the Netherlands, and has campaigned to ban the Quran, shut mosques and close the borders to migrants from Islamic countries.

Last year, net migration into the Netherlands more than doubled to more than 220,000, partly because of refugees fleeing Russia's invasion of Ukraine.

The Dutch government has projected that applications for asylum could increase to more than 70,000 this year, exceeding the previous high recorded in 2015. That has put pressure on housing in the densely populated country of 18 mil-

lion, leading more conservative voters to agitate for tighter controls.

The last time the Netherlands had a prime minister who wasn't from the biggest party in parliament was after the 1982 election.

Among the first to congratulate Wilders was Hungary's Prime Minister Viktor Orbán, another major anti-immigration advocate who also wants to overhaul the way the EU works. Orbán told Wilders that his victory was an "earthquake-like" electoral victory, his spokesman said on X. "The winds of change have arrived!" Orbán wrote on X after the first exit polls were released.

—David Luhnow
contributed to this article.

Watch a Video

Scan this code for a video on Geert Wilders's election and his platform.

EU Helps With Finland's Border As Migrants Pour in From Russia

By ANN M. SIMMONS

The European Union will help Finland bolster its borders following a surge of migrants trying to enter from Russia. Helsinki has accused Moscow of facilitating their passage.

Frontex, the European Border and Coast Guard Agency, said Thursday it would send 50 border-guard officers and other staff, along with equipment, expected to be on the ground as soon as next week.

During November, around 700 asylum seekers have entered Finland from the country's eastern border with Russia, according to Finland news agency STT, citing government statistics. The migrants include people from Afghani-

stan, Iraq, Syria, Yemen, Kenya, Morocco and Somalia. Finland shares an 800-mile border with Russia.

Prime Minister Petteri Orpo accused Moscow of enabling the illegal crossings, STT reported. He said Russia had been guiding and transporting people with incomplete travel documents to the Finnish border. On Wednesday, the Finnish government said it would close all but one crossing with Russia beginning Friday, leaving only an Arctic entry point for migrants seeking asylum.

Russia has denied having a hand in driving the influx. Earlier this week, Kremlin spokesman Dmitry Peskov expressed disappointment in Finland's decision to close its

borders, saying formerly pragmatic relations had been "replaced by an exclusively Russophobic position." Relations have significantly deteriorated since Finland officially joined the North Atlantic Treaty Organization in April.

Andrey Chibis, governor of Russia's Arctic Murmansk region, which borders Finland, warned on Wednesday of a humanitarian emergency unfolding as the result of hundreds of migrants left stranded at the border without enough food or proper shelter. He said regional authorities were installing heating points for the migrants.

Frontex said the agency is "acutely aware of the humanitarian aspect."



A border crossing in northern Finland. Among the some 700 migrants seeking asylum this month have been people from Afghanistan, Iraq, Syria, Yemen, Kenya, Morocco and Somalia.

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WORLD NEWS

Truce Set To Start in Gaza Deal

Continued from Page One
itor the four-day cease-fire and communicate with the parties to the conflict and the International Committee of the Red Cross.

The announcement came after the deal, which was approved by Israel and Hamas this week, stumbled over logistical issues relating to the details of the first people to be exchanged.

Senior Egyptian officials blamed that setback on last-minute demands from Hamas and its failure to hand over a list of the first group of hostages it planned to release. Ansari declined to address what caused the delay, but said the list of the initial hostages to be released was handed over on Thursday. Israel's prime minister's office also said it had received and was checking an initial list of names and was in contact with the families of those hostages to be released.

Officials from Qatar, Egypt, Israel and the U.S. pushed to



Displaced Palestinians waited for food on Thursday in Khan Younis in the southern Gaza Strip.

work out the deal's implementation. Egyptian officials said hostages would be transferred from Gaza to the Rafah border crossing and from there to Israel. The Palestinian prisoners would be released two hours after the freed hostages are back in Israel, the officials said.

President Biden, asked by reporters on Thursday for an update on the deal, said: "I'm not prepared to give an update until it's done."

The White House said ear-

lier it was hopeful that the release of hostages would begin Friday morning. "We welcome the announcement from Qatar and expect to see a number of hostages coming out of Gaza tomorrow," White House National Security Council spokeswoman Adrienne Watson said.

"Our primary objective is to ensure that they are brought home safely," Watson said. The White House previously said at least three Americans were among the hostages expected to be released.

The last-minute wrangling showed the fragility of the agreement, the first major diplomatic breakthrough in the war between Israel and Hamas.

"We hope to get our hostages out, there are many challenges along the way," Israeli Prime Minister Benjamin Netanyahu said on Thursday during a meeting with British Foreign Secretary David Cameron.

The broad terms of the agreement outlined a four-day pause in the fighting in Gaza and the release of 50 hostages

by Hamas in exchange for 150 Palestinian prisoners from Israeli jails. All those swapped would be women and children. The deal calls for hostages to be released in smaller groups each day over four days and reserves the right to extend the pause if more hostages are freed.

Separately, Israel continued to trade fire Thursday with militants in Lebanon, where there are fears of a full-blown second front in the war.

Meanwhile, Israel's military offensive in Gaza continued on Thursday. "Operations against Hamas continuing in all arenas, air, land, and sea," said Richard Hecht, a spokesman for the Israeli military.

Israeli forces on Thursday said they had arrested the director of Gaza's Al-Shifa Hospital, Mohamed Abu Salmiya. He was stopped at an Israeli military checkpoint while traveling in a United Nations convoy evacuating patients and staff from the facility, a spokesman for the Health Ministry in Gaza said.

The Israeli military said Salmiya had been sent for questioning following what it said was "evidence showing that the Shifa Hospital, under his direct management, served as a Hamas command-and-control center."

Salmiya couldn't be reached for comment.

Israeli forces raided the hospital this month in search of militants and weapons. The military later said it found AK-47s and a laptop inside the hospital that it said were evidence of a command center. It said it found a Hamas tunnel underneath the facility.

The allegations about the hospital and resulting military operation at the facility have been at the center of a debate around Israel's contention that Hamas uses civilian infrastructure for its operations. While many security analysts agree the latest evidence Israel has released increasingly suggests a Hamas presence at the hospital, most say they have yet to see something that constitutes a smoking gun showing it was a command center for Hamas, as Israel has alleged.

More than 14,000 Palestinians, the majority of them women and children, have been killed since Israel launched its military offensive in Gaza, according to authorities there. The figure doesn't distinguish between civilians and militants.

Israel launched its current operation in Gaza in response to a Hamas attack on Oct. 7 in which militants killed more than 1,200 people inside Israel, most of them civilians, and seized hostages.

—Ken Thomas contributed to this article.

Inside the Israel-Hamas Negotiations to Free Hostages

Weeks of secret hostage negotiations with Hamas were hanging by a thread when President Biden phoned the emir of Qatar, a key emissary to the militant group, to deliver an urgent message.

By Summer Said, Jared Malsin, Gordon Lubold, Stephen Kalin and Dov Lieber

Yahya Sinwar, the Hamas leader in Gaza, had gone dark after the Israeli military seized control of Al-Shifa hospital, a facility Israel said Hamas used as a command-and-control center. Now that the fighting at the hospital was over, Sin-

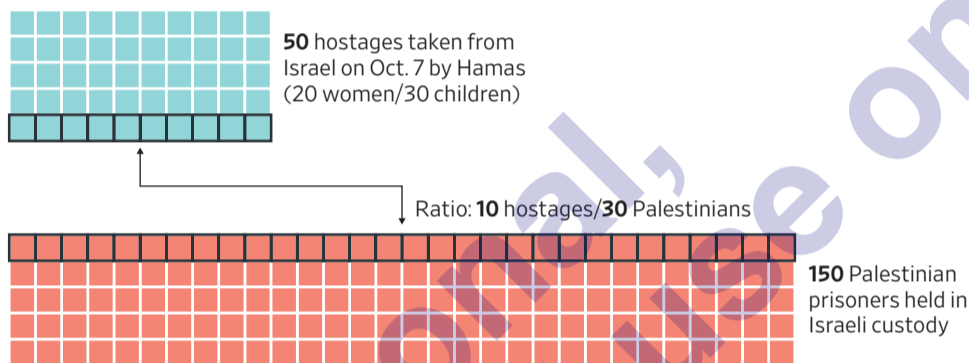
war had re-emerged from the shadows, and he was ready to negotiate.

"This could be our last chance," Biden told the emir, according to several people with knowledge of the call.

Biden was injecting himself into one of the most complex hostage negotiations in modern history, a diplomatic frenzy that involved the heads of the Central Intelligence Agency and Israel's Mossad, Egyptian intelligence officers and Sinwar.

The agreement produced from those negotiations on Wednesday morning faced last-minute drama, with quibbling over the fine print delay-

Women and children hostages and prisoners to be released under deal between Israel and Hamas



Source: staff reports

ing it by a day. But by Thursday evening, Qatari negotiators said the deal was

back on to free 50 Israeli hostages held by Palestinian militants in Gaza in return for the release of 150 Palestinian prisoners by Israel, starting on Friday.

The agreement also requires daily pauses in Israel's drone surveillance of Gaza—a key concession that Biden extracted from Israeli Prime Minister Benjamin Netanyahu, U.S. officials said.

Israel and Hamas on Friday morning were set to begin a temporary pause, raising hopes that more than a dozen Israeli hostages would be freed later in the day in exchange for Palestinian prisoners.

The deal marked the first major diplomatic breakthrough of the seven-week-old war. It also cemented a rare channel of communication between the warring parties, raising hopes that further talks can secure the release of other hostages.

The broad outlines of the agreement—an exchange of civilian hostages for Palestinian prisoners and aid—were proposed by negotiators weeks ago, but the talks continued to break down as the conflict flared. Hamas threatened to walk out. Both sides haggled over the number of hostages and prisoners to be released. Israel, determined to destroy Hamas, resisted the militant group's demands for a pause in the fighting.

This account of the negotiations is based on interviews with more than a dozen officials in the U.S. and across the Middle East who were involved in brokering the breakthrough over the last several weeks. Officials discussed the details of the negotiations, which they frequently described as dramatic, intense, frustrating and tedious.

In the early days of the crisis, top officials from the U.S., Qatar, Egypt, Israel and Gaza began to hold secret talks as part of a special hostage-negotiation cell. U.S. national security adviser Jake Sullivan directed Josh Geltzer, a legal adviser to the National Security Council and White House aide, to help create the cell, according to senior administration officials, and it was established in the Qatari capital of Doha.

The cell tackled the problem of negotiating between two warring parties that have no direct channel of communication.

On Oct. 21, Hamas put forward a new proposal to re-

lease a large group of women and children hostages if Israel called off its plans for a ground invasion. U.S. officials contacted Israel asking if they would hold off on the ground operation. Israel refused, pointing out that Hamas hadn't supplied a detailed list of the hostages nor proof of life.

Two days later the Qatari prime minister proposed to White House Middle East coordinator Brett McGurk the release of a large group of women and children in exchange for Palestinian prisoners and more aid and fuel. With Washington's approval, Qatar and Egypt went to Hamas on Oct. 26 to see if they could get the deal done. Hamas was asked for a list of identifying information or so-called proof of life.

Hamas's Sinwar responded to Egypt that he would guarantee the release of the 50 women and children but that he didn't have the full identifying information on those to be released. A few hours later Hamas offered a list of just 10 names.

The U.S. response came immediately: Ten names weren't enough.

The ground incursion began the night of Oct. 27. Sinwar cut off contact with the Egyptian negotiators.

Developments on the battlefield "impacted the negotiation dramatically," said Mohammed Al-Khulaifi, the Qatari negotiator.

The talks resumed days later, with Egyptian intelligence officers trying to coax Hamas into supplying a list of 50 names. On Oct. 31, Israel launched an airstrike targeting a Hamas leader in Jabalia in northern Gaza, killing more than 100 Palestinian civilians. Egypt, Qatar and Hamas all halted the negotiations in protest.

With the talks teetering, CIA Director Bill Burns and the director of Israel's Mossad intelligence agency, David Barnea, flew to Doha to try to obtain more information about the hostages and see if more pressure could be applied on Hamas. Burns met Barnea and Qatari officials in Doha on Nov. 9 in what regional officials saw as a breakthrough in

the talks. Officials wrote a rough draft of the deal.

On the morning of Nov. 12, Hamas finally supplied more names of hostages to be released as Israeli troops surrounded Al-Shifa Hospital.

Hamas leaders in Gaza again cut off contact. Sinwar sent a message to Egypt saying Hamas would cancel the negotiations completely if the Israeli military didn't call off the operation at the hospital.

That same day, Biden made the first of two calls to the emir of Qatar, Sheikh Tamim bin Hamad Al Thani. The lack of identifying information about the hostages from Hamas was impeding the talks, Biden said during an exchange an aide described as intense.

Israeli forces seized control of Al-Shifa days later.

When talks resumed on Nov. 16, negotiators extracted the detailed list of 50 hostages that Hamas slated for release.

The next day Biden, who was in San Francisco for his meeting with Chinese leader Xi Jinping, called the Qatari emir. Biden praised Qatar's work on the hostage deal. But he also warned it could be the last chance to execute the deal. Now was the time to get it done.

Qatari officials agreed to prod Hamas and asked Biden for help pressuring Israel to accept the deal. Biden said he had been in frequent contact with Netanyahu.

In the following days, McGurk flew to Doha to hammer out the details of the agreement, now written down in a six-page document, while Burns joined the talks remotely.

Hamas had agreed to most of the draft document, but sticking points remained. There was disagreement over the ratio for exchanging Israeli hostages for Palestinian prisoners. The two sides still differed over the length of the pause.

Hamas was also demanding Israel stop its drone surveillance of Gaza during the pauses.

Hamas publicly accepted the deal on Nov. 21. Israel's government approved it early on Wednesday.

But by Wednesday night, Israel's top national security official, Tzachi Hanegbi, issued a surprise statement saying the deal would be delayed by at least a day.

According to negotiators, Hamas asked Israel for a list of the first group of Palestinian prisoners to be released so it could inform their families. When Israel turned down the request, Hamas refused to share the list of hostages it planned to hand over on the first day, negotiators said.

A spokesman for Qatar's Foreign Ministry said Thursday that the lists of hostages and prisoners to be swapped would be exchanged daily.

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ARTS IN REVIEW



stay at Saltburn for the summer, his parents turn out to be parodies of the daffy, clueless toffs we've encountered so many times on screen. Daddy is Sir James (a priceless Richard E. Grant) and Mum is Lady Elspeth (Rosamund Pike, hilariously playing up such lines as "I have a complete and utter horror of ugliness"). Together with Felix's languid American cousin Farleigh (Archie Madekwe) and his lascivious sister Venetia (Alison Oliver), they make Oliver feel like an alien species. He'll clearly never be at home at Saltburn.

The delightfully wicked movie centers on a character's desperate need for acceptance.

But that doesn't mean he won't try to make this life his own. True to his surname, Oliver picks things up rapidly. A passing remark from the patriarch of the house about its ceramics sparks the revelation that Oliver knows something about the subject (he has been studying a guidebook just in case), and he recognizes Farleigh even when concealed by a mask. How? "Signal ring," Oliver says casually. He elbows aside his rival as the house's most cosseted guest, who is amusingly played in a cameo by Carey Mulligan under buckets of makeup and wearing outfits that would make Vivienne Westwood say, "Too much, dear."

Ms. Fennell has crafted a delightfully wicked screenplay around Oliver's desperate need for acceptance and the one-upmanship within the family, some of whose members seem intent on seeing the last of him. "We're all cold-blooded, haven't you noticed?" says Felix's flirty sister. As we wonder how cruelly the family might be toying with Oliver, Ms. Fennell punctuates an intricate story with enticing images—a hedge maze, a glass overflowing with wine the color of blood, a set of antlers (at a fancy-dress party) for Oliver that seem to hark back to Mr. Keoghan's splashy early role, six years ago, in "The Killing of a Sacred Deer."

Movies at the moment tend to suffer from nonsensically hyperactive plots that exist to create work for the special-effects teams on comic-book blockbusters, or, at the art house, from a tendency to let the plot go begging so that the filmmaker can luxuriate in a static situation. Ms. Fennell's throwback style is to keep things moving as briskly as Alfred Hitchcock. Most satisfyingly, she knows how to bring it all home, with a knockout final act and a concluding series of images that draws everything together in an unforgettable way and allows the impish Mr. Keoghan to showcase everything he has to offer. It's a terrific ending to a darkly marvelous film.

PRIME VIDEO (2)

FILM REVIEW | KYLE SMITH

'Saltburn': Striving for Status

This black comedy follows a young man invited to stay at the estate of a wealthy schoolmate

More than any film I've seen this year, Emerald Fennell's "Saltburn" is guaranteed to generate a strong reaction: The first time I saw it I had the impression that half the audience wanted to find Ms. Fennell in order to congratulate her, and the other half wanted to burn down the theater.

I was surprised to be on the applauding side, having been in the arson-curious portion of the audience after Ms. Fennell's previous outing as writer-director, the 2020 feminist revenge saga "Promising Young Woman," a rookie effort that won her the Academy Award for Best Original Screenplay. Like that film, "Saltburn" is a black comedy with a twist-filled script, this time set among the swells at Ms. Fennell's alma mater, the University of Oxford, and at the country estate that gives the film its title.

Oxford student Felix (perfectly played by Jacob Elordi), one of life's blessed and beautiful creatures, forms an unlikely friendship with a schoolmate from the opposite end of the class spectrum, the slyly named Oliver Quick. Young Oliver—a striver from nowhere who lacks family



Jacob Elordi and Barry Keoghan, above, and Mr. Keoghan, top, in Emerald Fennell's 'Saltburn'

connections, social ease or even the ability to pay for a round of drinks—is played with a combination of eager naiveté and painful awkwardness by one of today's most compelling young actors, Barry Keoghan, who earned an Oscar nomination as the village idiot in last year's "The Banshees of Inisherin" and also sneaked into the end of "The Batman" as the Joker. Mr. Keoghan has an un-

canny ability to come across as shifty and devious even in repose, and his performance is the key to the movie. Ms. Fennell loves to find ways to double or triple his image with mirrors, suggesting there is more than one Oliver Quick.

Among other things, her superbly engineered movie is a hip update to all of those English stories about the impeccable re-

straint of stuffy landed gentry. As Felix explains his family history, Oliver notes, "Sounds like an Evelyn Waugh novel." Yeah, Felix replies haughtily, "A lot of Waugh's characters are based on my family, actually." But while the film superficially resembles "Brideshead Revisited," it could have borrowed the title of a lesser-known Waugh novel: "Black Mischief."

When Felix invites Oliver to

TELEVISION REVIEW JOHN ANDERSON

Unlocking a Cold Case In Wales

The oft-cited observation by William Faulkner about the past never being dead ("it's not even past") might have served as a tagline for "Steeltown Murders," a slow-to-accelerate but ultimately absorbing dramatic series about the virtual haunting of a small town—not in rural Mississippi, but industrial Wales, where the police are faced with a dilemma: Resurrect a 30-year-old cold case; remind their constituents they never managed to solve it the first time; dive into the probe with no guarantee of an affirmative outcome, or thanks. Or let it all molder. It's a lose-lose-lose-lose situation. Except for the viewer.

There is no shortage of serial murder on current TV; it is a wonder that anyone survives from week to week. But "Steeltown Murders" goes its own way—two ways, as it happens. Nimble hopping from past to present, it begins with the commission of three horrible crimes in 1973, the investigation of same, the diligence of some people, the incompetence of others;

then, in 2002, with the arrival of DNA technology, the case is reopened—not with an abundance of glee on anyone's part but a determination to correct the mistakes of three decades earlier. We see them getting it wrong. We see the same folks trying to get it right.

The chief penitent on the Port Talbot police force is Paul Bethell (Scott Arthur as

In 2002, when it is suggested that new techniques involving DNA might help the moribund investigation, the older Paul volunteers to join the case and is assigned to pursue it, but with a tiny budget and a team of only two—Phil Rees (Steffan Rhodri), who was on the original case as a rookie detective (Sion Alun Davies), and their much younger colleague,

gesture there—you want to yell at the detectives, "Don't you remember? Back in 1973?" While the past might not be dead, it is selective about how it reveals itself to the folks in Port Talbot. We viewers, having the advantage of the time-travel version of rapid transit, know what they know, but may have forgotten. What's never forgotten is also selective.

"Steeltown Murders," based on real cases, is largely a police procedural, although in the 2002 sequences the procedures are new, unfamiliar, untrusted and their execution involves diplomacy—regarding the disinterment of bodies, for instance, or surrendering a cheek swab for a DNA test. This is not usually the stuff of crime thrillers, but here it adds up to nerve-wracking moments: Everything depends on the cooperation of witnesses, survivors, suspects dismissed and suspects-to-be, all of whom are nursing resentments, grief and grievances, large and small—Where is the sequined denim jacket you took from me for testing in 1973? asks one still-cranky Welshman, 30 years and several sizes later. In its deliberately unglamorous manner, "Steeltown Murders" grabs one by the lapels.

Steeltown Murders
Monday, Acorn TV

Mr. Anderson is the Journal's TV critic.

ACORN TV



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ARTS IN REVIEW

THEATER REVIEW | CHARLES ISHERWOOD

Alicia Keys's Musical Coming of Age

New York
'THIS GIRL IS ON FIRE,' sings the ensemble in a jubilant high point of "Hell's Kitchen," a new musical drawing on the catalog of the R&B singer-songwriter Alicia Keys. The song celebrates a turning point in the life of the heroine, a 17-year-old based on the younger Ms. Keys. But the lyrics might equally apply to Maleah Joi Moon, whose incandescent performance in the central role of Ali, as the Keys character is called, provides the show with a blazing heart—and a voice with its own thrilling firepower, virtually an equal of Ms. Keys's own superlative instrument.

While "Hell's Kitchen" is musically ravishing—the score is performed by the cast and a small band with pulse-racing ardor—the musical, named after the New York neighborhood in which Ms. Keys grew up, is more slender dramatically. The book, by Kristoffer Diaz (a Pulitzer Prize finalist for "The Elaborate Entrance of Chad Deity"), curves along formulaic grooves, even if they closely track Ms. Keys's life.

Ali feels trapped, like a fairy-tale princess, inside her apartment in a building in Manhattan Plaza, which, she explains (there is a considerable amount of narration), offers low-income housing for artists. Ali lives with her mother, Jersey (Shoshana Bean), who works two jobs to keep their household afloat.

Played by the terrific Ms. Bean with a somewhat rote written combination of sternness and sympathy, Jersey becomes anguished at the thought that Ali is on the verge of making the same mistakes she did; in a scene erupting from the past, we watch as Jersey falls under the spell of Davis (Brandon Victor Dixon, in smooth and sultry voice), a piano player and singer. She is soon pregnant, but the relationship foundered, and Davis has had no part in Ali's upbringing.

Jersey fears something similar for the mostly unsupervised Ali. And with her mother absent—their sole time together is a half-hour for daily dinner, to which Jersey clings with a sad insistence—Ali finds it easy to develop a fierce crush on Knuck (Chris Lee, neatly wrapping sensitivity within a pragmatic hide), who plays makeshift drums with his



buddies on the street. In a refreshing twist, Ali is the aggressor in their relationship, as she almost stalks him, eventually winning him over despite his reluctance; he scoffs at her naïve idea of him as a "thug," when in fact he works full time as a painter.

The narrative centers on the tussle between a ready-to-rebel daughter and her overprotective mother, the antagonism being inflamed by Ali's sexual awakening.

The conflicts in the triangle that forms between the young couple and Jersey are easy to predict.

Fortunately the storyline also includes a notable subplot, when Ali meets Miss Liza Jane, played with gorgeous authority and grace by Kecia Lewis. Liza Jane, a gifted pianist, eventually insists, with a sternness that matches Jersey's but is more acceptable coming from another source, that Ali develop her natural gift for music.

One could hope for more subtlety from Mr. Diaz's book, which includes many asides in which Ali explains to us what she's experiencing. Upon hearing Liza Jane play, she tells us, "I feel tradition and culture, and for the first time maybe ever, I feel like I'm a part of something bigger than me. I feel like I make sense." And Liza Jane acquires the contours of a virtual saint, more spirit than flesh, as she hands down oracular

Chris Lee and Maleah Joi Moon in 'Hell's Kitchen' at the Public Theater

knowledge: "You are here because the voices of your ancestors have requested your presence."

But the music allows us to look beyond the bromides, the pieties and a melodramatic twist that nevertheless brings the show to a schmaltzy-if-satisfying climax. Ms. Keys's songs never feel as if they are being piped in from a Spotify playlist. They are musically sophisticated compositions, often with a classical piano-based spine, that should please both R&B lovers and the tribe of the show tune. With a few exceptions, they are unusually well integrated into the equations of the plot.

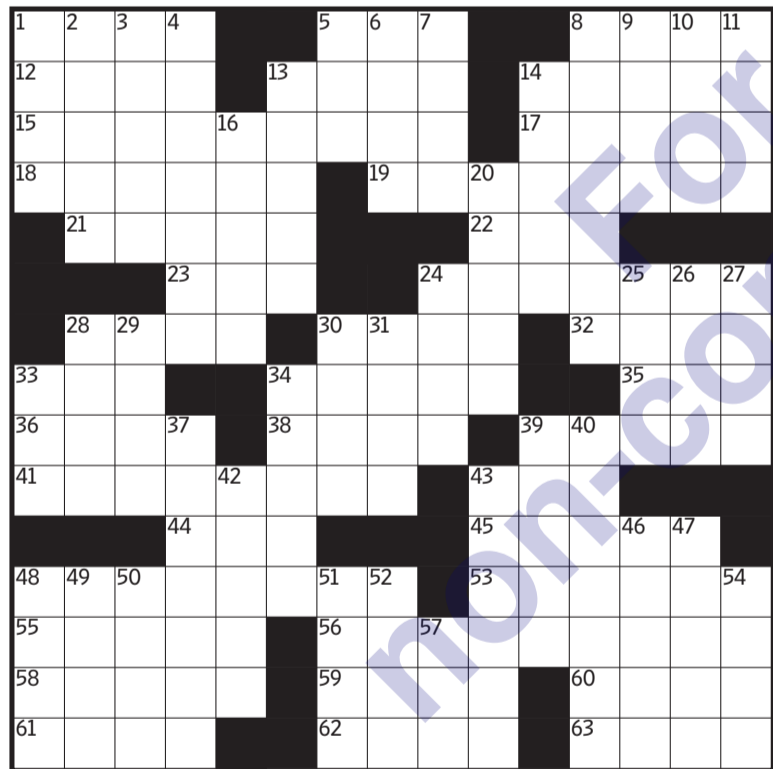
More important, they are staged—by the director, Michael Greif, and the superb choreographer, Camille A. Brown—and performed with a brio that never flags. (Ms. Brown's dances, explosively energetic and yet sharply designed, turn city dwellers into a sort of composite character.) Ms. Bean proves an adept at white-soul singing; as Davis, whom Jersey recruits for some help in course-correcting Ali, Mr. Dixon brings to his thinly written character a trace of complicated life; and as Liza Jane, Ms. Lewis performs her songs (including a slightly too-topical take on the treatment of black men and women at the hands of authorities) with a resonating beauty.

Above all, Ms. Moon provides the musical with an emotionally captivating center. Although Ali's commentary sometimes keeps us at a distance from the plot, Ms. Moon's terrific performance makes even these passages welcome—it is as if the audience is the journal in which she is writing her life. She is a singer of superb gifts, with an ability to croon Ali's more reflective songs in a quiet register, but also capable of unleashing a belt that expresses Ali's building, and bursting, need to express herself and find her place in the world.

Hell's Kitchen
 The Public Theater, 425 Lafayette St., New York, \$40-\$175, 212-967-7555, closes Jan. 14

Mr. Isherwood is the Journal's theater critic.

The WSJ Daily Crossword | Edited by Mike Shenk



PUZZLE CONTEST

- 24 Checked out
- 25 Advantage
- 26 Center's duty
- 27 Declines
- 28 Marchetti in the Pro Football Hall of Fame
- 29 Sick as ___
- 30 Some corp. acquisitions
- 31 Skilled
- 33 Planetarium view
- 34 Bikini, e.g.
- 37 Attention-getting newspaper ads
- 39 Mel Brooks's "History of the World, ___"
- 40 Transistor component
- 42 Hard to please
- 43 Criticize harshly
- 46 Hot spot
- 47 Spike on a peak
- 48 Coffee choice
- 49 Massive dance party
- 50 Frank
- 51 Wood-shaping tool
- 52 Precious
- 54 Egg container
- 57 Sch. study

BLACK FRIDAY | By Mike Shenk

The answer to this week's contest crossword is an unlikely description of Black Friday shopping.

Across

- 1 Cry of triumph
- 5 How— (instruction guides)
- 8 Get by
- 12 Bullfight cheers
- 13 Patty Bouvier, to Lisa Simpson
- 14 Did a farrier's job
- 15 Attendant to a queen
- 17 Full of playful energy
- 18 Kenyan's neighbor
- 19 Is conciliatory
- 21 "Honest!"
- 22 "What happened next?"
- 23 Extra NBA periods
- 24 Perpetual
- 28 Airport area
- 30 Name in the chips aisle
- 32 Author Ferber
- 33 Vicious with a bass
- 34 Where you might find monks
- 35 Routine bit
- 36 Etch A Sketch component
- 38 Related
- 39 Divisive Easter candy
- 41 Cobra, Cat, Camel or Cow, e.g.
- 43 "Unholy" singer Smith
- 44 Zero
- 45 Easily crumbled
- 48 Historic warship type
- 53 Procure
- 55 "R.U.R." playwright

► Email your answer—in the subject line—to Crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, Nov. 26. A solver selected at random will win a WSJ mug. Last week's winner: Jan Garmany. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

Previous Puzzle's Solution



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SPORTS

BY LAINE HIGGINS AND JARED DIAMOND

What Does Jim Harbaugh Do on the Sidelines?

The Michigan coach is still serving a ban over the sign-stealing scandal

Michigan is playing its biggest game of the season against Ohio State on Saturday, with a spot in the College Football Playoff potentially on the line. And as has become common this year, head coach Jim Harbaugh won't be there.

Harbaugh is still serving his three-game suspension from the Big Ten Conference over the sign-stealing scandal currently embroiling the school. This weekend will mark the sixth contest of 2023 in which Harbaugh has been absent; he previously served a *different* three-game suspension to address a separate NCAA investigation. With or without Harbaugh, the Wolverines are 11-0 and ranked No. 3 in the nation.

The situation raises the questions: Does it really matter if Harbaugh is on the sidelines for the roughly four hours between the opening kickoff and the final whistle? What does he actually do?

Here's what's easy for the untrained observer to see. Harbaugh delivers a lot of high-fives and butt slaps. He loudly complains to the referees with varying levels of intensity. He's a sartorial icon who has perfected the art of pairing a baseball cap with khaki pants of the Dockers and Lululemon varieties.

There's also one big thing he doesn't do: call the plays. A former NFL quarterback, Harbaugh was once heavily involved in all aspects of the offense, sometimes even calling the plays. Now, the play-calling job belongs to offensive coordinator (and acting head coach) Sherrone Moore and defensive coordinator Jesse Minter.

It all adds up to what may be a surprising conclusion: Head football coaches aren't always the most crucial person on the sideline on Saturdays.

"I think the value of a head coach is really overstated on game days. Sherrone has probably made almost every decision that Coach Harbaugh would make," said J.T. Rogan, who played for Harbaugh at San Diego and then worked under him at Stanford and Michigan. "A game-day suspension is more penal on the coach than it is on the team."

Shea Patterson, Michigan's quarterback in 2018 and 2019 who currently plays for the Saskatchewan Roughriders of the Canadian Football League, described Harbaugh's current role as "the over-looker of everything"—there to "make sure everything is going smoothly."



With or without Jim Harbaugh, the Michigan Wolverines are 11-0 and ranked No. 3 in the nation.

In other words, Harbaugh is effectively the chief executive of Michigan's football program—essential for the Wolverines' success in the long term, but not necessarily required for the organization to function come kickoff. Harbaugh's goal, said Rogan, was to prepare the team so well between Sunday and Friday that by the time Saturday rolled around there wasn't much left to do.

This is standard operating procedure for plenty of coaches, like Clemson's Dabo Swinney and Alabama's Nick Saban. Some of their protégé coordinators were so good at play-calling that they retained the responsibility after getting promoted to head coaching jobs elsewhere.

That might explain why Harbaugh is able to spend pregame warm-ups wearing cleats and gloves to catch passes from Michigan's quarterbacks. He doesn't have much else going on.

"He's out there catching the

ball and throwing the ball," Rogan said. That Harbaugh is doing that and not cramming over the game plan is "a testament to how little he impacts the game at that point."

The funny thing about Harbaugh's suspension is that he can still be with his players every hour of the week outside of the time they're actually playing. The Big Ten used its sportsmanship policy to sanction Harbaugh, but only barred him from games.

After the opening kickoff, Harbaugh taps his EQ more than his IQ. He does weigh in on football decisions on the offensive side, like whether to go for it on fourth down or punt, and sometimes suggests plays for specific situations. On defense, Rogan said, Harbaugh is almost completely hands off.

Additionally, Harbaugh "brings a certain level of confidence and charisma on the sideline," Patterson said.

During Harbaugh's first sus-

pension this year, imposed by the university in relation to an NCAA investigation into whether Michigan violated recruiting rules during the pandemic, he spent his weekends mowing his lawn and manning the first down marker for his son's youth football team. Michigan won those three contests by an average of 27 points. Granted, those games were against a weak lineup of East Carolina, UNLV and Bowling Green.

Michigan has had closer calls during Harbaugh's second suspension, when he watched from the team hotel and then the house of his brother, Baltimore Ravens coach John Harbaugh, as the Wolverines defeated then-No. 9 Penn State and Maryland, respectively.

Quarterback J.J. McCarthy has looked worse in games without Harbaugh. He threw three interceptions against Bowling Green on Sept. 16, then had his least productive performance of the season last week against Maryland. With

Harbaugh present, McCarthy has 11 touchdowns and no interceptions; he has seven scores and four picks without.

Some of this more recent slump may be due to injury. McCarthy was limping toward the end of the Penn State game and was apparently playing at less than 100% the following week against Maryland. "Last week was a little bit rough," McCarthy told reporters this week.

Odds-makers in Las Vegas don't care much about Harbaugh's suspension. Betting lines haven't moved because Michigan won't have its coach. In fact, Michigan has spent this week as a 3½-point favorite, as the Wolverines look to beat Ohio State for the third straight season.

"There are people out there who want it to be the story. I understand that," said Jay Kornegay, the executive vice president of the Westgate SuperBook in Las Vegas. "But in the real world of sports betting, it has very little or zero effect on this game."

Officials at Michigan, however, took the opposite stance in their since-abandoned attempt to block the Big Ten from suspending Harbaugh earlier this month.

Lawyers representing the university even went so far as to quote a Notre Dame coach in a motion to block the Big Ten's suspension of Harbaugh from taking effect.

"As legendary Notre Dame football coach Ara Parseghian aptly said, 'A good coach will make his players see what they can be rather than what they are.' This type of relationship is not built overnight," the filing said. "The loss that would result from the loss of a head coach is a clear and irreparable harm."

Harbaugh himself seconded that notion in an affidavit filed as part of Michigan's motion, which was later withdrawn. He wrote, "The head coach motivates the team before and during the game, manages their emotions, hears everything through a headset that the coordinators hear and uses his intimate knowledge of the game to make adjustments in real time and split-second judgment calls in high-pressure situations."

He added that it would be impossible for the Wolverines to perform at "the maximum levels necessary" to realize their "once in a lifetime" opportunity to compete for a national championship if he were suspended.

Michigan will have a chance to prove him wrong at the Big House on Saturday.

Padres Owner Spent Big—and Leaves An Expensive Legacy

BY JARED DIAMOND

PETER SEIDLER wanted to win the World Series more than anything. It would be nice to believe that every team owner shared that sentiment, but nobody proved it more than Seidler in the way that truly matters: with his wallet.

Seidler became the controlling owner of the San Diego Padres following the 2020 season and fundamentally reshaped the idea of what a small-market franchise could be. While his peers re-trenched and cried poverty, Seidler spent gigantic amounts of money to attract superstar talent that never before would've imagined joining a team like the Padres.

By last season, the Padres had a larger payroll than anybody in the game other than the New York Mets and the New York Yankees. Their roster featured five players that Seidler had signed to guaranteed contracts worth \$100 million or more.

"I kind of like spending money," Seidler told the San Diego Union-Tribune last year. "You can't take it with you."

Those words took on a new meaning last week, when Seidler died at the age of 63 after battling an unspecified illness for several months. His passing sparked a period of mourning across the baseball world and in San Diego, where Seidler was a fierce advocate for solving homelessness in the region. He never saw the realization of his dream: to bring a long-awaited championship to the city.

Seidler's death recontextualizes the past few years for the team. It tells the story of a man dedicated to using his remaining time to pursue the championship that Padres fans wanted, no matter the cost. His legacy resembles that of Mike Ilitch, the longtime Detroit

Tigers owner who invested enormously on players late in his life but fell short of the title he so desperately coveted.

In his final years, Seidler rattled the baseball industry, transformed the Padres into a massive attraction—and potentially left the organization in a complicated place for the future.

Seidler, the grandson of former Brooklyn and Los Angeles Dodgers owner Walter O'Malley, had dealt with health problems. He had Type 1 diabetes and twice survived non-Hodgkin lymphoma. The Padres said in September that Seidler had undergone a medical procedure the month before and wouldn't return to Petco Park that season.

Those who knew him say that after his second bout with cancer, Seidler's outlook on life changed, as if he had become more acutely aware that he wouldn't live forever. And he lived accordingly.

"He was all in," said Michael Brunker, a member of the "Tuesday Group," a collection of San Diego business and civic leaders who would meet weekly in Seidler's office to discuss ideas about how to reduce homelessness. "And everybody saw it."

Last winter, Colorado Rockies owner Dick Monfort decried the Padres' spending spree, saying it "puts a lot of pressure" on his team and that he didn't "100% agree" with what San Diego did. Commissioner Rob Manfred appeared to question the Padres as well at a news conference during spring training.

"The trick for smaller markets has always been sustainability. Hats off to Peter Seidler. He's made a massive financial commitment, personally, to make this all happen," Manfred said. "The question becomes, how long can you



Peter Seidler, left, with Xander Bogaerts, center, and Padres general manager A.J. Preller in December 2022.

continue to do that? And what happens when you have to go through a rebuild?"

Seidler shrugged off those questions. "Putting a great and winning team on the field in San Diego year after year," Seidler said in response. "is sustainable."

"He just wanted to win," said Scott Boras, the agent for infielder Xander Bogaerts, who signed a \$280 million deal with the Padres last December.

The Padres have reaped some of the rewards—and seen some of the dangers. They captivated the city by advancing to the National League Championship Series in 2022. Along the way, they knocked out the Dodgers, the rival that Seidler once described as "the dragon up the freeway that we're trying to slay."

The fans in San Diego responded this season, storming the gates of the ballpark to see players like Bogaerts, Manny Machado, Fernando Tatis Jr. and Juan Soto. The Padres finished with a record home attendance of nearly 3.3 million, second in the major leagues behind only the Dodgers. The old Padres had one of the lowest payrolls in baseball every year and re-

ceived revenue sharing money. In 2023, they were a revenue-sharing payer for the first time.

There have been problems, however. The team unexpectedly struggled on the field this season, finishing just 82-80 and failing to qualify for the postseason despite outscoring their opponents by 104 runs. Inexplicably, the Padres went 2-12 in extra innings and 9-23 in one-run games.

Meanwhile, the Padres lost their national sports network in May, prompting MLB to take over their local broadcasts—an arrangement that will continue in 2024. Diamond Sports Group, which was supposed to pay the Padres \$52 million in 2023 for the right to air games, declined to make a contractually obligated payment as it moves through Chapter 11 bankruptcy proceedings. MLB subsidized 80% of what the Padres were owed, though that will not be the case next season.

In September, the Padres took out a \$50 million loan to cover their end-of-season expenses. Erik Greupner, the team's CEO, said the Padres "established a capital plan for 2023 with our ownership group and lender partners and are

operating our business in accordance with that plan."

Even before Seidler's death, the Padres indicated that they would lower their 2024 payroll from about \$250 million to closer to \$200 million. That could lead to them trading Soto, a star outfielder estimated to command a salary of \$30 million or more next season. Ultimately, the plan is for the Padres to remain in the Seidler family.

Speaking at a conference earlier this year, Seidler vowed that "there will never be another fire sale in San Diego." For now, Eric Kutsenda, a co-founder of Seidler's private equity firm, is acting as the Padres' interim control person.

After pausing all nonessential business for a few days in the wake of Seidler's death, the Padres took a step toward the future on Tuesday. They hired Mike Shildt as their new manager.

"Peter's message of being best in class, we'll make sure that we follow through on that," Padres general manager A.J. Preller said Tuesday. "I'm looking forward to the baseball gods smiling down many moments this year on our club."

82-80
The San Diego Padres' record in 2023 despite outscoring their opponents by 104 runs

JUSTIN CASTERLINE/GETTY IMAGES

DENIS POROY/ASSOCIATED PRESS

OPINION

REVIEW & OUTLOOK

Nikki Haley's Medicare Advantage

Few politicians are willing to touch entitlements these days, but Nikki Haley dared to do so in the recent debate on Medicare. A new study shows her pitch to expand the Medicare Advantage program could lower costs and improve care.

A new study shows insurer competition reduces costs.

Medicare Advantage plans are growing rapidly and cover about half of the entitlement's beneficiaries. Private insurers administer the plans and are paid by Medicare per beneficiary. Insurers compete for patients by offering benefits, including vision and dental care that aren't available in traditional fee-for-service Medicare.

Lower premiums have made Advantage plans popular in particular among low-income seniors. Plans are able to offer more benefits at lower cost in part by reducing unnecessary care and expensive hospital stays.

Avalere, a healthcare consulting firm, analyzed utilization rates in traditional Medicare versus Advantage plans. After adjusting for disease and demographics, Avalere found that fee-for-service utilization was 12% higher for skilled nursing homes and 37% higher for hospital inpatient care in 2019.

Hospitals are the biggest driver of Medicare spending. The Centers for Medicare and Medicaid Services (CMS) has tried to use performance-based payment models such as accountable care organizations (ACOs) to improve preventative care and reduce hospital admissions. But these haven't moved the dial as much as Medicare Advantage plans.

The Avalere study doesn't dissect why healthcare utilization is so much lower in Medicare Advantage. Democrats who oppose private competition accuse insurers of putting up bureaucratic hurdles to treatments. That may be true in some cases, but it doesn't explain why inpatient hospital utilization is so much lower among Advantage patients.

One reason is private insurers have a financial incentive to keep patients out of the hospital by improving adherence to treatments and coordination of care. CMS also scores plans based on quality metrics, including diabetes control, medication adherence and post-emergency room visits. Higher-rated plans receive bonuses.

As Ms. Haley noted at the GOP debate, the Medicare Board of Trustees estimated this year that the program's hospital trust fund—financed by payroll taxes—would run dry by 2031. If fee-for-service utilization rates were similar to those in the Advantage program, Avalere projects that the hospital trust fund would remain solvent until 2048.

But instead of expanding Medicare Advantage, the Biden Administration is trying to limit the program's growth by restricting plan marketing and reducing payments for treating higher-risk patients under the guise of rooting out waste, fraud and abuse. The reason is purely ideological: Progressives loathe private medicine and want the government to control all healthcare.

As an alternative to competition, the Administration is resorting to brute government force to curb Medicare spending: restricting access to new Alzheimer's treatments, imposing price controls on other medicines, and reducing reimbursements to doctors. CMS recently finalized a rule cutting physician fees by 3.4% next year, which it purported to offset partly by increasing payments to ACOs that treat more minorities.

Medicare's low reimbursement rates are driving doctors to leave private practice for hospitals, which reduces provider competition and increases healthcare spending. Ms. Haley's idea of unleashing private competition isn't a panacea to runaway entitlement spending, but it's less painful than the price and reimbursement controls that Democrats want.

LETTERS TO THE EDITOR

What Did Xi Think as He Sized Up Joe Biden?

Regarding your editorial "The Biden-Xi Truce of the Moment" (Nov. 16): Historians have long argued that one of the precipitating factors behind the Cuban Missile Crisis was Premier Nikita Khrushchev's assessment of President John F. Kennedy at the Vienna summit in June 1961. Khrushchev considered Kennedy a lightweight, a glamour boy who had attained his presidency with his father's money and who was in way over his head. This assessment emboldened Khrushchev to ship intermediate range missiles to Cuba, bringing the world to the brink of nuclear war. Fortunately, Kennedy proved to be made of stronger stuff than Khrushchev had supposed.

It's not hard to imagine that Chinese President Xi Jinping came away from his meeting with President Biden thinking that, given Mr. Biden's age and increasingly obvious infirmity, Mr. Biden is also a lightweight who is in way over his head.

What ramifications could such an assessment have for Taiwan and the entire U.S.-China relationship? If Mr. Xi were to act on such an assessment, would Mr. Biden prove to be of the stronger stuff?

MARK M. QUINN
Naperville, Ill.

Messrs. Xi and Biden made climate change a top agenda item in San Francisco. Does anyone find it ironic that this meeting was held at a mansion on the 650-acre Filoli Estate, built by William Bowers Bourn II, an entrepreneur and investor in the electricity and gas company PG&E?

LYNDA BOWMAN
Greenville, S.C.

Your editorial "U.S. CEOs on the Chinese Menu" (Nov. 17) reminded me that nearly 25 years ago my husband and I stayed in an opulent Beijing hotel. We were escorted to a beautiful suite on an upper floor, but when we opened our curtains we nearly fell over. Across from us, so close we could have nearly touched them, were four adults and a child living in a lean-to in a half-built high rise. The building lacked walls on two sides, but a single light bulb hung from the unfinished ceiling.

The CEOs who forked over \$40,000 for a fancy dinner with Mr. Xi, were minutes away from thousands of homeless people dwelling in tents in San Francisco. Decades later, China hasn't become more like the U.S. We have become more like China.

RONDA ROSS
Austin, Texas

Regulation Hinders Education Entrepreneurs

As Roland Fryer notes in "America Needs Real School Choice" (op-ed, Nov. 14), to fully realize a free-market vision for education, entrepreneurs should be encouraged to experiment and create options that meet the demand of their consumers. These solutions are often small learning environments such as microschoools or learning pods.

These entrepreneurs face regulatory obstacles that hinder their ability to meet this demand. I have the privilege of assisting entrepreneurs navigate these regulatory barriers. It constantly amazes me that a large number of children can gather in a church or commercial space, but the minute a microschoool wants to use the same space it suddenly becomes an "educational occupancy" and needs to meet different code requirements.

Zoning restrictions, fire- and building-code requirements, child-care reg-

ulations and health-code requirements disproportionately affect learning environments with a small number of children. States that make it easier for entrepreneurs to experiment will pave the way for a thriving education marketplace. Let's unshackle education entrepreneurs and enable them to find solutions.

LYNN SWANSON
Lauderdale by the Sea, Fla.

I taught introductory macroeconomics and finance as part of a high school financial-literacy course. I required my students to watch every episode of "Free to Choose," a series aired on PBS in the early 1980s that helped make Milton Friedman a celebrity. I would encourage all who teach economics to watch this series. One episode focused on school choice.

MIKE SZYDLOWSKI
Williamsburg, Va.

The Wilders Message From Holland

Dutch elections rarely stir much excitement abroad, but the voting in the Netherlands Wednesday marks an exception. The big winner was Geert Wilders, a veteran right-wing campaigner, and the freak-out his victory has triggered across Europe is something to behold.

Mr. Wilders's Freedom Party (PVV) won a plurality of 37 seats in the 150-seat legislature. His next nearest competitor, a Labor-Green coalition led by Frans Timmermans, won 25 seats. Politicians will now negotiate to form a governing coalition, a process that often takes months in the Netherlands' highly fragmented electoral system, and Mr. Wilders may not emerge as prime minister. But voters have sent a clear message.

To wit: Voters are fed up with a stale consensus on issues such as immigration and climate policy. The PVV's biggest campaign issue for two decades has been immigration. Some 400,000 immigrants arrived last year in a country with a total population of nearly 18 million. While last year's number may have been skewed by refugees from Ukraine, immigration has exceeded 200,000 every year since 2016.

This creates a substantial fiscal burden under the generous Dutch welfare state and strains the housing market. It's also becoming a culture-war issue as voters worry the country isn't properly assimilating Muslim migrants from the Middle East and North Africa. Mr. Wilders can present himself as a tribune of these fears, having lived under police protection since an Islamist murdered film director Theo van Gogh in 2004.

Centrist politicians heap scorn on Mr. Wilders's proposed solution, which is to ban the Quran, new mosques and Islamic schools. This is extreme, and Mr. Wilders had to walk back those proposals to achieve the vote totals he did Wednesday. But if any other Dutch politician

has better ideas for achieving assimilation, voters would be all ears.

Another signature Wilders pledge is to withdraw from various global climate agreements. Environmental policy has roiled Dutch politics for years, with farmers protesting draconian plans to curb nitrogen emissions. That uproar offered a taste of what's to come once the anticarbon left turns its sights on agriculture, which is a major industry in the Netherlands. Mainstream Dutch parties have been slow to respond, so farmers formed their own protest party which is now the largest bloc in the upper house of the parliament.

The lesson is that if voters conclude they have only one alternative, they'll grasp it for good or ill. In Mr. Wilders's case there is some ill. He opposes aid to Ukraine, although giving Russia a free hand in its invasion would be against Dutch interests. Centrist politicians also fret about Mr. Wilders's desire to hold a referendum on Dutch membership in the European Union. But if they have ways to use EU institutions to solve the problems that bother voters, they have yet to tell anyone.

Instead, Europe is set to descend into another round of name-calling, and expect to hear the word "fascist" a lot. The fear is that formerly fringe parties such as the euroskeptic, anti-immigration Alternative for Germany or the National Rally in France are gaining popularity. In places like Italy or, now, the Netherlands they're winning elections outright.

But voters clearly are growing less anxious about the "fascism" label the more they see it used against politicians they think speak to their concerns. Now that centrist politicians are discovering they can't beat the political fringe, the only option is to join Mr. Wilders in competing to offer solutions to the problems that matter to voters.

Students Are Easier to Replace Than Teachers

Michael Bloomberg in "Hamas's Barbarity Heightens the Crisis in Higher Education" (op-ed, Nov. 18) suggests that presidents and deans give priority to "hiring faculty with greater viewpoint diversity."

Great idea, but there are practical obstacles. New hires are rare, typically occurring when an existing professor retires. Search committees are led by existing faculty members who want to hire their own like-minded former students. Creating new faculty positions is costly.

More rapid, less-expensive results might be possible by focusing on viewpoint diversity among the incoming undergraduates. A Harvard Crimson survey of the Class of

2027 found 64% of the incoming freshmen described themselves as "progressive" or "very progressive" and only 8.4% described themselves as "conservative" or "very conservative." There is a lot of room for improvement.

Faculty stick around basically for a lifetime, but students turn over every four years. Admissions directors don't have tenure. College deans or presidents can give them clear directions.

Universities have fought hard in court to preserve "holistic" admissions that go beyond grades and test scores. Such processes, administered carefully, are some of the best tools higher-education leaders have to improve the campus climate.

IRA STOLL
Boston

The Problem With Debates Is Too Many Glib Zingers

The problem with moderated and televised debates is that they simply are not debates ("Haley Stands Out on Foreign Policy," Review & Outlook, Nov. 10). Abraham Lincoln and Stephen Douglas had a debate over an issue fundamental to the continuation of the republic. We instead now have a reality TV show featuring gotcha questions designed to elicit zingers and talking points.

Give the participants the topics beforehand and let's hear their thoughts on the pressing issues America faces. Being glib is hardly the most important attribute of a candidate.

GEOFF SMITH
Monterey, Calif.

Moderates Save More Babies

In her Nov. 13 letter, Cynthia Millen states she would "rather lose on the issue of abortion than support the intentional killing of an unborn baby." But if the goal is to save unborn babies, we should seek to elect people with more moderate views, such as a 15-week limit. This is where the majority of the country stands, making a candidate who takes this position more likely to win. Candidates who are adamantly pro-life stand a good chance of losing. The moderate candidate saves more unborn babies; the adamantly pro-life one saves none. Progress happens one step at a time.

PAMELA SABA
Tempe, Ariz.

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.

Germany Faces the Green Fiscal Truth

Things have gone from bad to worse in Germany this week after a court ruling that's forcing the government to do something truly shocking: level with voters about how much the net-zero energy transition will cost. Please pass the smelling salts.

The country's highest constitutional court ruled this month that one of the coalition government's main gimmicks for funding green projects violates Germany's version of a balanced-budget amendment. That amendment, known as the debt brake, caps the government's fiscal deficit at 0.35% of gross domestic product per year except in emergencies (as defined by special legislation passed with a majority in the Bundestag).

Chancellor Olaf Scholz's administration had planned to devote €60 billion in emergency borrowing approved (but not spent) during the pandemic to subsidize green projects such as battery production and decarbonized steel. The point was to conceal the true cost of these plans by averting new legislative votes. The judges saw through this when they ruled that emergency authorization to borrow in the past can't be re-purposed for entirely different projects in the future.

This fiscal moment of truth has exploded into a political crisis in Berlin. It's becoming clearer that the unwieldy coalition of Mr. Scholz's Social Democrats (SPD), the eco-leftist Greens and the free-market Free Democrats (FDP) of Finance Minister Christian Lindner can't agree on any other method of funding green priorities.

Meanwhile, Mr. Lindner's ministry says it believes a separate fund worth up to €200 billion may also be unconstitutional under the same principle. Berlin planned to use this pot of money for energy subsidies as German households and businesses struggle to cope with skyrocketing prices created by Russia's invasion of Ukraine and Berlin's enthusiasm for costly and unreliable renewable energy.

At least the €100 billion special budget Berlin is devoting to defense is safe, since Mr. Scholz secured a constitutional amendment allowing that spending. But that might be the only new money Berlin can spend. Negotiations over the 2024 budget collapsed this week as politicians grapple with the fallout from the court ruling. The Bundestag is unlikely to approve either a new or retroactive "emergency" declaration to allow this spending.

That leaves tax increases that Mr. Lindner would oppose, social-welfare cuts Mr. Scholz would hate, or an end to ambitious green spending in an embarrassment to Robert Habeck, the Green Party minister for economic affairs and climate action. In other words, the government might have to make hard fiscal choices.

The political shell game around net zero is to claim that someone other than taxpayers will foot the bill. Germans are discovering otherwise, and the political uproar is a warning to other governments. If only the U.S. had such a mechanism to stop green boondoggles like the Inflation Reduction Act.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Fire one shot if you find a waterhole or two for a coffeeshop."

WORLD NEWS

China Gives Pneumonia Data After a Prod

U.N. health agency had made an unusual public request for outbreak information

China provided the World Health Organization with data on a pneumonia outbreak among children after the

By *Chun Han Wong* in Singapore and *Yoko Kubota* in Beijing

agency made an unusual public request for the information—a gesture that renewed questions about Beijing’s transparency on public health.

In a statement Wednesday, the WHO said it had asked Beijing for detailed information on reported “clusters of undiagnosed pneumonia in children in northern China,” including “additional epidemiologic and clinical information, as well as laboratory results” related to the infections.

Chinese health authorities

arranged a teleconference with the WHO on Thursday to provide the requested data, the U.N. agency said in a subsequent statement, indicating that the clusters came from known pathogens.

China’s health authorities and state media have in recent weeks reported a surge in cases of bacterial pneumonia and other influenzalike diseases, particularly among children. Chinese officials say the volume of such illnesses appeared higher than levels seen in the past three years, which they attributed, in part, to the lifting of strict Covid controls that had helped contain such respiratory ailments.

The WHO said it issued an official information request to China the day after reports about the undiagnosed pneumonia clusters emerged on Tuesday from the media and ProMed, a global infectious-diseases reporting system.

Global health officials say the WHO routinely issues information requests to govern-



Families wait at a children’s hospital in Beijing on Thursday.

ments as part of its work assessing public-health risks, but it is relatively rare for the agency to publicly disclose those requests.

The WHO’s statement likely reflects concerns about Beijing’s patchy record in sharing public-health data during the Covid-19 pandemic, according

to the health officials.

“There’s no doubt that the WHO has been concerned with transparency and data communication” with regard to China, said one of the officials, who is based in Beijing and monitors public-health issues in China. “It also puts some pressure on the country that has been re-

quested to cooperate.”

At Thursday’s teleconference, the WHO said, the Chinese Center for Disease Control and Prevention and the Beijing Children’s Hospital provided data showing an increase in outpatient consultations and hospital admissions of pneumonia due to mycoplasma pneumonia—a type of bacterial illness—since May, as well as certain respiratory viruses since October. The WHO said the increase was similar to those seen in other countries and wasn’t unexpected after the end of Covid controls.

Chinese authorities said they haven’t detected “any unusual or novel pathogens” or unusual symptoms in patients, or experienced patient numbers that exceed hospital capacities, according to the WHO. China’s National Health Commission didn’t respond to queries. In an interview published Thursday by the official Xinhua News Agency, the commission acknowledged that many children’s hospitals have

been swamped by patients recently, and offered assurances that authorities are taking steps to improve access to treatment.

In its Wednesday statement, the WHO cited a Nov. 13 news briefing arranged by the health commission, where officials acknowledged an increase in cases of respiratory diseases, particularly mycoplasma pneumonia.

After Thursday’s teleconference, Chinese authorities told the WHO that they have stepped up monitoring of respiratory illnesses since mid-October, and started tracking mycoplasma pneumonia for the first time.

After the teleconference, the WHO said it recommended that people in China take steps to reduce the risk of contracting respiratory illnesses, including wearing masks and getting vaccines against influenza and Covid-19. The agency also advised against applying any travel or trade restrictions based on current information.

Scrapping Military Agreement Leads To Rising Tensions Between Koreans

By *Dasl Yoon*

SEOUL—A key symbol of a brief period of detente on the Korean Peninsula half a decade ago is now gone.

This week, North and South Korea suspended an inter-Korean military agreement struck in 2018 to reduce the risk of conflict along the shared border. A liaison office, also dating to that period, was blown up by North Korea in 2020, and any hopes of resurrecting that era’s denuclearization talks have disappeared in a hail of missile launches by Pyongyang.

What’s left is an increasingly belligerent North Korea facing off with a more hawkish government in the South with longstanding guardrails now removed.

The government in Seoul suspended parts of the agreement and said it would resume aerial surveillance along the border after North Korea launched a spy satellite this week. On Thursday, North Korea’s Defense Ministry said it would resume all military activities it had halted under the agreement and vowed it would deploy new weapons



The pact’s suspension paves the way for an increase in military activity; a South Korean exercise.

along the border.

North Korea has violated the agreement a number of times since denuclearization talks stalled in 2019. Still, the pact provided some protection against escalating tensions in the border region separating the two Koreas. The resumption of live-fire drills and deployment of new troops and weapons could lead to clashes, said Yang Moo-jin, president of the University of North Ko-

rean Studies in Seoul.

Tensions between the two Koreas have grown following the election of the conservative government in Seoul and the growing friction between its American ally and North Korea backers Russia and China.

Since President Yoon Suk Yeol took office, South Korea has adopted a policy of responding more aggressively to North Korean military action.

South Korean officials said

North Korea had violated the agreement dozens of times, flying drones into the South and conducting live-fire drills near the border. Even before taking office, Yoon said he would suspend the pact if provoked by Pyongyang. Ruling-party lawmakers and military officials repeatedly have called for the agreement to be suspended, citing its limits on South Korea’s ability to identify North Korean threats.

U.S. Thwarted Plot To Kill Sikh Activist

By *Sabrina Siddiqui* and *Aruna Viswanatha*

WASHINGTON—U.S. authorities have stopped a plot targeting a Sikh activist and confronted the Indian government about the potential involvement of its agents, according to people familiar with the matter.

The breakup of the plot, targeting Gurbatwant Singh Pannun, who is a lawyer for a group called Sikhs for Justice, comes two months after Canadian authorities publicly accused India of playing a role in the killing of another Sikh separatist leader, Hardeep Singh Nijjar, in British Columbia earlier this year.

“We are treating this issue with utmost seriousness, and it has been raised by the U.S. Government with the Indian Government, including at the seniormost levels,” a spokeswoman for the National Security Council, Adrienne Watson, said.

Indian officials are investigating the incident, expressed “surprise and concern” about the allegations, and said “activity of this nature was not their policy,” Watson said.

“We have conveyed our expectation that anyone deemed

responsible should be held accountable,” she said.

India’s external affairs ministry issued a brief statement saying the U.S. had shared information related to the “nexus between organized criminals, gun runners, terrorists and others.” The ministry said the information was a “cause of concern for both countries,” and was being examined by Indian authorities.

“India takes such inputs seriously since it impinges on our own national-security interests as well,” the statement said.

The Financial Times earlier reported the plot and diplomatic discussions.

In a statement Wednesday, Pannun, who has been a vocal critic of Indian Prime Minister Narendra Modi for a decade, accused the Indian government of making an attempt on his life and said Sikh sovereignists would “continue to campaign for liberation of Punjab from the Indian occupation.”

Prosecutors have filed a related case against people involved in the alleged plot, which hasn’t yet been unsealed.

The Sikh community has increasingly clashed with Modi and his political party.

WORLDWATCH



A POLLUTED PASSAGE THROUGH INDIA: A boatman steered through toxic foam, caused by sludge and untreated waste, floating on the Yamuna River in New Delhi on Thursday.

CHINA

Tens of Thousands Accused in Scams

For months, China has tried to break up cybercrime syndicates that operate from shadowy compounds across the border in neighboring countries and swindle people around the world.

The scammers call the fraud “pig-butcher”: They “fatten” victims by gaining their trust online, persuade them to transfer large sums of money and then “butcher” them by absconding with the loot.

The scale of Beijing’s crackdown is now becoming clear.

Some 31,000 suspects have been rounded up in Myanmar—a notorious hub for such crimes—and handed to Chinese authorities since September, China’s Ministry of Public Security said this week. Several “fraud dens” were eradicated, dealing a severe blow to the networks, the ministry said.

Many of the suspects were swept up in raids in Myanmar’s border territories controlled by rebel armies, warlords and narcotics traffickers, rather than the Southeast Asian nation’s military junta.

—Feliz Solomon

ITALY

Tourists Face New Entry Fee in Venice

You want to spend the day in Venice? That will be €5.

Day-trippers will have to pay the entry fee, equivalent to about \$5.45, to access the lagoon city on certain days beginning in late April next year as the local administration seeks to control a crush of tourists that is expected to hit a record this year.

The fee will come into effect on April 25, a national holiday that celebrates the end of World War II, Venice Mayor Luigi Brugnaro said on

Thursday. “We are trying to make the city more livable for both residents and the tourists who come here.”

Residents, workers, students, children under 14 and people born in Venice will be exempt from the fee, which will be paid online, through a cellphone app or at one of the eight entrance points where tickets will be checked on a spot basis.

The entry points include the Marco Polo international airport, the main train station in the historic center and a dock near St. Mark’s Square.

—Eric Sylvers

IRELAND

Clashes Erupt After Children Stabbed

Violent clashes broke out in central Dublin on Thursday evening, with vehicles torched and riot police attacked, after a 5-year-old girl was seriously injured in a knife attack earlier in the day that also saw a woman and two other young children hospitalized.

Irish police said the girl was receiving emergency medical treatment in a Dublin hospital following the attack outside a school. Soon after that announcement, at least 100 people took to the streets, some

armed with metal bars and covering their faces.

Police said over 400 officers including many in riot gear, were deployed in Dublin city center to contain the unrest.

“We have a complete lunatic hooligan faction driven by far-right ideology, and also then this disruptive tendency engaged in serious violence,” said Ireland’s top police officer, Drew Harris.

Earlier, police said a man in his 50s, who also was seriously injured, is a “person of interest” in their investigation. No other details about his identity were revealed.

—Associated Press

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Trade Backfires for Fuel Exporter

Enviva made a wager on wood pellets, but then prices nose-dived

By RYAN DEZEMBER

A wrong-way bet on the price of wood pellets has jeopardized America's biggest exporter of the fuel, even though demand has never been higher among the European and Asia power plants burning wood instead of coal.

Enviva said its gambit to buy pellets from a customer, and resell them for more, backfired when prices fell, and that nine-figure losses could trigger a default with its lenders by year-end.

Enviva's shares are down about 60% since it warned investors earlier this month that the trade risked its ability to remain a going concern. The stock, a market beater during the pandemic and last year's European energy crisis, has fallen more than 97% this year and recently traded below \$1.

The 44% stake held by Enviva's financier, energy-investing powerhouse Riverstone Holdings, is now worth less than \$50 million, down from about \$2.5 billion in April 2022 when shares were above \$80. Riverstone declined to comment.

Since then, high interest rates have hammered alternative-energy stocks, cutting off an important source of funding amid a power-infrastructure building boom. Plus, there is a shrinking pool of money guided by green investing principles and available to companies, like Enviva, that say their businesses benefit the environment.

Still, Enviva's most pressing problem is a single bad trade. Enviva said in a securities filing that a wager made during last year's fourth quarter has left it on the hook to pay \$296.3 million this year for 800,000 metric tons of wood pellets that will only fetch \$156.9 million on the open market.

Based on current prices for future deliveries of pellets, an additional roughly \$140 million loss looms over the next two

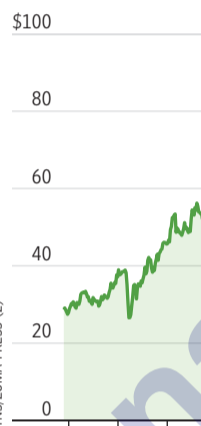


The Enviva plant in Northampton County, N.C. The company made a bad bet on wood pellets that has hit profits.

pellets that will only fetch \$156.9 million on the open market. Based on current prices for future deliveries of pellets, an additional roughly \$140 million loss looms over the next two

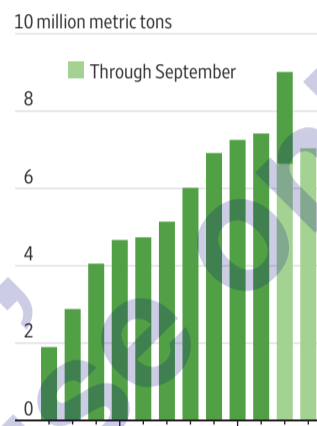
years as well, the company said. "Absent a significant and near-term increase in wood-pellet market pricing, we expect [the trade] will continue to have a negative impact on our profitability, cash flows and

Enviva share price



Sources: FactSet (share price); Foreign Agricultural Service (exports)

U.S. wood-pellet exports



GM's Cruise Unit To Trim Robotaxi Operations

By MIKE COLIAS AND MEGHAN BOBROWSKY

General Motors' Cruise driverless-car unit plans to eventually reintroduce its robotaxi service following safety mishaps, but will narrow the focus to one city and shelve plans for the Origin, a GM-built driverless taxi.

Cruise's new co-president, Mo Elshenawy, outlined in an employee email Wednesday the plan to scale back future operations to one market, a change from an earlier strategy to deploy service in more than a dozen cities, according to people familiar with the matter.

Cruise previously had launched efforts in several cities including San Francisco, Phoenix, Austin, Texas, Houston and Miami. Elshenawy didn't cite a timeline to resume service or specify the city, the people said.

In a statement, Cruise confirmed plans to narrow its focus and said the Origin would be part of its longer-term plans. "Our strategy is to relaunch in one city and prove our performance there, before expanding," it said.

The new plans come nearly a month after California regulators revoked Cruise's driverless permits following an incident in which a self-driving Cruise vehicle hit a pedestrian and dragged her nearly 20 feet. Cruise then chose to suspend operations nationwide.

Since then, Cruise's board Please turn to page B4

Bank 'Weather Team' Prepares for Storms

By GINA HEEB

Kyle Puchta is up well before dawn most days, poring over weather forecasts that Regions Financial purchases from a private contractor based in Norway. Whenever there is a hurricane, tornado or other disaster coming the bank's way, he sends a 5 a.m. email to prep colleagues on how to get ready.

The 59-year-old Puchta, a senior vice president in corporate security at Regions, is the point man for a unit of 75 employees known inside the bank as the "SWAT Team" or the "Weather Team." The role wasn't intended to focus on weather when Puchta started it in 2011, but he spends at least half of his time on it these days.

"We never have an off time," Puchta said in an interview at the Regions operations center, housed in an office park 15 miles south of the bank

headquarters in Birmingham, Ala.

Sometimes, his early-morning emails are the start of swift action: Branches must be boarded up, mobile units and ATMs must be sent to areas where the power went out. The reports also inform the bank's longer-term planning. Executives review them for clues on how natural disasters will affect the balance sheet, now and years in the future.

It is just one piece of the bank's attempt to adjust to a planet where extreme weather is becoming more commonplace. Even when there are no alerts for the weather team to monitor—and the bank gets thousands each year—there is a disaster playbook to refine and quarterly weather reports to put together. The possibilities it must consider are numerous: customers whose businesses or properties are destroyed, households that

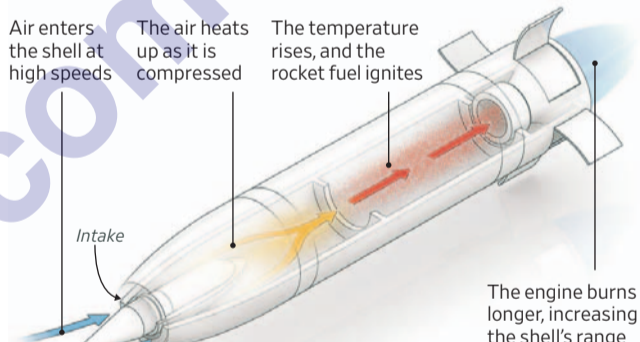
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The Artillery Shell Goes High Tech

By ALISTAIR MACDONALD

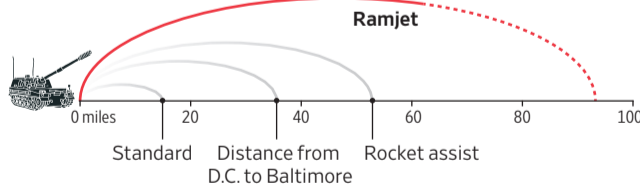
Firing Farther

Nammo's ramjet shells use outside air in their propulsion, allowing them to cram in more fuel and burn for longer.



Range of 155 millimeter shells

Nammo's ramjet shells can be fired from various artillery guns and have a far greater range than conventional ammunition. The company says the shells could eventually travel up to about 90 miles.



Note: Drawing is schematic Source: Nammo Jemal R. Brinson and Roque Ruiz/THE WALL STREET JOURNAL

BAE Systems and General Dynamics, is making shells that travel farther while also speeding up production to replace diminishing inventories.

Norway-based Nammo, in partnership with Boeing, is testing shells in Raufoss that use ramjet engines that it says will eventually be able to travel up to about 90 miles—more than the distance from Philadelphia to New York. Standard-barreled howitzers have a range of around 15 miles with a conventional round, with longer-range cannons reaching just over 30 miles.

"This is a game changer," said Øyvind Lien, program director for advanced tactical propulsion at Nammo. "You are putting a missile into a gun," he said, amid the noise of grinding metal on the factory floor.

The company's ramjet technology works by allowing air to enter through the front of the shell at high speed. The air is compressed and oxidizes

Please turn to page B2

Inside Binance's Guilty Plea, Biggest Fine in Crypto History

The king of crypto's largest outlaw empire told employees for years that he would never turn himself in. But on Tuesday, a jittery Changpeng Zhao

By Patricia Kowsmann, Angus Berwick, Caitlin Ostroff and Dave Michaels

showed up in a Seattle federal court to plead guilty to violating U.S. money-laundering rules.

"I've not caused problems before, I've never been a criminal. And I've never been in a courtroom before. So this is new to me," Zhao told a judge.

Hours earlier, Zhao and his company, Binance, agreed to

plead guilty to resolve a Justice Department criminal investigation that has dogged the world's largest cryptocurrency exchange almost since its launch. As part of its plea, Binance will pay a \$4.3 billion fine, and Zhao stepped down as CEO. He faces a prison sentence as long as 18 months.

It was a massive twist in the life of the crypto industry's most influential figurehead, who launched the online exchange in 2017 and developed it into a money-spinning trading machine.

He became a multimillionaire along the way. The Justice Department said Zhao's refusal to abide by financial-crime laws, in pursuit of unfettered trading profits, turned

his exchange into a colossal money-laundering hub for terrorists, cybercriminals and customers in sanctioned countries such as Iran and Russia.

His decision to come to terms with the government's charges reflected a sense of pragmatism. The threat of indictment hung over Binance and Zhao for months, with prosecutors saying they would charge them if they didn't agree to plead guilty and show up in a U.S. court.

The deal allows Binance to continue to operate. Zhao, 46 years old, will move to the sidelines, but retains his own

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INSIDE AIRLINES United considers using passenger information to help brands serve targeted ads. B3

HEARD ON THE STREET The bill for offshore wind power is increasing. B12

Deposed King of FTX Learns Mackerel Trade

By JAMES FANELLI AND CORINNE RAMEY

Sam Bankman-Fried, convicted of fraud in the meltdown of FTX, has traded in crypto for a new currency: mackerel.

The fallen crypto king, who is cooling his heels at Brooklyn's Metropolitan Detention Center while he awaits sentencing, has learned the fundamentals of prison economics while sharing a dormitory with a former Honduran president awaiting criminal trial and a recently convicted former top cop of Mexico, people familiar with the matter said.

Mackerel has replaced jailhouse currency since officials banned smoking, and inmates sometimes use pouches of the

preserved fish purchased in a commissary to pay for services from one another. Bankman-Fried traded some pouches of macks, as they are known, to a fellow inmate for a haircut of his signature moptop ahead of his trial, one of the people said.

The FTX founder has been in jail since a federal judge revoked his bail in August after finding probable cause that he attempted to intimidate witnesses, a claim Bankman-Fried denied. Earlier this month, a jury took only a few hours to convict him on charges that he stole billions of dollars from FTX customers while defrauding investors and lenders. He is scheduled to be sentenced March 28, after which he will Please turn to page B10

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Testing shells at the Andoya test center in Norway in 2022.

Artillery Shells Go High Tech

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the rocket fuel, allowing it to burn. Using outside air means ramjet shells don't need to have oxidizer as part of their propellant, meaning they can cram in more fuel.

Nammo and Boeing said a test in Arizona last month set a new distance record, without disclosing how far the shell was fired.

Nammo has been working on ramjet shells since 2018, and the project won't be ready for serial production for an additional three years, Lien said. The company has already tested the engine some 400 times while fixed statically in a workshop and a further 50 times out of an artillery gun. One challenge of the push is ensuring that any new components inside the shell can withstand the extreme force that comes from being fired out of a gun, said Camilla Kirkemo Alm, a senior development engineer at Nammo.

BAE Systems is also working on new shells that it says have set distance records, partly thanks to being smaller.

Europe's largest defense company is using shells that are around half the size of the usual 155-millimeter caliber that is used by standard Western howitzers. To fire the new shell out of standard barrels, BAE has encased it with a light metal sheath that falls off as soon as the projectile leaves the gun. Typically, the smaller a shell, the further it will travel.

"Traditionally, if you wanted the shell to fire further you would just extend the barrel or increase the propellant, and armies have not really switched away from the same basic projectile design used since the end of the Second World War," said Jim

Miller, vice president of business development at BAE's combat mission systems business.

Miller, a former U.S. artillery officer, said BAE's goal is to double the range of one type of longer-barreled artillery gun, known as a 52-caliber gun. Last year the company fired a version of its new shell around 68 miles from one of these barrels and is working on extending its range even further.

Firing longer distances has become particularly important in Ukraine. The widespread use of drones means it is easy to spot artillery and then target it. The further away a gun can be, the more likely it will be out of the range of drones and counterfire.

"Range is becoming critical for simple survival," Miller said.

Munitions makers are also working to modernize shells in other ways.

Nammo is developing shells fired by tanks where the operator can decide on the type of effect.

For example, the shell could be programmed to explode in the air above a target or to penetrate its armor.

Other companies are exploring the possibility of being able to adjust how much of a shell's warhead detonates at the target, to potentially reduce collateral damage.

And other companies are working to increase manufacturing capacity and speed up production amid higher demand from Ukraine and, more recently, Israel. A shortage of shells in the U.S. and Europe has meant Ukraine has been forced to ration their use at some points during its defense against Russia.

Both the U.S. and Europe produced about 300,000 artillery shells last year, according to the Center for Strategic and International Studies. The European Union believes its producers can increase production to one million shells by next year and the U.S. is looking at a level of 1.2 million.

'You are putting a missile into a gun,' says a Nammo employee.

BUSINESS & FINANCE

Title Insurance Plan Scuttled After Blowback From Insurers, Lawmakers

By Andrew Ackerman

WASHINGTON—The Biden administration pushed to save homeowners thousands of dollars in closing costs on certain mortgages, part of a broad effort to slash fees and save Americans money. Objections from an obscure industry and from lawmakers helped kill the plan.

Government-controlled mortgage giant **Fannie Mae** was preparing this summer to finalize a program to test out eliminating one of the biggest fixed costs associated with closing on a mortgage: title insurance.

The Biden administration has directed Fannie and its sister agency **Freddie Mac** to find ways to make housing more affordable, current and former administration officials say. Blowback to Fannie's title insurance pilot shows how difficult that could be.

A title declares who has legal ownership of a property, and title insurance offers protection if someone later says they had a claim against it. Critics say that title insurance is overpriced and rarely used.

Most everyone who has a mortgage has come into contact with title insurance. Fannie and Freddie generally require it on the loans they purchase from lenders. The policy, known as "lenders' title insurance," typically costs the borrower around 0.5% of

their loan amount, so it could cost about \$1,500 for a \$300,000 mortgage.

Under the planned pilot program, Fannie would have covered those costs itself for a relatively small number of mortgage refinancings offered by seven or eight lenders. The pilot could have expanded over time to cover more lenders and other types of mortgages, according to people familiar with its development.

Critics in the title and settlement industry, which employs about 155,000 people according to industry estimates, objected. Hundreds of members of an industry trade group met with and wrote to lawmakers and to the Federal Housing Finance Agency, which oversees Fannie.

Their objection: Fannie had no experience with title insurance, and after taxpayers rescued it in the 2007-08 financial crisis, it didn't need this new risk on its books.

Lawmakers from both parties criticized the project at a House hearing in May. Rep. Andrew Garbarino (R., N.Y.), a former real estate attorney, said the pilot would "end up hurting consumers." FHFA Director Sandra Thompson,

seemingly caught off-guard, said she wasn't familiar with the project.

Fannie abandoned work on the program in August after FHFA officials instructed the mortgage-finance giant not to submit a formal request for approval, according to people familiar with the matter.

An FHFA spokeswoman said the agency doesn't comment on potential pilot projects. Closing costs such as title insurance can be regressive, she said, affecting low-income and minority borrowers more than other borrowers. FHFA will continue to work with Fannie and Freddie on ways to reduce closing costs, she added.

A Fannie spokesman declined to address the scuttled pilot program but said the company is looking for ways to reduce closing costs.

Title insurance is essentially a guarantee of clear ownership—i.e., that a property title has no debts or other liens. Title insurers typically pay very little in claims costs, unlike other types of insurers, because agents and insurers can often catch any problems in advance.

But Fannie and Freddie generally require the insur-

ance to guarantee no past taxes, liens or judgments on a property would interfere with the lenders' ability to reclaim the home after a default. Without the insurance, lenders would be on the hook for any losses suffered by Fannie or Freddie.

Supporters of the pilot say the process of verifying that a property title is "clean" could be done efficiently by Fannie, thanks to innovations in title search capabilities and the digitization of property records.

"The amount they're charging for the insurance premium is well and above the value that the buyer is getting," said Ted Tozer, a former federal housing-finance regulator who is now a nonresident fellow at the Urban Institute. He said the bulk of the premium—as much as 80%—goes to a title agent as commission, citing industry reports.

The American Land Title Association, a national trade association that opposed the pilot, said insurance pricing isn't out of sync with the costs of collecting and reviewing local land records to verify a clean title. "From our perspective, it was really having them go beyond their charter and imposing greater risk to taxpayers, increasing costs, and ultimately harming consumers," said Christopher Morton, ALTA's chief advocacy officer and senior vice president of public affairs.

Fuel Maker Loses Bet On Pellets

Continued from page B1
investment bankers, lawyers and restructuring advisers to negotiate with lenders and counterparties and to explore alternatives.

Enviva didn't comment for this article. Nor did executives hold their customary question-and-answer session with Wall Street analysts during their Nov. 9 quarterly earnings call. "The fact of the matter is we have a great deal of work ahead of us before we will be in a position to provide satisfactory answers to many of those questions," said Nunziata, who was hired as finance chief in August.

Wood pellets are cylinders of compressed wood about the width of a piece of chalk. They originated decades ago to make use of sawdust that piled up at mills and were traditionally sold by the bag to burn in cabin stoves.

The market for pellets by the boatload emerged more recently when rules in Europe encouraged biomass over fossil fuels.

Enviva started building a pellet manufacturing and export network in 2010 with financing from Riverstone. The strategy was to have plants in parts of the pine belt abandoned by paper mills to avoid competition for low-grade timber that sawmills couldn't use.

Enviva pitched its plants to local officials eager to deliver jobs to rural areas and willing to arrange economic-development grants and tax breaks. To investors, Enviva made the much-contested claim that burning wood to generate electricity is renewable energy, reasoning that saplings usually replace the trees it grinds into pellets.

With 10 plants across the South and six marine terminals, Enviva accounts for most U.S. exports, which have increased steadily over the past decade as pellets spread to more countries. Exports through September were 6% higher than the same period last year, when a record 9 million metric tons were eventually shipped, according to Foreign Agricultural Service data.

Despite market dominance, Enviva's plants have been beset by operational snags that have sapped profits, executives and analysts say. In the spring, Enviva assured investors there was plenty of money to return to shareholders. A month later, it cut its dividend.

Executives said not paying dividends would help fund expansion, including construction

of new plants in Bond, Miss., and Epes, Ala., designed to be the world's largest. Investors weren't assuaged and the stock plunged.

It should have been a great time to be the world's largest pellet exporter. Prices and exports were running high following Russia's invasion of Ukraine, which sent European utilities rushing to replace Moscow's sanctioned coal, natural gas and wood pellet prod-

ucts. Though most pellets are sold under long-term contracts, prices in the spot market surged to twice the prevailing contract rates.

Enviva bet pellets would remain in short supply and on-the-spot deliveries would get even more expensive, and it struck its ill-fated trade with an undisclosed customer in Europe. But a warm winter and extraordinary conservation measures allowed European

fuel stockpiles to swell and prices of natural gas, coal and pellets dropped.

Pellets now sell on the spot market for about half of what they fetched when Enviva made the trade, Nunziata told investors. "Historically, Enviva did quite well with these spot market activities," said Pavel Molchanov, a Raymond James analyst. "But as every trader knows, your luck runs out at some point."

2023 Icon Awards

The Cloud for Utilities Icon Awards cast a spotlight on projects, initiatives, and executives who are helping to move the utility industry forward.

We congratulate our winners!

Customer Executive of the Year

Premjith Lakshman Singh
Chief Information Digital Officer and Vice President Customer Care
South Central Connecticut Regional Water Authority

Mr. Singh has a track record of innovation and in his tenure with the Regional Water Authority has helped to push the utility forward. He has spearheaded the creation of a customer-centric culture at the utility and commercial programs that give RWA's customers more options than ever. He has proven himself to be deeply dedicated to his customers, community, and colleagues in the utility industry.

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BUSINESS NEWS

United Considers Targeted Ads

Airline weighs using customer data, while allowing people to opt out

By PATIENCE HAGGIN

United Airlines is considering using its passenger information to help brands serve targeted ads to its customers, joining a growing number of companies trying to tap their troves of user data for advertising purposes.

Some of these targeted ads could appear on its in-flight entertainment system or on the app that people use to book tickets and check-in, people familiar with the matter said. United hasn't made a decision yet and may choose not to launch a targeted-advertising business, some of the people said.

Airlines have long taken advantage of the captive nature of their customer base to show them plenty of ads, including commercials on seat-back screens, glossy spreads inside in-flight shopping catalogs or, for some, advertisements adorning cabin walls. Offering personalized advertising would greatly expand United's advertising business, some of the people said.

United is among the largest airlines in the U.S., having flown 148 million passengers last year. If it decides to leverage passenger information for



A United Airlines cabin. Airlines have long taken advantage of the captive nature of their customer base to show them ads.

advertising purposes, it might make it possible for an advertiser—such as an entertainment company—to recommend one of its movies to a passenger who United knows occasionally vacations near the company's theme parks and recently redeemed miles for merchandise from that company, according to a presentation viewed by The Wall Street Journal.

More companies for which advertising isn't a core business have recently started

putting their customer data to work to sell personalized ads. These efforts come as recent tech restrictions have made targeted advertising more complicated—giving an edge to companies that know a lot about their customers such as Walmart, Uber Technologies, Instacart and Home Depot.

U.S. marketers are expected to spend \$46.4 billion on so-called "retail media" advertising—ads sold based on data from a retailer that doesn't

traditionally sell ads but has customer data from their core business—this year, according to research firm Insider Intelligence. Non-retail companies with customer data are also jumping on the bandwagon.

Last year, Marriott launched its own ad business that lets advertisers buy personalized ads on hotel room TV sets, in the Marriott app and in emails based on the hotel chain's customer data. Marriott's loyalty program

had 164 million members when the ad business launched last year.

United executives are carefully considering how to launch personalized ads in an effort not to annoy their passengers or alarm them with overly specific messages, some of the people said. United would give customers the ability to opt out of having their data used for personalized ads in accordance with privacy laws, they said.

FAA Gives Boeing Nod For Tests of Its Latest 737 MAX

By SHARON TERLEP

U.S. air-safety regulators cleared **Boeing** to begin key flight tests on its 737 MAX 10 jet, a milestone toward preparing the plane for commercial service.

The airborne checks are a preliminary validation for Boeing by the Federal Aviation Administration and put the company on track for its first deliveries next year.

"Our entire team has remained focused on this goal, working with diligence and resilience in a dynamic environment," Boeing executives said in a message to employees announcing the development.

The 737-10 is Boeing's biggest offering in the MAX family of single-aisle airplanes. United Airlines, Ryanair, Air India and SunExpress are among the airlines that have placed orders for the jets.

Boeing in recent years has faced a series of delays and setbacks in getting new planes in service and in restarting deliveries of its 737 MAX airplanes after a pair of fatal crashes grounded those planes in 2019.

The plane maker had hoped to win FAA certification for the MAX 10 by last year. Earlier this year, Boeing executives said they expected the signoff by late this year or early 2024.

Boeing is still awaiting FAA certification for its MAX 7 and 777X jets. Boeing had said it expected to begin delivering the MAX 7s this year. The company initially said the 777X would be ready by 2020, but, after a series of delays, executives recently said the wide-body jetliner won't be delivered to customers until 2025.

Colt Makes a \$1.74 Billion Offer for Vista Outdoor

By P.R. VENKAT

Firearms manufacturer Colt CZ Group has made an unsolicited offer to acquire U.S.-based **Vista Outdoor** that values its equity at \$1.74 billion, seeking to block the latter's proposed merger with a Czech industrial technology company.

Colt proposed a cash-and-

stock merger with the sporting and outdoor-goods company that would value its shares at \$30.00 each, Vista said late Wednesday.

Colt is a well-known maker of pistols, revolvers and rifles.

The unsolicited offer comes after Vista and the Czechoslovak Group, or CSG, announced their own deal in October. The companies had agreed to

merge Vista's sporting-products business with CSG in an all-cash deal valuing it at \$1.9 billion on an enterprise-value basis, which includes debt. The business includes brands such as Remington and other ammunition and firearms brands.

Vista said late Wednesday that its board of directors hadn't made a decision on

Colt's offer, "nor has it changed its recommendation in support of the acquisition of its Sporting Products business by CSG."

The company said its board would carefully review Colt's offer and remained committed to acting in the best interest of its shareholders.

Colt said its offer was superior and would recapture the

value that Vista has lost over the 18 months since the company said it planned to spin off its outdoor-products segment.

"It is apparent to Colt CZ that, with the separation of the sporting products segment, the remaining outdoor products segment will be subscale as a stand-alone public company with substantial risks," the firearms maker said.

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TECHNOLOGY

Musk's Comments Spark Tesla Shareholder Backlash

Investors urge board to ensure CEO's comments don't harm the company

By Rebecca Elliott

The controversy over Elon Musk's comments on the social-media platform X reached the board of Tesla this week.

Several prominent Tesla investors are speaking out after Musk, the car maker's chief executive, last week called an antisemitic post "the actual truth."

A trustee for the New York City public pension funds sent a letter to Tesla's Board Chair Robyn Denholm on Monday, urging her and other board members to hold Musk accountable for his recent actions and ensure they don't harm the company.

In the letter, New York City Comptroller Brad Lander, who along with being a trustee is also an investment adviser for the city pension funds, described Musk's comments as "abhorrent."

"We are deeply concerned that his hateful statements on X will have material negative reputational and financial effects on Tesla," Lander wrote.

Lander cautioned that a failure to address Musk's behavior could cause cultural and reputational damage for the carmaker. "If the Board takes no action against Mr. Musk, it sends a message to all Tesla employees that the behavior of the company's CEO is unassailable," he wrote.

Several smaller Tesla shareholders also publicly criticized Musk's post last week.

Nia Impact Capital, which held around \$296,000 in Tesla



Several large and small shareholders have criticized the Tesla CEO's recent posts on X.

shares as of June, released a statement last week saying it was "appalled" by Musk's post. The social-impact fund also called on Tesla's board to address what it described as a violation of the company's code of business ethics.

A day after Musk's controversial comment, Tesla investor and longtime backer Ross Gerber posted on X saying he planned to replace his Tesla Model Y crossover with a Rivian electric vehicle next year.

The White House has also condemned Musk for what it described as his "abhorrent promotion" of antisemitism.

Musk, who is Tesla's largest shareholder, has said he isn't antisemitic and criticized media coverage of his actions. "I wish only the best for humanity and a prosperous and exciting future for all," he said in a Sunday post.

Neither Tesla nor Denholm responded to a request for comment. Tesla board member Kimbal Musk posted Tuesday in support of his brother, saying on X, "Elon is

not an antisemite." Earlier this week, X sued left-leaning Media Matters for America, saying the media watchdog group, which reported finding ads near antisemitic content on the X platform, was trying to drive advertisers away. The president of Media Matters has called the lawsuit "frivolous" and said the group stood behind its work.

The investor pressure at Tesla adds to the challenges the electric-vehicle maker is already facing, including higher interest rates, cooling demand for its models and growing competition in the EV space.

Tesla's share price fell late last week, after Musk commented on the antisemitic post, but had recovered some as of Wednesday, when it closed at \$234.21. The stock price has nearly doubled this year.

Elon Musk's relationship with X, formerly known as Twitter, has caused several Tesla controversies over the

years. Last year, as Musk was pursuing a takeover of the social-media company, some Tesla shareholders worried he was stretching himself too thin, not focusing enough on the carmaker and damaging Tesla's brand image. Some aired those concerns publicly.

Musk's tweets have on occasion drawn regulatory scrutiny and sparked lawsuits.

Musk and Tesla agreed in 2018 to each pay \$20 million to settle with the Securities and Exchange Commission over tweets in which Musk floated the possibility of taking Tesla private.

Lander, the New York City comptroller, cited the episode in his letter Monday.

Earlier this year, a jury in San Francisco rejected investor claims that those tweets violated federal securities law. Musk also prevailed in a 2019 trial over tweets in which he suggested a British spelunker was a pedophile. A Los Angeles jury found the comments didn't constitute defamation.



California regulators revoked Cruise's driverless permits.

Cruise Cuts Down Taxi Plans

Continued from page B1 has hired a law firm to investigate Cruise's response to the incident, and its chief executive, Kyle Vogt, resigned. Elshenawy was named co-president on Sunday, and GM's chief counsel, Craig Glidden, also will serve as president.

If Cruise chooses San Francisco as its singular market, it would need to reapply for the operational permits it lost.

In the email Wednesday, Elshenawy said the Origin would factor into the company's long-range plans, but near-term service would continue to use retrofitted Chevrolet Bolts, which the company has been using for years, the people said.

The Origin is a toaster-shaped shuttle with no steering wheel or manual controls and room for six passengers. In September, Cruise invited journalists and other visitors to one of its offices in San Francisco to take a closer look at a prototype of the Origin and step inside it.

GM began production of the vehicle this year but halted factory work following the regulatory scrutiny, saying it still considers the Origin an important part of its autonomous-vehicle strategy.

Before the permit suspension, Cruise had been using the retrofitted Bolts to ferry

around passengers. The cars have sensors and cameras on top of the vehicles and on their sides to navigate roadways. But Vogt had touted the Origin as the long-term plan to make the economics of Cruise's ride-hail service work.

At a Goldman Sachs conference in September, he said engineering work on the Origin had been completed and it would be more cost-efficient than using the Bolts.

"The Origin is designed to last 1 million miles," Vogt said. "So you can build like one Origin for every five cars you'd have to burn through in 1 million miles."

The Detroit-based automaker and Cruise recently announced a pact with Honda Motors to launch a new ride-hail service in Japan in 2026 using the Origin. GM has said it doesn't expect the recent developments with Cruise to affect these plans.

Since the Origin lacks traditional vehicle features, GM had been seeking an exemption from federal regulators that, if approved, would allow it to manufacture 5,000 Origins over a two-year period and deploy them on public roads. GM's request remains pending.

After Vogt became CEO in early 2022, Cruise outlined plans to expand service beyond its hometown of San Francisco.

The company deployed driverless taxis in Austin and Phoenix around the end of that year and began testing in other cities.

—Ryan Felton contributed to this article.

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BUSINESS & FINANCE

Miners Pursue a Global Ethics Standard

Industry groups aim to create a single code to replace the current complex web

By YUSUF KHAN

Four of the world's leading mining associations—representing 86 companies operating 700 mines across 60 countries—are developing a responsible mining code to define one minimum global standard for the industry's environmental impact, human rights and due diligence, in a bid to meet investor demands and define ethical practices.

"We are working to build a standard that is practical, implementable, and adaptable for any mine operator with a commitment to responsible mining practices anywhere in the world, regardless of commodity, geography or size," said a statement from the International Council on Mining and Metals, the World Gold Council, the Copper Mark and the Mining Association of Canada.

Miners are subject to a complex web of requirements underpinning hundreds of standards that sometimes overlap and conflict with one another. A year ago, the associations started developing a new code, after stakeholders, customers, investors and civil-society groups told them that the current mining standards are too complex.

Shareholders have said a single, publicly available standard should improve practices, make it easier for investors to understand how mining companies are operating and whether they hit environmental, social and corporate-governance goals.

The Global Investor Commission on Mining 2030, an investor-led initiative for developing a socially and environmentally responsible mining sector by the end of the decade, aims to simplify stan-



The search for bodies continued months after one of mining company Vale's dams in Brazil collapsed in 2019, creating a torrent that killed hundreds.

dards. The commission said Wednesday that it has secured the support of 82 investors with more than \$11 trillion in assets under management—heavyweight asset managers LGIM and Abrdn are among the biggest backers. Led by the Church of England Pension Board, the group includes mining company **Newmont**, Dutch bank **ING**, and the Brumadinho community in Brazil, which was heavily affected by the Vale tailings-dam disaster in 2019.

"The next few years are going to be quite the challenge," said Tracey Kerr, independent nonexecutive director of **Jubilee Metals Group** and **Hochschild Mining**, during a recent conference in London. "The point of this [mandatory due-diligence disclosure] is to drive more transparent disclosure and influence company strategy and business deci-

sions." Mining has a history of exploiting people and natural resources as well as being highly polluting. However, miners are also crucial to the energy transition, providing the minerals needed for electric vehicles, solar panels and wind turbines. The industry's dirty legacy has held back hiring of graduates and led to public protests, hampering efforts to expand production and open new mines.

Mining giant **Anglo American** is one of the companies that have been involved in developing the new mining standard. "As a leading global mining business, we feel a keen responsibility to engage with—and, where appropriate, to help lead—organizations that develop and implement best practices for our sector," a company spokesperson said. Anglo American itself com-

mits to at least nine different mining standards and is part of 17 industry associations, which each has its own requirements.

The current fragmented regulatory landscape has also led to lower standards in practice, particularly with smaller firms, according to Rebecca Campbell, global mining and metals lead at law firm White & Case. "They say, we just cannot comply with 10 or 15 different inconsistent sets of standards. So they say, this is what we are going to do and this is what you can hold us accountable to," Campbell said. That is usually a lower standard than what regulatory bodies are aiming for, she said.

Campbell believes a more uniform approach—such as the U.K.'s Bribery Act of 2010—would help boost standards in mining as well as

provide clarity.

"With bribery and anticorruption, the U.K. Bribery Act is the gold standard in terms of obligation of parties and individuals and companies," she said. "We say to clients if you comply with this, you're going to be in good shape for most western legislation."

Customers and investors are increasingly considering miners' ESG performance. For example, the London Metal Exchange—the world's de facto hub for trading metals—plans by the end of 2025 to introduce the LMEpassport, which will provide an online, public register of LME-listed mining or metals companies' ESG data. The LME said it introduced the program as a direct result of customers asking for more transparency on where material is coming from.

The LME has been con-

sulted on the development of the new mining standard. "The LME is very supportive of mining standards and indeed all efforts to provide clarity and simplicity to metals producers on ESG that strike a balance with the need for choice and take into consideration individual company requirements," said Georgina Hallett, chief sustainability officer for the LME.

For now, work continues on the new mining standard, with the four associations still discussing what it should look like and how it would be governed. One thing they all agreed on was that the bar needs to be raised on what is already out there in terms of standards. "Engagement and consultation are key to this process, and the draft standard will be shared for public consultation," the groups said.

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BUSINESS & FINANCE

Pritzker Family Launches \$190 Million Venture Fund

53 Stations arm to target startups with strategic significance for parent group

By Marc Vartabedian

The Pritzker Organization, the family office for Thomas Pritzker, who is the executive chairman of Hyatt Hotels, has started a venture division to invest in early-stage companies with a \$190 million fund.

The venture arm, called 53 Stations, will target startups that could have strategic significance to more mature companies that TPO has majority control of, said Kevin King, a founder and managing partner of the new venture wing.

King said drawing on one limited partner will give 53 Stations the freedom to invest aggressively during the current down market in which venture firms have broadly slowed their investing pace and raised fewer new funds. The state of the market motivated 53 Stations to launch the fund but wasn't the sole reason, King said.

"Had we been in a 2021-type environment, we might have been more apprehensive about launching the fund," King said, referencing a year that saw a frenzy of deal-making activity and high valuations for startups. "The irony across markets is that the best time to deploy capital is often when it's most difficult to raise it. TPO knows that you have to lean into those points when it feels less ideal and sometimes lean out when everything seems flushed."

Chicago-based 53 Stations will aim to back startups that could have a symbiotic relationship with other companies that TPO has backed. For instance, King said that venture investments in the property-tech and construction-tech



Kevin King, left, Jason Pritzker, center, and Kelly Goldstein, right, of 53 Stations.

sectors, which 53 Stations is targeting, could eventually benefit concrete business Lithko Contracting, which TPO has backed, by integrating technology that Lithko might develop. Lithko could also help early-stage startups by acting as a client or resource, King added.

To be sure, King said that the market could continue to drop, making follow-on financing difficult for some companies. But he said that 53 Stations isn't looking to back startups that will depend on large amounts of outside capital to operate.

"We're looking for companies that can live within their own cash flow," King said.

53 Stations will target a variety of startup sectors, mainly across North America. The firm will lead and co-invest in deals, writing checks of \$1 million to \$10 million from the seed to Series B stages. The firm was also founded by Jason Pritzker, a managing partner, and Kelly

Goldstein, a partner and head of platform at 53 Stations.

Goldstein is a former principal at Harlem Capital. King was previously a partner at private investment firm General Catalyst. Pritzker joined TPO in 2013. Previously, he held roles at industrial holding company Marmon Group, Goldman Sachs and Hyatt Hotels. He is the son of Thomas Pritzker.

Founded in 2022, 53 Stations is TPO's first venture fund, though the organization previously made individual investments into private companies. King said 53 Stations could seek to raise capital from third-party investors in the future.

The 53 Stations name is inspired by a parable of a young pilgrim seeking enlightenment who engages with 53 teachers or stations on his path. Each taught him something new and asked him to apply that wisdom on his journey. The firm says its name is a tribute to the journey of a founder.

TPO has made growth equity investments in companies including Palantir Technologies and SpaceX.

Pritzker Group, which is the family office for other Pritzker family members, has its own venture unit called Pritzker Group Venture Capital.

The Pritzker family made its fortune by expanding the Hyatt hotel chain, among other business endeavors. Family members have held influential roles in business and government. J.B. Pritzker, for instance, has been governor of Illinois since 2019. Penny Pritzker served as secretary of commerce in the Obama administration from 2013 to 2017 and is currently the founder and chairman of Chicago-based private investment firm PSP Partners.

53 Stations has invested in seven companies across five industries, including global trade compliance platform Altana and aerospace propulsion technology company Whisper Aero.

Crypto Lender Genesis Sues Former Partner

By Akiko Matsuda

Genesis Global has filed a lawsuit to recover about \$689.3 million of digital assets that a former business partner withdrew from the cryptocurrency lender before it filed for chapter 11 bankruptcy protection.

The lawsuit said Gemini Trust withdrew the assets on behalf of customers in the crypto exchange's Earn investment program between mid-October and mid-November 2022, at the "nadir" of the crypto market's turmoil and in a 90-day window before Genesis's bankruptcy filing.

The U.S. bankruptcy code generally allows bankrupt companies to reverse transactions that occurred within 90 days before a bankruptcy filing.

Genesis filed its lawsuit Tuesday in the U.S. Bankruptcy Court in White Plains, N.Y., where the company's chapter 11 case is being heard.

Genesis sought bankruptcy protection in January after suffering losses following the collapses last year of crypto exchange FTX and crypto hedge fund Three Arrows Capital.

Genesis said Gemini and Earn customers who received the transferred assets unfairly benefited at the expense of

other creditors. Gemini has said in court papers its Earn program customers were owed about \$1 billion by Genesis before the crypto lender filed for bankruptcy.

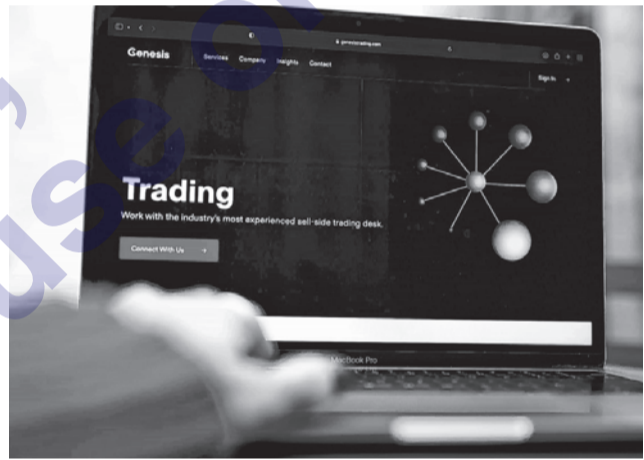
On Wednesday, a Gemini spokeswoman pointed to a company statement that said Genesis filed its lawsuit to assert baseless counterclaims to a lawsuit Gemini filed in October.

In its lawsuit, Gemini alleged its more than 232,000 Earn users would be short-changed under a liquidation plan proposed by Genesis because it would value collateral as of the plan's effective date.

The collateral consists of about 30.9 million shares of Grayscale Bitcoin Trust, an investment vehicle owned by Digital Currency Group, the parent company of Genesis.

Genesis also argued in its lawsuit that Genesis before it sought bankruptcy protection promised to offer Earn users an additional 31.1 million Grayscale shares as collateral. Genesis hasn't delivered the shares and Earn users are entitled to them, Gemini's suit said.

Genesis in its suit said it has about 62 million Grayscale shares currently valued at about \$1.6 billion, enough to pay back Earn customers in full.



Genesis seeks to recover digital assets from Gemini.

Bankers Prepare For Storms

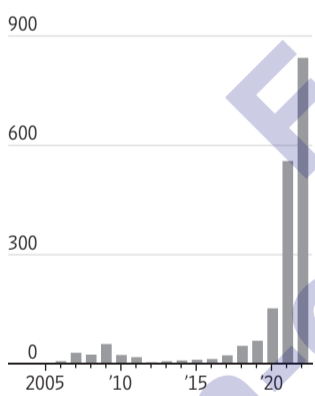
Continued from page B1 can't get homeowners insurance, havoc in the oil-and-gas industry.

For Chief Executive John Turner preparing for climate change is a matter of math. "We lend money," he said. "And we want to make sure we get paid back."

Regions is an old-school Southern bank, not known for flashy technology or a major presence on Wall Street. Its 1,300 branches run across hurricane country in the Southeast and parts of Tornado Alley in the Midwest, as well as states such as Texas that are prone to all kinds of extreme weather.

Companies of all types are at risk from supercharged heat

Number of U.S. bank calls and securities filings that mention climate change



Source: Factiva

waves, storms, floods and wildfires. Some are already turning their whole business upside down: the fishermen who switch to help farming when the lobsters move north; the burger joint that must keep kitchen employees cool when the air conditioner breaks down in triple-digit heat. Banks, at the very least,



Kyle Puchta, hand raised, is the point man for Region's 'Weather Team.'

will have to make bets on how trillions of dollars in loans will hold up against climate change. They may have to reassess which businesses and households they can afford to do business with and where—shifts that would ripple through the economy.

Big global banks are taking an expansive approach to the issue of climate change, believing they have an important role in stopping it by redirecting lending and pushing clients to make changes.

Regions is doing more than other banks of its size, but it hasn't exactly reworked its whole business model. A large part of its approach is simply planning out how loans might go bad or how many branches and ATMs might be destroyed in a storm. Executives said climate-change risks haven't stopped the bank from lending to certain industries, like oil and gas, or in certain places. And the bank hasn't announced a pledge to, for example, become carbon neutral.

But Regions has changed the way it underwrites and monitors loans, executives said. Bankers have to consider how exposed a property is to floods or other disasters before they make a loan, for example,

or whether a company has timber tracts or oil fields concentrated in one area.

The bank is also watching how insurance could affect the businesses and households that it banks, since many are finding it much harder and more expensive to get property insurance.

"If you were to ask me what keeps you up at night, it would be real-estate lending and risk on the mortgage side," said Kate Danella, head of consumer banking at Regions.

Big-but-not-huge banks like Regions are already under pressure this year from high interest rates and new capital rules, and several midsize banks collapsed earlier this year. That makes tamping down on risk without cutting into profits more important.

Last month, federal regulators for the first time rolled out rules on how banks with more than \$100 billion in assets, including Regions, should prepare for risks related to climate change. The Federal Reserve has asked six of the largest banks, including JPMorgan Chase and Bank of America, to go a few steps further by mapping out their ability to handle different climate scenarios.

Some other big regional banks have started to think

for weather-related losses isn't either.

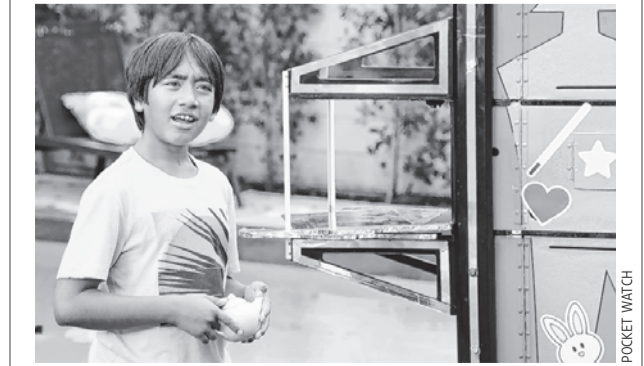
In 2005, for example, Regions initially estimated losses from Hurricane Katrina would be around \$70 million, but they turned out to be less than \$10 million. Last year, the bank put away \$20 million for Hurricane Ian, which hit Florida, then reversed it the next quarter. Having lower-than-expected losses isn't bad, but those reserves drag on profits.

"It's hard to be precise, and that's why we believe that being conservative and hanging up a bigger reserve early on is better for our customers and our shareholders," said Regions Chief Financial Officer David Turner, who isn't related to the CEO. "Just go ahead and take your medicine."

Regions named climate change as a risk factor in its annual filing with securities regulators as early as 2010. The phrase now appears in that filing a dozen times. "You can't not recognize that we are seeing more severe climate-related events," John Turner said.

"Weather-related events, other natural or man-made disasters, climate change and the transition to a lower-carbon economy pose shorter- and longer-term risks to our business," the bank wrote in its most recent annual filing with the Securities and Exchange Commission, "and are expected to increase over time."

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PUBLIC NOTICES

IN THE MATTER OF NEXTPOINT FINANCIAL INC., ET AL.
On July 25, 2023, NextPoint Financial, Inc., NPI Holdco LLC, LT Holdco, LLC, LT Intermediate Holdco, LLC, Stemprefax-LLC, JTH Tax LLC, Liberty Tax Holding Corporation, Liberty Tax Service, Inc., JTH Financial, LLC, JTH Properties 1632, LLC, Liberty Credit Repair LLC, Waffle LLC, JTH Tax Office Properties, LLC, LIS Software LLC, JTH Court Plaza, LLC, 360 Accounting Solutions, LLC, LIS Properties, LLC, CTAX Acquisition LLC, Community Tax Puerto Rico LLC, Community Tax LLC, NPLM Holdco LLC, MMS Servicing LLC, LoanMe, LLC, LoanMe Funding, LLC, LM Retention Holdings, LLC, LoanMe Stores LLC, LM BP Holdings, LLC, InsightsLogic LLC and LM 2020 CM I SPE, LLC (collectively, the "Petitioners") received protection under the Companies' Creditors Arrangement Act (the "CCAA") by order of the Supreme Court of British Columbia (the "Court") in Court File No. S-25288 (Vancouver Registry) and FTI Consulting Canada Inc. was appointed monitor (the "Monitor") of the Petitioners (the "CCAA Proceedings").
On November 17, 2023, the Court granted a further order prescribing a process by which the identity and status of all persons holding Claims against NextPoint Financial, Inc. ("NP Parent"), NPI Holdco LLC ("NPI Holdco") and NPLM Holdco LLC, MMS Servicing LLC, LoanMe, LLC, LoanMe Funding, LLC, LM Retention Holdings, LLC, LoanMe Stores LLC, LM BP Holdings, LLC, InsightsLogic LLC and LM 2020 CM I SPE, LLC (collectively, the "LoanMe Entities") and together with NP Parent and NPI Holdco, the "NP Entities"), will be established for purposes of the CCAA Proceedings (the "Claims Process Order").
A copy of the Claims Process Order may be viewed at <http://d/canada.fticonsulting.com/nextpoint/>.
Any creditor having a Claim or Restructuring Claim against any of the NP Entities arising prior to July 25, 2023, of any nature whatsoever, including an unsecured, secured, contingent or unliquidated Claim or Restructuring Claim, must send a Proof of Claim in the prescribed form to the Monitor, with a copy to the NP Entities, to be received by the Monitor and the NP Entities by no later than 5:00 p.m. (Pacific Time) on December 15, 2023 (the "Claims Bar Date").
If you have any questions regarding the Claims Process Order, the Claims Process, or the process or timelines for providing a Proof of Claim, please contact the Monitor at 1-877-255-9085 or nextpoint@fticonsulting.com.

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BIGGEST 1,000 STOCKS

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Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Wednesday, Nov. 22, 2023

Table with columns: Stock, Sym, Close, Chg. Includes stocks like AECOM, AES, Affco, Ansys, APA, Anvys, etc.

A B C

Table with columns: Stock, Sym, Close, Chg. Includes stocks like AECOM, AES, Affco, Ansys, APA, Anvys, etc.

D E F

Table with columns: Stock, Sym, Close, Chg. Includes stocks like DTE Energy, Danaer, Danaher, etc.

G H I

Table with columns: Stock, Sym, Close, Chg. Includes stocks like GE HealthCare, GSK, GSX, etc.

J K L

Table with columns: Stock, Sym, Close, Chg. Includes stocks like Kraft Heinz, Kroger, LKQ, etc.

M N O

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P Q R

Table with columns: Stock, Sym, Close, Chg. Includes stocks like RBC Bearings, RB Global, RBAL, etc.

S T U

Table with columns: Stock, Sym, Close, Chg. Includes stocks like Shinhan Fin, SHoopy, SimonPro, etc.

V W X Y Z

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A B C

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D E F

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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.

Wednesday, November 22, 2023

Highs

Table with columns: Stock, Sym, Hi/Low, Chg. Includes stocks like AAR, Aftec, Aflac, etc.

Lows

Table with columns: Stock, Sym, Hi/Low, Chg. Includes stocks like AAR, Aftec, Aflac, etc.

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Cash Prices | wsj.com/market-data/commodities

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Exchange-Traded Portfolios | WSJ.com/ETFResearch

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* Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

BANKING & FINANCE



STREETWISE | By James Mackintosh

Binance Plea Shows What Crypto's About

So it turns out that of the two largest crypto exchanges, one was a fraud and the other was a money launderer. Whoever could have guessed?

Skeptics of bitcoin and other cryptocurrencies have had their prejudices reinforced. The two main use cases—fraud and crime—have been exposed to the public in dramatic fashion, so now all we have to do is sit back and wait for the inevitable collapse in value.

Except the market price suggests this is wrong. Sure, bitcoin fell a bit after Binance accepted a \$4 billion fine on Tuesday, but it's still trading above where it was last Friday. The number of transactions in bitcoin hit a record high for the seven days to Tuesday.

There must be something underpinning this value, so what is it? Here are the options:

Digital art: The latest fad in crypto is a bitcoin "ordinal," digital art—or anything else—virtually inscribed on a fraction of a bitcoin in the digital ledger known as the blockchain. The popularity is

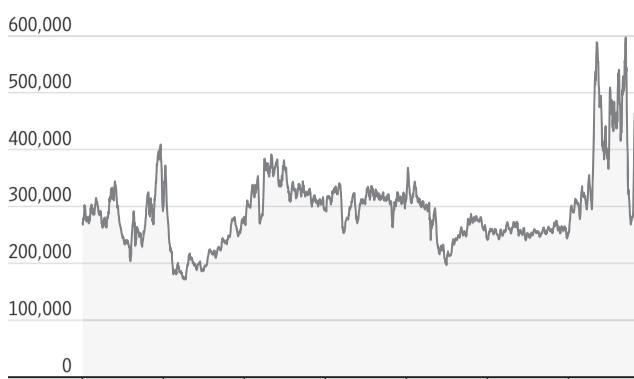
behind a rush of small bitcoin purchases in recent months that has driven the record trading and reduced the median transaction size to about \$20, from around \$500 last year, according to Coin Metrics data.

The sudden demand supports bitcoin's value, in the same way that shopping in bitcoin would. I don't understand why anyone would pay a cent, let alone real money, to inscribe art in the bitcoin blockchain, but hey, whatever floats your boat.

The problem with relying on this to support the value of bitcoin is that what's fashionable today may be the Beanie Baby of tomorrow—along with rival ethereum-based nonfungible tokens. Longer-term value needs something more.

The rise in small bitcoin transactions also shows just how useless it is as a currency, and why it's nonsensical to think bitcoin could ever be used as real money. The median fee leapt to more than \$5 over the past week, even as transaction sizes plunged, an insane cost to pay for something in-

Number of bitcoin transactions, seven-day average



vented as a payment method.

Digital gold: When it became clear that bitcoin was useless as a currency, its backers switched to claiming that it is a store of value, with its maximum issuance offering protection against the money-printing tendencies of the Federal Reserve. The argument was tested to destruction over the past two years. Inflation was last below the Fed's 2% target in February 2021, when one bitcoin cost close to \$50,000. By the time inflation peaked in June last year the price

had collapsed to \$20,000, the opposite of what it should have done.

Bitcoin's moves over the past three years have been much closer to the S&P 500 than to gold or inflation. But stocks are an investment in real assets that pay dividends, while bitcoin produces nothing. Unlike gold, a bitcoin can't even be a pet rock, and unlike gold, anyone can create a new cryptocurrency, and thousands have. The supply of bitcoin may be limited, but the supply of cryptos isn't. There was a time when

savers in countries with dodgy currencies and bad governments would buy bitcoin or other crypto to escape devaluation and avoid capital controls. But the rise of stablecoins allows these savers to buy digital dollars without the pain of trying to open offshore bank accounts, so they have no need for other cryptocurrencies. Dollar stablecoins have value, but they are all derived from the value of their holdings of underlying dollar assets.

Gambling: Crypto offers a store of volatility more than a store of value. Its volatility makes it an excellent way to bet, and the pretense that it is an investment asset gives speculators cover; it sounds much better to say you are a crypto trader than that you just bet \$100,000 at the track. The prevalence of speculation by people who are meant to be investors helps explain the close link between the S&P and bitcoin, too.

Basing the value of an asset on speculation is risky, because the value depends on everyone else betting that it has value. But so long as the merry-go-round con-

tinues, it looks like it has value, and decentralized finance, or DeFi, provides the infrastructure for speculation in the language of Wall Street.

Crime: I was tempted a few years ago by the idea that the value of crypto could be underpinned by genuine transactions that need to avoid the financial system: buying illegal drugs; money laundering; avoiding sanctions; anonymous (but legal) pornography purchases; terrorist finance; and ransomware.

Lots of that was going on, and Binance has paid the price for helping. Bitcoin isn't a particularly good way to hide from the cops, anyway, as repeated police busts have demonstrated. Crypto has to clean up its act, so basing its value on illegal transactions no longer makes sense.

Bitcoin has failed to live up to its original promise of being cheap online cash, but crypto keeps on reinventing itself. It's so technically satisfying that it must be the solution to something, but quite what remains a mystery.

Inside the Binance Guilty Plea

Continued from page B1

er ship. An internal monitor prescribed by the deal could constrain or even choke off the company's business, but might also give reassurance to Binance customers that the regulatory troubles are behind it.

Binance's ability to withstand such a large penalty—the largest levied against a crypto firm—reflected the huge war chest the company has amassed. Company insiders have said it had set aside \$8 billion for a settlement.

"These resolutions acknowledge our company's responsibility for historical, criminal compliance violations, and allow our company to turn the page," Binance said, adding it has poured resources into compliance.

The DOJ had its own reasons to resolve the case. A trial comes with risks and would have taken years to resolve. Binance mostly operates outside the U.S., limiting the ability to disrupt its operations. Zhao is based in the United Arab Emirates, which doesn't have an extradition treaty with the U.S., though last year it signed a law-enforcement cooperation treaty with Washington.

By late 2022, some of the DOJ prosecutors believed the evidence they had accumulated justified charging Binance and Zhao, according to several people familiar with the case. Among the charges under investigation then was money-laundering conspiracy, a more severe charge than what Zhao and Binance ultimately pleaded guilty to.

That was part of the DOJ's indictment threat. Zhao and Binance worried an indictment would set off a panic, according to people familiar with the matter, with customers rushing to withdraw their funds.

Regulators were also bringing pressure. In March, the Commodity Futures Trading Commission sued Binance and Zhao, revealing some of the evidence that prosecutors also wielded.

Zhao, then ensconced in Dubai, instructed Binance's lawyers to engage with the Justice Department to search for a deal. Binance's defense attorneys at law firm Gibson Dunn & Crutcher met with DOJ officials through the year and argued that the exchange's compliance program was much improved and that a criminal prosecution would hammer the crypto market, just as it was in meltdown.

Zhao offered an alternative to prison time: house arrest in New York, according to a person familiar with the negotiations. Zhao resisted giving up control of the company or stepping aside, too. His general counsel quit this July over disagreements on legal strategy.

But as the DOJ talks pressed on this fall, Zhao started floating his resignation to his lieutenants at Binance. The exchange's head of regional markets, Richard Teng, a former Singaporean regulator, emerged as Zhao's top choice.

Zhao also bowed to pressure in September from the DOJ to sell Binance's Russia business, after The Wall Street Journal revealed customers there were using sanctioned Russian banks.

At the Seattle courthouse Tuesday, prosecutors sought to prevent Zhao from leaving the country until his sentencing. They argued that Zhao's wealth and citizenship in the U.A.E. might lead him to skip sentencing, currently scheduled for February.

Magistrate Judge Brian A. Tsuchida sided with Zhao, releasing him on a \$175 million bond. Zhao's sister also put up her \$5 million California home as collateral to ensure her brother shows up for his sentencing.

"I have full intention to come back here and close this issue," Zhao told Judge Tsuchida. "Otherwise, I wouldn't be here today."



Sam Bankman-Fried is awaiting sentencing for seven felony offenses.

Bankman-Fried's Life Behind Bars

Continued from page B1

move to a federal prison to serve out his sentence.

The detention center is a far cry from the \$30 million penthouse apartment in the Bahamas that Bankman-Fried once called home.

He is allowed nonattorney visitors once a week and has access to a specialized laptop that allows him to review legal material, the person familiar with the matter said. He has been giving tips on crypto to guards, the person said.

A Federal Bureau of Prisons spokesman said the bureau couldn't comment on the conditions for any individual.

"Sam's doing the best he can under the circumstances," Bankman-Fried's spokesman, Mark Botnick, said.

At the trial, Bankman-Fried testified that while he regretted not having better risk-management at the crypto ex-

change, he didn't commit fraud. His lawyers have said Bankman-Fried plans to appeal the conviction.

Once Bankman-Fried is relocated to a federal prison to serve his sentence, he will likely have more freedom of movement, in addition to better access to educational programming and recreation, said prison consultant Bill Baroni.

"He'll be out of the facility with the most violent people," Baroni said.

People familiar with the matter say Bankman-Fried's unit mates include Genaro Garcia Luna, Mexico's former secretary of public security who was convicted earlier this year of helping the powerful Sinaloa cartel smuggle more than 50 tons of cocaine into the U.S. He is awaiting sentencing.

Another unit inmate is former Honduras President Juan Orlando Hernández, awaiting trial on federal drug-trafficking and firearms charges. He pleaded not guilty. Hernández's defense lawyer, Raymond Colon, said his client and Bankman-Fried have had cordial conversations.

Bankman-Fried initially subsisted on peanut butter, bread and water because the jail

wasn't accommodating his vegan diet, one of his lawyers said in a court appearance in late August. He also had trouble getting his proper dosage of prescribed Adderall, the lawyer said.

His access to food and medication—which he takes for attention-deficit hyperactivity disorder—have since been resolved. He receives vegetarian meals at the jail, a person familiar with the matter said.

Inmates are typically confined to their unit. Meals are delivered to individual units, said Christine Dynan, a prison consultant who previously worked at the center and other federal facilities.

Many inmates prefer to buy food, as well as clothes and toiletries, through the jail's commissary. A price list shows peanut butter costs \$4.15 and a pouch of mackerel fillets \$1.30, up 30% from 2020.

Baroni, the prison consultant, said that when Bankman-Fried moves to a federal prison he will likely bring his mackerel packets with him. Baroni said he paid four macks for his own haircut while in prison.

"The mack currency system is far more stable than crypto," he said.

Citigroup Names Asia Banking Leaders

By JIAHUI HUANG

Citigroup has named senior leaders for banking operations in Asia, part of the U.S. bank's continuing global restructuring.

The New York-based bank named Jan Metzger, former Asia head of banking, capital markets and advisory, to lead its investment banking franchise in its North Asia & Australia and South Asia clusters.

Gunjan Kalra will continue to lead commercial banking in North Asia & Australia and South Asia.

Kaleem Rizvi will head corporate banking for North Asia & Australia, the bank said, while K. Balasubramanian will be in that role for South Asia, Citi said.

The moves come as Citi this week has begun an extensive round of layoffs and organizational changes, as part of Chief Executive Jane Fraser's efforts to streamline the bank.

In the memo announcing the changes, Citi's Banking Head Peter Babej and the company's International Head Ernesto Torres Cantú said that the company's pipeline remains strong.

They said they expect activity to pick up across mergers and acquisitions and capital markets.

"Looking beyond episodic activity, our Corporate Bank is driving integrated client delivery in a challenging macro environment—and with it long-term relationship revenue—while the Commercial Bank is continuing its strong momentum and embedding profitable growth for our broader franchise," they said in the memo.

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets. e-Ex-distribution. f-Previous day's quotation. g-Footnotes x and s apply. J-Footnotes e and s apply. k-Recalculated by Lipper, using updated data. p-Distribution costs apply. Lb-1. r-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and r apply. v-Footnotes x and e apply. x-Ex-dividend. z-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper; data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Table with columns: Fund, NAV, Net YTD Chg, YTD %Ret. Includes categories like Artisan Funds, BlackRock Funds, American Funds, etc.

Table with columns: Fund, NAV, Net YTD Chg, YTD %Ret. Includes categories like Core Bond, Growth, Equity, etc.

Table with columns: Fund, NAV, Net YTD Chg, YTD %Ret. Includes categories like DivGro, Growth, LgCapGow, etc.

Table with columns: Fund, NAV, Net YTD Chg, YTD %Ret. Includes categories like Vanguard Index FDS, Vanguard Admiral, etc.

MARKETS

Chinese Finance Firm Zhongzhi Has A \$31 Billion Problem

By REBECCA FENG

China's **Zhongzhi Enterprise Group** has at least \$31 billion more liabilities than assets and now faces "significant going concern risks," it said in a letter to investors this week.

The company, which caused alarm when one of its key businesses missed a series of debt payments earlier this year, said it has liabilities of \$59 billion to \$64 billion. Its assets are worth \$28 billion, according to the letter sent Wednesday night.

Zhongzhi, based in Beijing, owns several wealth-management businesses including a large trust company that failed to make interest and principal payments on many of its products earlier this year. That led to fears China was facing a "Lehman moment," where problems at one company lead to a broader fallout.

Missed payments by the trust business, Zhongrong International Trust, have piled up. Since August, at least 16 publicly listed companies in mainland China have said in stock-exchange filings that they didn't receive interest or principal payments on products managed by Zhongrong Trust. Those missed payments add up to the equivalent of \$144 million.

Zhongrong, like other Chinese trust companies, provided financing to property developers, among other companies.

It had the equivalent of \$108 billion in assets under management at the end of 2022. China's entire trust industry had a total of \$3 trillion in assets under management as of June 30, according to the latest official data.

Oil Slips as OPEC Delays Meeting

Shares in China and Hong Kong climb amid optimism over property measures

By CHELSEY DULANEY

Oil prices came under fresh pressure Thursday after recent signs of discord among leading energy producers, while growing optimism about support for property developers helped lift stocks in Hong Kong and mainland China.

With the U.S. closed for the Thanksgiving holiday, action in most global markets was muted.

Futures tied to major indexes edged higher, suggesting U.S. markets could be due a small bounce when they re-open for the shortened Black Friday session.

Oil continued to fall after OPEC's statement on Wednesday that it would delay a meeting at which the cartel



OPEC said it would delay a meeting at which the cartel and its allies were set to decide their crude output for next year.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS	
Applications	\$219,754,747,800
Accepted bids	\$85,713,985,300
* noncompetitively	\$4,682,563,300
* foreign noncompetitively	\$100,000,000
Auction price (rate)	99.587778 (5.300%)
Coupon equivalent	5.411%
Bids at clearing yield accepted	1.85%
Cusip number	912797HW0
The bills, dated Nov. 28, 2023, mature on Dec. 26, 2023.	
EIGHT-WEEK BILLS	
Applications	\$218,867,430,100
Accepted bids	\$80,673,678,600
* noncompetitively	\$1,120,011,100
* foreign noncompetitively	\$0
Auction price (rate)	99.178667 (5.280%)
Coupon equivalent	5.412%
Bids at clearing yield accepted	95.31%
Cusip number	912797JA6
The bills, dated Nov. 28, 2023, mature on Jan. 23, 2024.	
17-WEEK BILLS	
Applications	\$172,950,607,300
Accepted bids	\$56,471,357,300
* noncompetitively	\$659,363,100
* foreign noncompetitively	\$0
Auction price (rate)	98.261278 (5.260%)
Coupon equivalent	5.442%
Bids at clearing yield accepted	88.75%
Cusip number	912797JK4
The bills, dated Nov. 28, 2023, mature on March 26, 2024.	

and its allies were set to decide their crude output for next year.

Data Wednesday also showed U.S. crude stockpiles rising more than expected. Most actively traded futures for Brent crude, the global oil benchmark, fell 1% Thursday to \$81.12 a barrel.

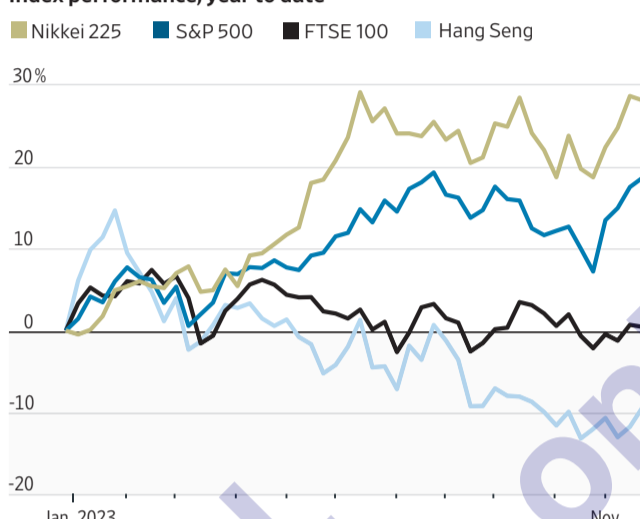
In Asia, Hong Kong's Hang Seng Index rose 1% and the Shanghai Composite added 0.6%. Japan was closed for a holiday.

Chinese property developers were some of the biggest gainers in Hong Kong, as hopes built for a more supportive stance from China's government toward the struggling sector.

Among larger real-estate stocks, **Country Garden Holdings** jumped 24% and **Longfor Group Holdings** advanced 13%, while the smaller **Cifi Holdings** surged 48%.

Chinese regulators are considering allowing banks to extend unsecured short-term loans to developers for the first time, Bloomberg News reported Thursday, while the city of Shenzhen said it had

Index performance, year to date



cut minimum down payments for second homes. Sentiment had already been lifted in recent days by a series of media reports about greater official support.

U.S. stocks have bounced back in November, aided by a pullback in bond yields, putting the S&P 500 on pace for its best month since July

2022. Trading on Friday will be limited, with U.S. stock markets closing at 1 p.m. Eastern time and bond markets shutting an hour later.

Survey data due on Friday will offer a read on the health of the U.S. manufacturing and services sectors, while early reports from retailers about

Black Friday traffic will also be in focus.

Retailers are likely to offer big discounts to help overcome consumers' potential reluctance to spend.

Elsewhere in global markets on Thursday, volumes were lighter than normal with U.S. markets closed.

The Stoxx Europe 600 index ticked up 0.1%, while the U.K.'s FTSE 100 index slipped 0.2%.

In currencies, the dollar continued to retreat, pressured by lower bond yields. The Turkish lira rose 0.3% against the greenback after Turkey's central bank lifted its key interest rate to 40% from 35%, a larger-than-expected increase in an effort to cool inflation.

Bitcoin prices gained ground, trading above \$37,000. The founder of Binance, the world's largest crypto exchange, on Tuesday pleaded guilty to violating U.S. anti-money-laundering requirements.

—Rebecca Feng in Hong Kong contributed to this article.

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FINANCIAL ANALYSIS & COMMENTARY

Shoppers Have Plenty of Dry Powder

Consumers say they aren't upbeat, but they will keep cash registers ringing this holiday season

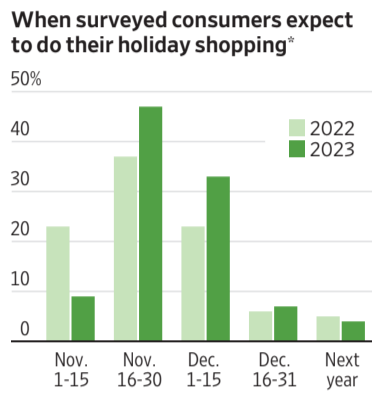
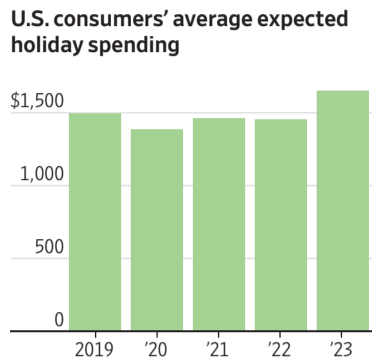
Americans say they are worried about the economy, and there certainly are reasons to question the staying power of consumer spending. That doesn't mean they won't spend heartily this holiday season.

The U.S. consumer is in a funk, according to the U.S. consumer. The University of Michigan's sentiment index, based on a long-running survey of households, remains far below prepandemic levels and lately has been near levels experienced in the wake of the 2008 financial crisis. Surveys of chief executives haven't looked much better. And, while forecasters have lately been a little less dour, economists polled by The Wall Street Journal in October put the chances of a recession occurring within the next year at 48%.

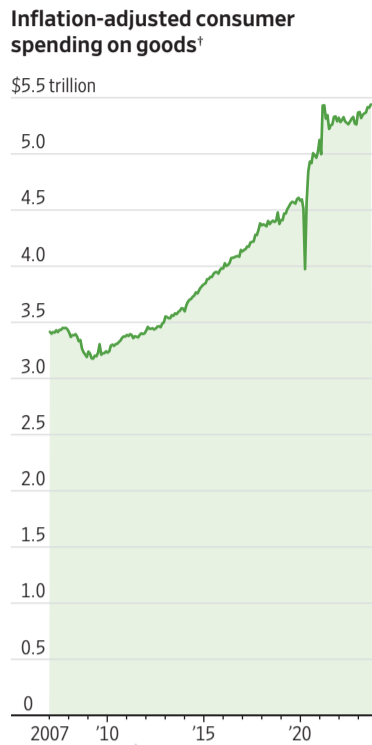
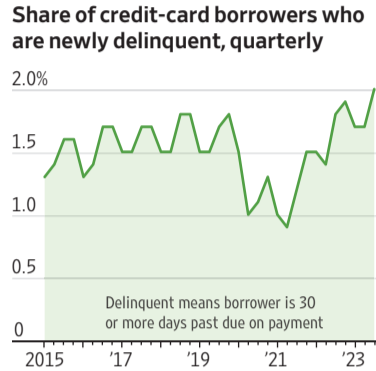
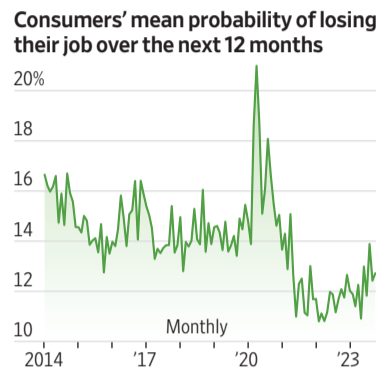
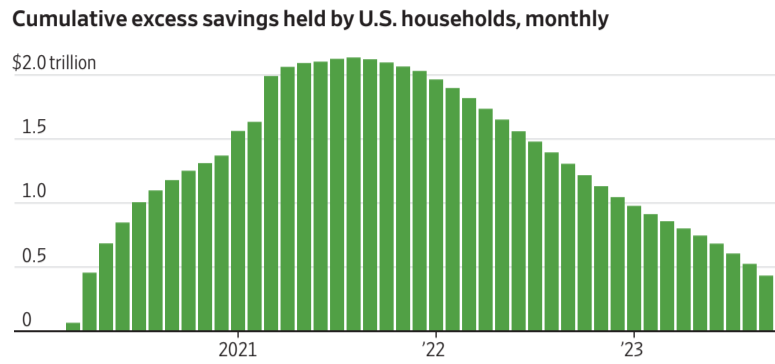
Yet for all that, consumer spending keeps growing, and it looks to keep doing so through the holidays. Ask Americans if they intend to spend more or less this year than last, and inevitably they say they plan to spend less. That should be taken with as large a grain of salt as students' plan to really buckle down next semester, or peoples' pledges to lose 10 pounds in the new year. But a Deloitte survey that asks people what they plan to spend might be closer to the truth. This year, on average, they said \$1,652, which compares with the \$1,455 in last year's survey.

"Consumers enjoy these seasonal moments," says Stephen Rogers, executive director of Deloitte's consumer industry center. "They manage their budgets to make room for them."

It helps, too, that there still appears to be room in people's budgets to keep shopping. The cash pile that Americans built up after the pandemic hit is diminished, but not gone. As of September, economists at the San Francisco Fed estimated that the "excess savings" left on household balance sheets—that is, savings beyond what one might expect people to have if the Covid crisis hadn't happened—came to \$433 billion. Moreover, a Bank of America Insti-



*Survey of a group of about 2,800 U.S. consumers 18 years or older from Nov. 1 to Nov. 7. †Values are chained to 2017 dollars. Sources: Deloitte (expected spending); Federal Reserve Bank of San Francisco (excess savings); U.S. Bureau of Economic Analysis, via St. Louis Fed (consumer spending); Citi Research (expected holiday shopping); Federal Reserve Bank of New York (probability); New York Fed Consumer Credit Panel/Equifax (newly delinquent credit-card borrowers)



tute analysis of customer account data indicates that savings remain elevated across income groups.

There is also the continued strength of the labor market to consider. As of October, there were a seasonally adjusted 2.4 million more jobs in the U.S. than in December of last year, according to the Labor Department. And, as worried as people say they are about the economy, they don't appear all that worried about losing their own jobs. The Federal Reserve Bank of New York's monthly survey of consumers in October showed that people put the average chance of losing their job within the next 12 months at 12.7%. That compares with an average of 14.3% in 2019, just before the pandemic.

And the return of student-loan payments, which affects tens of millions of Americans, hasn't

dented consumer spending as much as feared—at least not yet. Bank of America Institute's analysis of card spending showed that there wasn't much difference in October card spending between households that resumed student-loan payments that month and those unaffected by student loans.

Inflation is also taking less of a bite, with average hourly earnings lately rising more swiftly than consumer prices. Pump prices, in particular, have been falling sharply recently, so the money that many Americans had been pouring into the gas tank can get poured on gifts instead. Prices for several holiday categories, such as toys, are also down from a year ago.

Consumers will, however, be a lot more focused on finding good deals. Walmart said on its most recent earnings call that it observes more of a shopping uptick

around holiday events, resembling prepandemic spending patterns. Citi Research's consumer survey found that 40% of respondents plan to shop in December, up from 29% last year. Meanwhile, a higher share of consumers plan to shop at off-price retailers such as **Ross Stores**, **HomeGoods** and **T.J. Maxx** compared with last year, while a smaller share plans to shop at **Kohl's** and **Macy's**, according to Citi's survey. This is broadly consistent with the findings of Goldman Sachs's consumer survey, which showed that holiday-shopping preference has shifted away from department stores to mass, club and off-price retailers.

None of which is to say there aren't challenges. One metric to watch is consumer credit. The share of credit-card users that went from being current on their payments to 30 or more days past

due rose to 2% in the third quarter, surpassing prepandemic levels, according to data from the New York Fed and Equifax. Delinquencies are rising particularly rapidly for those with auto and student loans.

The bigger question is what will happen to consumer spending beyond the holidays.

The Federal Reserve looks as if it is through with raising interest rates, but the effects of its past rate increases will probably continue to weigh on the economy. Employment growth, while still strong, has slowed, and if the country starts shedding jobs, Americans will go from merely saying they are worried to acting like it.

But these are issues for next year. In the meantime, there is shopping to do.

—Justin Lahart and Jinjoo Lee

The Bill for Offshore Wind Power Is Rising

With offshore wind projects bleeding cash, governments will have to pay more to hit their clean-energy targets. Recent auctions show just how much more.

Higher prices for steel, labor and debt financing have raised the cost of developing a wind farm by almost 40% since 2019. It is a big problem for developers like Danish energy company **Ørsted**, which signed power supply agreements a few years ago at prices that no longer cover today's costs.

Developers' struggles are having a knock-on effect on the turbine makers that supply them, including **Vestas**, **GE** and **Siemens Energy**. The latter's wind unit, Siemens Gamesa, lost €4.3 billion in the company's latest fiscal year, equivalent to \$4.7 billion at current exchange rates—although its issues are mainly with faulty onshore turbines rather than offshore ones.

Germany last week stepped in with a multi-billion-euro state-backed guarantee for Siemens Energy, which told investors at a capital markets day on Tuesday that its wind business won't make a profit until after 2026. GE says its offshore wind business will lose \$1 billion this year, and the same again in 2024.

The industry's deepest challenges are in the U.S., a market that was meant to be the next growth frontier following the Biden administration's pledge to install 30 gigawatts of offshore capacity by 2030. Instead, developers are taking multibillion-dollar impairments on U.S. projects, or backing out entirely. According to BloombergNEF, of the 21.6 gigawatts of offshore wind power awarded or signed so far in the U.S., a quarter has been canceled and almost another third is at risk.

Governments are now responding by topping up the prices at which they auction off licenses. Britain was forced to raise its guaranteed price for offshore wind power by 66% after a September auction didn't attract a single bid. The average price in New York's latest offshore wind auction in October was a fifth higher than previous rounds, according to BloombergNEF, and the bill could rise further as new contracts include inflation protection that will shield developers from future cost pressures.

Paying higher, more flexible prices for fresh contracts might still end up being a cheaper solution for New York than renegotiating old ones. Developers including **BP** and **Equinor** asked for increases of 49% on average over what was agreed in their original power supply contracts. They may pull out after getting a no from the state.

Governments and companies had become used to the cost of renewable energy heading only one way. The global average leveled cost of electricity generated by offshore wind—a measure of the minimum price necessary to cover the lifetime costs of a project—has plunged by 66% since 2009, according to BloombergNEF data.

After years of becoming more competitive as a source of power, offshore wind is beginning to look expensive in some markets compared with fossil-fuel alternatives. Globally, new offshore wind projects still work out cheaper than natural gas ones and are level with coal. But offshore wind looks costly in the U.S., partly because the supply chain is so immature and will need heavy investment for several years.

The new reality makes it harder for governments to meet their net-



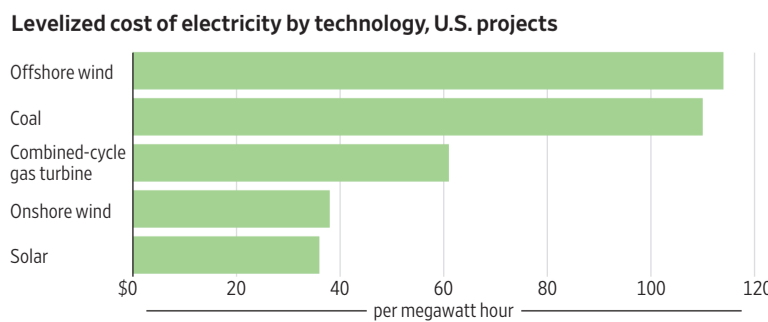
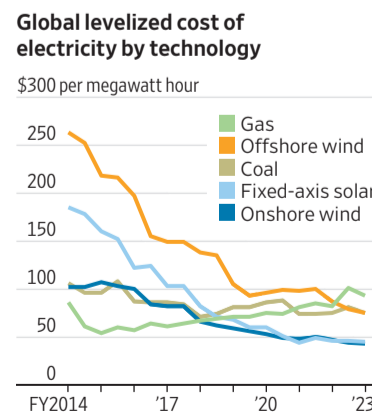
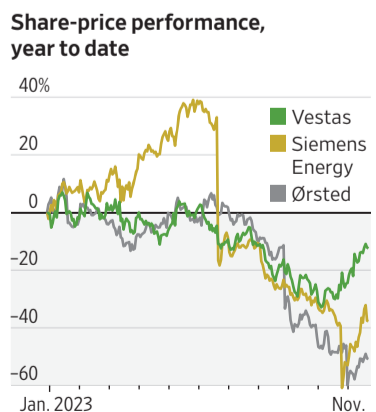
The EU has a plan to increase offshore wind capacity sevenfold by 2030. A wind farm off the Netherlands coast.

zero targets while also keeping power costs low for the public. But densely populated areas like New York may not have much choice but to exploit offshore wind. Clean alternatives such as land-based wind and solar farms are tough to roll out where space is at a premium.

The European Union is also aware that if governments don't do more to support local companies like Siemens Energy, Chinese turbine manufacturers that enjoy generous subsidies from Beijing will be only too happy to step in. This would help the EU stay on track with an ambitious plan to increase its offshore wind capacity sevenfold by 2030, but at the expense of the bloc's energy independence.

Harnessing the winds out at sea is still a key part of countries' plans to cut their carbon emissions and boost energy security. But governments can no longer pretend that these political objectives can come cheap.

—Carol Ryan



Sources: FactSet (performance); BloombergNEF (cost of electricity)



Left Behind
When sellers don't take everything when they move. **M8**

MANSION

\$25 Million
A private island is for sale in San Francisco. **M9**



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THE WALL STREET JOURNAL.

Friday, November 24, 2023 | **M1**

A Château, in Pieces

A Paris-based antiques dealer is looking to sell the four outer walls of a Bordeaux-area estate. But the buyer will have to relocate and reassemble the 1890 structure



By J.S. MARCUS

In November 2020, Alisanne Frew, a Paris-based antiques dealer specializing in fine salvaged stone, was alerted by text message to a rare find: A superb 19th-century Bordeaux-area chateau was for sale.

Built with the same type of limestone used for the Unesco-listed historic center of Bordeaux, the two-story chateau—at 46 feet high and 133 feet wide—had beautiful proportions and refined classical detailing. The catch? It had been disassembled some three decades earlier and was stacked on pallets in a warehouse in southwest France. And the offer was only for its four outer walls.

Frew jumped at the chance. “I knew I would buy it,” she says, recalling the moment she saw the vintage photo negatives on her phone screen of the chateau as

1.
Balusters lined the balconies of the 19th-century home.

2.
The original owner's initials decorated the pediment over the entrance.

3.
Doric-style columns adorned the chateau's main entrance.

it once stood. She booked a train right away. “I was there the next day.”

Now, all 5,389 pieces of those chateau walls have been cleaned, cataloged, repacked and readied for export. Frew expects to send them to America. A real-estate agent based in Austin, Texas—Kumara Wilcoxon, of Sotheby's International Realty—is fielding offers.

Frew said she paid \$2.25 million for the pieces and invested an additional \$650,000 preparing them for resale. She is asking \$7.5 million.

A 67-year-old native of suburban Cleveland, Frew first moved to Paris as a college student. She has since come to specialize in outfitting multimillion-dollar U.S. homes with luxurious European stone. She maintains strong business ties in the U.S., where she meets with clients. Most recently, she has worked on

Please turn to page M4

It's Not a Great Time to Sell, But They're Tired of Waiting for One

These buyers are defying conventional wisdom and listing luxury homes in the midst of a historically challenging London real-estate market

By RUTH BLOOMFIELD

LESLEY AND JOHAN Denekamp are keenly aware that now isn't a great time to be selling real estate in central London. Nonetheless, in September, they went ahead and listed their 3,800-square-foot townhouse with Knight Frank, for \$5 million.

Why now? The couple are sick of waiting, having already sat out Brexit and the pandemic. “We don't think we are going to live forever, and four million pounds is a lot of money to have tied up in a house we don't really need,” said Johan Denekamp.

The couple bought their house in St Katharine Docks, a former dockyard, now upscale marina lined with apartment buildings

Please turn to page M6



Sophia Lucie-Smith in the four-bedroom townhouse she has listed despite the London market headwinds.

FROM TOP: YANN TERRER (RENDERING); ANTOINETTE DOYEN FOR THE WALL STREET JOURNAL (3)

VANESSA BERBERIAN FOR THE WALL STREET JOURNAL (2)

PRIVATE PROPERTIES



A bike path separates the home from the sand.



the bottom, so swimmers can be seen from the steam room, shower and changing area below. “Kids can have fun looking up through the skylight and see their friends swimming,” he said.

DeSantis said the kitchen has views of the beach, Manhattan Beach pier and Malibu. He installed solar panels on the roof and a geothermal system to heat and cool the house. Together, they cover 80% to 90% of his utilities, he said.

DeSantis said he is looking to sell because his family has relocated away from Los Angeles. He owns multiple homes in California, he said. “The house is not getting the use it once was when we lived there full-time,” he said.

In November, DeSantis listed the house for rent, asking \$150,000 a month. He said he wanted to test the market and make sure selling is the best option.

The property is being co-listed by Fonoimoana and Brook Billings of Compass and Branden and Rayni Williams of the Beverly Hills Estates. DeSantis said he connected with the agents through TrueParity, a startup he co-founded in 2021, that connects homeowners with agents. As part of the marketing campaign, TrueParity is working with You-Tuber Enes Yilmazer to feature the property on his channel.

—E.B. Solomont

Controversial Beach House Lists

A California mansion that spurred neighborhood turmoil when it was built is going on the market for \$150 million.

The seller of the roughly 12,640-square-foot beachfront home in Manhattan Beach is tech investor Rob DeSantis, who co-founded software company Ariba and was an early investor in LinkedIn. He purchased three adjacent lots in Manhattan Beach, a coastal city about 20 miles from Los Angeles, for approximately \$13 million around 2000, he said, and then spent several years designing a seven-bedroom home and pool.

While home sales above \$100

million are fairly common in Los Angeles and Malibu, Manhattan Beach has yet to see a sale above \$30 million, according to Eric Fonoimoana of Compass, one of the listing agents. If the DeSantis property fetches anywhere near the asking price, it would be the most expensive sale by far in Manhattan Beach, Fonoimoana said.

“There are properties in Malibu that have sold for over \$150 million, \$200 million,” said DeSantis, who is not related to Florida Gov. Ron DeSantis. “My personal opinion is, this house has

everything those houses have to offer, and in some cases, more.” He said the home is a six-minute walk to dozens of restaurants, and is relatively close to downtown L.A. and the airport.

Then there’s the fact that a home of this size could never be built again in Manhattan Beach, Fonoimoana said.

While DeSantis was building his house, fears of overbuilding roiled the community. The City Council formed a “Mansionization Committee” and ultimately passed an ordinance prohibiting future

homeowners from building on triple lots like the one DeSantis owned.

DeSantis, whose plans were grandfathered in, said his goal was to build a tasteful “beach bungalow” that would be aesthetically beautiful for the community and his family. In addition to underbuilding what the site could accommodate, he said he added offsets along the perimeter of the house with trees.

Completed around 2009, the house has lots of stone and teak for a “Tommy Bahama feel,” said DeSantis. The pool, which is on the second level of the sloped property, has glass windows on

FOR SALE
\$150 MILLION
12,640 sq. ft.,
7 bedrooms

Hawaii Home Aims For Big Island Record

With an asking price of \$49 million, a Hawaii home is aiming to become the most expensive residence ever sold on the state’s Big Island, according to listing agent Carrie Nicholson of Hawaii Life.

The seven-bedroom, roughly 20,000-square-foot home is located on the Kona Coast in the Kukio Golf and Beach Club, Nicholson said.

The sellers are California-based venture capitalist Bandel Carano and his wife, Paula Carano, who bought the land for \$7 million in 2002 and built the house in 2008,

according to property records.

The Caranos didn’t respond to a request for comment.

The area has drawn buyers such as hedge-funder Ken Griffin and Dell founder Michael Dell.

The Caranos’ home has a music room, where they kept drums and guitars, with a recording studio, said Nicholson.

There is also a home theater, a cocktail bar and a yoga room that opens to an outdoor meditation garden, she said.

The roughly 1.58-acre lot has a private path to the beach and a saline pool with a tiled turtle

FOR SALE
\$49 MILLION
7 bedrooms,
music room



The house is about 20,000 square feet.

mosaic.

The teak-roofed home has a courtyard entry with a pond and fountain, said Nicholson.

Inside, the floors are travertine and the walls and ceilings have

wood finishes.

The home is being sold furnished, she said.

Bandel Carano is a managing partner at Oak Investment Partners, according to the company’s

website.

The owners are selling because they are spending less time vacationing in Hawaii now that their children are grown, Nicholson said.

The home’s asking price is justified by its finishes and location, Nicholson said.

The most expensive home sale on the Big Island to date was a \$43 million sale in 2021, she said.

The median single-family home sale price on the island was \$500,000 in the third quarter, about the same as the third quarter of last year, according to a Hawaii Life market report.

Demand continues to exceed supply on the Big Island, said Nicholson. She expects a busy peak season from December to April as potential buyers visit during the winter, she said.

—Sarah Paynter



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PRIVATE PROPERTIES

A Late Record Exec's Houses Go to Market

As co-founder of A&M Records, Jerry Moss amassed a roster of top musical talent including the Carpenters, the Police and Janet Jackson. Along the way, the record-label executive also assembled a portfolio of luxury homes.

Following his death in August, Moss's family is looking to sell his real-estate holdings, listing a 1930s home in Los Angeles for \$53 million and a Hawaii compound with four residences for \$39 million.

The Los Angeles estate, located in Bel-Air, comprises two lots totaling about 1.8 acres, said listing agent Aaron Kirman of AKG | Christie's International Real Estate. Moss bought the first lot in the 1980s for an unknown amount, and purchased the adjacent lot for \$3.05 million in 1994. The main residence, which



FOR SALE
\$53 MILLION
L.A. estate
\$39 MILLION
Hawaii compound

The Hawaii property contains four houses.

was built around 1937, has six bedrooms and a theater, Kirman said. The primary bathroom is cream-and-purple marble with a fireplace, chandelier and large tub. Outside, the manicured

grounds contain two guest-houses and a pool surrounded by large stones, giving it the appearance of a natural pond.

In Hawaii, the Moss compound is located on Old

Makena Road on Maui, said Nancy J. Callahan of Coldwell Banker Island Properties, who is marketing the property with Paul Stukin of Deep Blue HI. The gated property is approximately



The L.A. home has a pool.

1.43 acres with four houses and roughly 148 feet of beach frontage, she said. Records show Moss paid \$2.2 million for a 0.68-acre parcel in 1995.

Originally, there was just a "funky beach house" on the property, said Moss's widow, Tina Moss. Jerry Moss slowly added homes to the site, she said. Around 2000, he purchased an adjacent 0.75-acre lot.

Tina Moss, who married Jerry Moss in 2019, said she and her husband spent several months a year in

Maui, but moved there full-time during Covid. Each year, their extended family gathered at the property for an annual vacation known as "Camp Moss." "We'd do art classes, ukulele lessons and luaus," she said.

Jerry Moss founded A&M Records with Herb Alpert in the 1960s. In 2000, Moss and Alpert sold Rondor Music, an independent music-publishing company, to Universal Music Group for about \$400 million.

—E.B. Solomont

A Savannah Home Becomes The Area's Priciest—Again



The estate has about 28,000 square feet.

A riverfront estate outside Savannah, Ga., has sold for \$8.4 million, beating its own record for the priciest sale in the area, according to listing agent Melissa Hall Rowan of Corcoran Austin Hill Realty.

Rowan declined to identify the buyer, but said the purchaser is local and put an offer on the house before

it was formally listed in October for \$8.7 million. The buyer paid an additional \$300,000 for furnishings, said Ridley Stallings, who had the listing with Rowan.

The roughly 4.5-acre estate on Wilmington Island was built around 2009 by Food Network star Paula Deen, who sold it to Cali-

ornia-based real-estate investor Lionel Achuck in 2020 for a then-record \$6.818 million, according to public records.

Achuck didn't immediately respond to a request for comment. Rowan said the seller added three bed-

rooms to the previously two-bedroom main house. He bought the house as a family compound for holidays and vacations, but sold because he found a family gathering place closer to home, Stallings said.

The home's high price was merited because of its unusually large size and numerous amenities, said Stallings. The gated, roughly 28,000-square-foot estate is located on the Wilmington River about 10 miles southeast of downtown Savannah. There are 14 bedrooms spread across the main house, two guest cottages, two apartments and a multiuse barn with a media room, said Rowan. The property has about 300 feet of river frontage and a dock with a fishing cottage, where a window is close enough to the water to allow indoor fishing, she said.

A pond elsewhere on the property is stocked for fishing.

In the main house, the gourmet kitchen with commercial appliances is the same one used by Deen. The study has a saltwater fish tank, Rowan said.

—Sarah Paynter

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14 bedrooms

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MANSION



France-based Ohioan Alisanne Frew is selling the disassembled four outer walls of a chateau. Once it has been reassembled by a buyer, the home might look something like this rendering.

Chateau, In Pieces

Continued from page M1
mansions in Texas Hill Country near Austin and in suburban San Diego. “I have also built a ton in Vegas,” she adds.

Frew says she is making a concerted effort to find an American buyer to reconstruct the chateau, which once would have had more than 14,000 square feet of indoor space. The only requirement? A minimum of 3 acres, the smallest lot size she says is needed to accommodate the rebuilt structure.

Frew says the facade pieces, weighing a total of 800 tons, would require some 40 shipping containers, which she says would likely arrive via the port of Marseilles at about two containers a week. Her estimate is that it could take up to nine months for the pieces to arrive in the U.S., at a port likely determined by the buyer, at a cost of about \$500,000.

The sale comes with a detailed dossier indicating how the buyer could go about reassembling the facades over the course of roughly seven months. The cost of the reconstruction of the outer walls alone is expected to be about \$3.2 million.

The chateau has a back story only some of which Frew is willing to share. Built in 1890 by an aristocratic family with ties to Toulouse—these days, the largest city in southwestern France—the chateau apparently was intended as a hunting lodge. Frew says she tracked down the family’s descendants, as well as the original spot south of Bordeaux where the chateau once stood, but says she will only reveal that information to the eventual buyer. “The owners still use the property and the extensive grounds for their country home,” she says, alluding to an 18th-century residence that is standing “with antiques and the like.”

In 1989, the chateau was bought and taken apart by hand by a master stonemason named Claude Lacoste, who Frew says relied on a chisel and his own strength. Lacoste bought the chateau intending to send its pieces to a Japanese buyer who planned to rebuild it as a clubhouse for a golf course. The deal fell through, and the pieces never left their warehouse south of Bordeaux until Frew and her team gained entry following the late-2020 sale.

As it turned out, the 1989 date of the purchase and disassembling was key, Frew says, allowing the chateau to bypass France’s strict patrimony laws passed in the early 1990s that forbid the export of this kind of structure in any form.

During the disassembly, Lacoste devised a system using letters and numbers to keep track of the pieces, labeling them in blue crayon. Frew and her team updated his system using digital technology, and have produced detailed diagrams. Hence, the garlanded keystones atop the chateau’s north facade doorway can be fit into place by using the signature “R99,” rather than the



Frew and her project manager, Cristiano Cerrone, in the Bordeaux warehouse where the 800 tons of limestone pieces are stored.



skills of a jigsaw-puzzle fanatic.

The harbor city of Bordeaux, from which centuries of winemakers have exported their vintages, boasts France’s greatest concentration of neoclassical 18th-century architecture. In subsequent decades, the region’s winemakers and landed gentry copied the style when creating showpiece chateaux meant to function as impressive calling cards for their wines, or just as family status symbols.

Marc Favreau, chief curator of the city of Bordeaux, says Frew’s chateau was built at a time of great prosperity for the region, when numerous grand chateaux were going up. Looking at photographs, he says Frew’s chateau is in a local style associated with the late-18th-century reign of Louis



Photos of the south, top, and north facades taken in the 1980s.

XVI. It draws its beauty from the region’s pale limestone and the restricted use of purely decorative motifs, he says of this variant on neoclassicism.

Frew’s chateau largely confines its decorations to the classical pediments, the rooftop and terrace balustrades, and areas below the window frames.

Relocating a mammoth historic structure embedded in the history and culture of Bordeaux to a U.S. site is something of a return to a past practice, says New York architect Peter Pennoyer.

The late-19-century variation on French classicism became a trademark of early-20th-century America, especially in New York City, under the name Beaux-Arts, in honor of the French training that was key in the career of American architects at the time, says Pennoyer.

New York’s Beaux-Arts monuments include Grand Central Terminal and the main branch of the New York Public Library. Pennoyer and Favreau cite the James B. Duke House off Fifth Avenue, a Manhattan Beaux-Arts landmark, as a relative of the Bordeaux chateau for sale.

Mr. Pennoyer, who specializes in classically minded residential projects, also was shown photos of Frew’s Bordeaux chateau. How might he go about turning it into a modern American home?

“If we were doing new rooms within a historic or salvaged shell,” he says, “we would want to make it inspired by that style but also make it feel American.”

While a French client might go all out in a new version of a historical interior, marked by elaborate paneling and stucco, he says, he would aim for something less ornate with less ornamentation. “I wouldn’t put gilding on the carved elements of that paneling,” he says, but would plan on adding paneling and moldings.

Frew believes a future chateau owner might need additional limestone to finish off the home. This could be used to expand exterior walls or add modern extensions, or even be incorporated into wholly new elements, such as a pool deck, fountains, terraces, walkways, stairwells and garden walls. The purchase price includes two containers of additional stone blocks from the building’s original Bordeaux quarry.

Pennoyer, who says he knows the city of Bordeaux well, says the local limestone is a remarkable building material. “You get a differentiation in the tone of the stones instead of it looking pure white,” he says. “This variety of the color is what’s beautiful—the way it reflects light.”

Should a future owner want even more stone, Pennoyer says they could source it from Indiana quarries, which send their limestone to clad Manhattan’s latest luxury residential projects. Frew, however, insists the French version is superior in its marbling and veining than U.S. variation.

Now that she is getting ready to part with her 800 tons of stones, how is she feeling?

“It will be great when it sells,” she says. “That poor chateau has been sitting there for 35 years. I saved it.”



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MANSION

Not the Best Time to Sell

Continued from page M1
and houses, in 1997 for an amount they declined to disclose.

Both had jobs in London. Johan Denekamp, 64, was in advertising. Lesley Denekamp, 62, worked for insurer Lloyd's of London. She walked to work—the docks are less than a mile from the City, London's financial district.

About 10 years ago the couple, both now retired, built themselves a country home in the county of Wiltshire. Unfortunately, driving through London's traffic to make the 100-mile trip made their journey unnecessarily long. They decided to relocate to West London and in 2018 moved into a new-build apartment in the Brentford neighborhood.

The couple then listed their townhouse for \$6.56 million. But during 2018, the property market was hit by Brexit-related jitters and they failed to find a buyer. They decided to wait, rented the house out and sat out Brexit. Then came the pandemic and they had to sit out that, too. They have now had enough of waiting and are trying again, despite a new challenge to the market: rising interest rates.

Between November 2021 and August 2023, the Bank of England hiked rates from 0.1% to 5.25%, although it did agree to hold rates steady at its most recent meetings in September and November. Data shows that the upper end of London's housing market appears to be bearing up well against rising mortgage costs.

According to Savills, average sale prices during the third quarter of 2023 in Prime Central London (PCL—defined as the neighborhoods encircling Hyde Park) dropped just 1.2% compared with the third quarter of 2022. They are 0.9% higher than in March 2020.

Across prime London, a wider area incorporating most central neighborhoods plus particularly affluent suburbs, such as St John's Wood and Hampstead, average sale prices during the third quarter of this year dropped 2.1% compared with the same period last year, said Savills. Prices are 3% higher than in March 2020.

But, like in U.S. markets, while prices are holding up reasonably well in central London, the number of deals being done is down.

Stuart Bailey, head of prime sales London at Knight Frank, said transaction levels in October 2023 were down 15% compared with the same month last year.

The reason is that buyers are out to bag a bargain, while many sellers are holding out for a great offer, said buying agent Jo Eccles, managing director of Eccord. "PCL is really resilient, a lot of people don't have any borrowing, and owners can afford to wait," she said. Buyers, meanwhile, want a good discount. "London is not a compelling investment at the moment," said Eccles.

Bailey said the performance of London's prime market can be split into three categories. The first is homes priced at \$3.75 million or less, a needs-based market of mainly domestic buyers. The second is the \$12.5 million-plus super-prime market, dominated by globally wealthy and risk-averse investor buyers. These two sectors, Bailey said, are still trading well.

The market between \$3.75 million and \$12.5 million is flagging. "This is a highly discretionary sector, and it is the bit which is being squeezed," he said.

Whatever the price bracket, Camilla Dell, managing partner of buying agency Black Brick, said



Sophia Lucie-Smith bought her Chelsea townhouse in 2020, but put it on the market in November because she intends to move to California, where her mother lives.



pound. "Favorable exchange rates have enhanced London's appeal for overseas investors," he said.

Turnkey homes are in particular demand among time-poor buyers, said Pitt. "This marks a change from prepandemic trends, likely driven by soaring construction costs and labor shortages," he said. "We expect this focus on minimizing renovation costs to intensify moving into 2024."

Sophia Lucie-Smith, 36, believes the fully refurbished four-bedroom, four-bathroom townhouse in the Chelsea neighborhood that she bought in 2020 (she declined to disclose the purchase price) and shares with her 8-year-old daughter, Petra, meets the best-in-class criteria.

She has decided to sell the property so she can spend some time living in California, where

15% LOWER sales volume in Oct. 2023 in Prime London compared with Oct. 2022

her mother lives. In November, she listed the property for \$9.9 million with Sotheby's International Realty. "I am conscious about the market but I think this is a really special house," said Lucie-Smith, a nutritionist. "There is not a huge amount of good stuff on the market."

The other homes that trade well are those that look like good value for money. "Buyers want a discount," said Eccles. "To sell a home which is not so special you have to be bold on pricing, and if you are, then you will get interest and buyers may then bid the price back up."

Sensible pricing is the Denekamps' strategy. Their home's asking price breaks down as \$1,315 per square foot. Denekamp said he has seen other homes around the docks achieve \$1,749 to \$1,875 per square foot in recent months.

"I think it is at the cheap end of sensible," said Denekamp. "We don't want to sit and wait and talk about the five million pounds we could have got for it five years ago. We don't have any children to leave it to, and we could wait 10 years for the market to change."



While prices are holding up reasonably well in central London in fashionable neighborhoods such as Chelsea and Belgravia, the number of deals being done has dropped significantly over the past year.

that homes she describes as "best in class" still attract multiple bidders. These, she said, are properties on sought-after streets and garden squares, in immaculate condition, with great views and good light. "They are properties which are without compromise," she said. "They rarely come up for sale and are always competitive."

Will Pitt, senior director at U.K. Sotheby's International Realty, has seen the same trend, with American buyers in particular eager to take advantage of the weak



Lesley and Johan Denekamp have been attempting to sell their home, on and off, since 2018. They tired of waiting for the market to strengthen and listed it again in September.



List price: \$5 million

MANSION

10%

Percentage of home sellers moving to be closer to their offices



Rocky Creek Ranch, Texas
List price: \$1.75 million

THE MARKET

The Return-to-Work Sale

Homeowners are listing their properties as companies shift back to in-person work

By **LIBERTINA BRANDT**

After three years of living in her dream home in a Texas community called Rocky Creek Ranch, Donna Rutter is giving it up to move closer to the accounting firm she bought in the nearby city of Fort Worth.

Rutter spent most of her 30-year career as a CPA for large firms in Dallas and Fort Worth. Even before Covid, she had a work style that allowed her some flexibility. She didn't have a central office she went to every day, but she had clients she traveled to visit on site. That schedule allowed her to build a home in Rocky Creek, about 20 minutes from downtown Fort Worth.

Then the pandemic hit and she gave up travel and went fully remote. Now, with the pandemic-influenced lifestyle waning and the importance of being in the office growing, she has been drawn back into the workplace but for different reasons. In 2021, she bought her own firm, re-

named Donna R Rutter CPA PC, and started working from her desk each week.

"Small businesses weren't really set up to work remotely," said Rutter, 59. "My clients want me in the office. They want to meet with me."

The only problem, she said, was that her office is near central Fort Worth, making her commute about 45 minutes each way. She decided that is too long, and is moving closer to her new business. Her roughly 11-acre ranchette is now on the market for \$1.75 million.

Rutter is just one of many homeowners making the decision to relocate closer to work.

According to a September report by Redfin, about 10% of home sellers in the U.S. are looking to move because of return-to-work policies.

Average office attendance last week was 50.5% of the prepandemic level in February 2020 across 10 major U.S. cities, including New York and San Francisco, according to Kastle, which tracks security-badge

swipes into the buildings they secure.

In May and June, Redfin's study surveyed more than 600 people across the country who were likely to sell and move within the next year, according to chief economist Daryl Fairweather. The findings follow more than a year of announcements from major corporations—including Apple, Walt Disney, Google and Tesla—calling remote employees back to the office.

In Seattle, real-estate agent David Palmer of Redfin said that so far this year, he has received about 10% more inquiries than in 2022 from clients looking to relocate closer to the city because their jobs require a hybrid work schedule.

"I have a buyer who moved out of the city during the pandemic. He now works for Google and, long story short, he needs to commute three days a week and it's about a two-hour commute each way," he said. "So he's actively looking to buy something." Palmer's client didn't respond to a request for an interview.

Google announced it will consider office attendance records in performance reviews, The Wall Street Journal reported in June.

Austin-based real-estate agent Matt Holm of Compass said that since Elon Musk called his employees back to the office, he has had several clients looking to move to the city to work

for, or with, Tesla, where the company is headquartered.

Last year, Musk told Tesla employees they are required to spend at least 40 hours a week in company offices, The Wall Street Journal reported. He sent the same message to employees of his rocket company, Space Exploration

Technologies Corp., or SpaceX, which also operates in Texas.

Finding affordable housing in Austin for some of the incoming workers can be tough, Holm said. Those who can't, often settle down in nearby markets, such as San Antonio and Killeen, because they are cheaper, he said. In October, the median sale price in Austin was about \$444,000, down 6.5% from October 2022, Redfin said.

But for the employees who can afford Austin prices, Holm added, the demand has been a welcome boost to the housing market, which has seen slowed sales due to rising interest rates. On average, homes in Austin are sitting on the market for 63 days, Redfin stated, up from 53 days during the same period in 2022.

Rutter and her husband, Steve Lewis, 61, built their roughly 4,000-square-foot ranchette in late 2019. They outfitted it with vaulted ceilings, a heated saltwater pool, a dog shower and an outdoor kitchen, among other features.

While the home they have bought closer to the city is just 20 minutes from her office, it is about 1,000 square feet smaller and sits on about a third of an acre. She declined to disclose the purchase price.

"We don't have as much room," she said, but added she is excited for a change and a shorter commute.

The couple's ranchette is garnering interest from potential buyers, according to their listing agent, John Giordano of Compass.

Rocky Creek Ranch is a desirable area because of the steady demand for ranchettes and because of its proximity to downtown Fort Worth, he said, adding that homes there rarely come up for sale.

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REALTY PRO SHOTS (3)

MANSION



IN THE TRENCHES | ROBYN A. FRIEDMAN

The Weird Things Sellers Leave Behind

Q What's the strangest thing a seller has ever left behind after closing?

MARY ARONOFF
Real-estate agent, Douglas Elliman Real Estate, San Diego, Calif.

In 2014, I was working with some buyers who wanted to live on a working farm off the grid. I found them the perfect home on 6.8 acres of land in the Cleveland National Forest in Descanso, about 45 minutes east of San Diego. There was a three-bedroom house, along with a horse corral, animal pens and views

of undeveloped wilderness areas. The sellers had 16 horses, 25 chickens, three goats, a huge potbellied pig and a Russian boar named Kevin. I had never seen a Russian boar before, but Kevin weighed about 500 pounds, had tusks and was aggressive. The sellers told us to stay away from him, and I kept my distance. As we got closer to closing, the sellers were panicking because Kevin had escaped his pen and was running loose on the prop-

erty. While they were able to relocate all the other animals, despite their best efforts the elusive Kevin could not be caught and was still on the property when my clients took possession. You have to realize that not only was he aggressive, but he was digging up all the plants and roots and destroying the gardens. What did my client do? Well, he was a professional—an engineer—but he was also an outdoorsy type, a hunter with the nec-

essary skills for living off-grid. Let's just say that at the housewarming party, they had pork.

ABBY NELSON
Real-estate agent, Re/Max 200 Realty, Winter Park, Fla.

I was the transaction broker for the sale of a traditional Florida ranch-style home that closed for \$600,000 in June 2023. It was nicely renovated and had four bedrooms, three baths, a great room with a vaulted ceiling and beams and a spacious laundry room with a sink, counter and cabinets. It was on the golf course in a nice quiet neighborhood. Since the sellers remained in occupancy after the closing, we actually did two walk-throughs—one right before the closing and the other when the sellers moved out. During that second walk-through, I saw something on top of one of the cabinets in the laundry room, but I'm not that tall so I couldn't tell what it was. My client climbed up on the counter and then said, 'You're kidding me.' The next thing I know, he grabbed

a rifle off the top of the cabinet, swung it around and was pointing it right at me. I thought it was an assault rifle. It didn't have the orange tip on it that an imitation gun would have had, and it was very realistic-looking. But it turned out to be an Airsoft gun that shoots plastic pellets. Believing it was real, my buyers wanted it out of the house immediately. We didn't learn it wasn't real until I called the sellers to tell them they left something behind.

SHEILA TRICHTER
Broker, Coldwell Banker Warburg, New York City

Seven years ago, I represented the seller of a one-bedroom apartment on the Upper East Side that eventually sold for \$1.25 million. I had previously sold that apartment to the seller, and at the time he bought it he had an adorable rescue dog named Dude, whom he adored. When I did the walk-through with the buyer prior to closing, we found a beautiful blue urn, with gold and silver leafing, on the mantle. It contained Dude's ashes. I called the seller, and he said he had no idea why the movers didn't take it. He asked me and the buyer if we wanted it, but neither of us wanted the dog's ashes. I told him I would take it and store it in my desk until he picked it up. Every year or so, I would call him about the urn. At one point, he told me he wanted to hire a boat and bury Dude at sea. I told him I would hold the urn until he was ready. But, in early 2023, we were told that our office was being renovated and that I had to empty my desk. I took a lot of stuff home, but I didn't want to take Dude. So, I called the seller again and told him he needed to pick up the ashes. He agreed to come, but just couldn't get to me, so he told me to dispose of Dude and say a little prayer. This past June, we got a message telling us that anything we left behind in our desks would be discarded, so I bit the bullet and left Dude in the desk and whatever they did with him, they did with him. Rest in peace, Dude.

—Edited from interviews



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PRIVATE PROPERTIES

You Can Own a Private Island in San Francisco Bay

Tech billionaires, take notice: The only private island in San Francisco Bay is coming on the market for \$25 million.

Red Rock Island is a vacant, domed land mass spanning about 6 acres near the Richmond-San Rafael Bridge north of San Francisco.

"You could put a big beautiful house on top," said Brock Durning, whose family has owned the island for decades.

Accessible by boat or helicopter, the island is a local landmark, according to listing agent Chris Lim of Christie's International Real Estate. It is zoned for residential use, he said, but it is unclear how many homes could be built on the island.

Over the years, the island has unofficially been for sale, with asking prices ranging from \$5 million to \$22 million, but Durning said this is the first time it is officially being offered on the local multiple listing service.

In the past, there have been attempts to conserve the island, as well as to develop it into a hotel, marina or residence. Durning said

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6 acres, trails, beach



The island is near the Richmond-San Rafael Bridge.

at one point, there were proposals to remove rock from the top of the island and use it for highway construction.

"Nothing came to fruition," he

said.

Durning said his late father was granted ownership of the island by his business partner David Glickman, who had purchased

the vacant island for just under \$50,000 in the 1960s.

There is a sandy beach on the east side of the island, and a rockier shoreline on the south

and west. Trails lead to the grassy top of the island, Lim said, and there are rubberized piers on one side of the island.

Durning said when he was growing up in nearby San Leandro in the East Bay, his family used Red Rock Island for camping, hiking and fishing.

Durning, a retired trucking-company owner, inherited the island when his father died in 2012. He hasn't been back in years because he lives in Alaska. He said he has decided to sell so that he will have the finances to take care of his mother as she ages.

The buyer will likely either preserve the island's natural state or finally build something on it, Lim said. The island doesn't have electricity or running water, he said, but noted that desalination, solar-panel and satellite systems are used on other private islands.

However, developing the island would come with a host of challenges, including the logistics of bringing construction materials to an island and complying with San Francisco Bay Conservation and Development Commission regulations.

—E.B. Solomont

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MANSION

HOUSE CALL | BARRY SANDERS

His Path to Exceptional ‘Was an Evolution’

The former Detroit Lion and ‘Bye Bye Barry’ star on discovering his talent, his breakout year at Oklahoma State and his dad’s best piece of advice

Running fast was never a problem growing up. I could start fast and pick up speed as I ran. At fairs at the end of the school year, I raced to win first-place ribbons.

When I ran to escape from kids, either while fooling around or in pickup football games, I was able to measure up who was coming for me and where they’d be in two or three steps. Then I’d do something different, like spin around or run in-between them to break away.

We lived in Wichita, Kan., in a one-level, three-bedroom gray house with white trim that my father later painted evergreen with light-green trim. Even though there were 11 kids, it never felt crowded. I shared a room with my two older brothers, Byron and Boyd. We each had our own bed. The girls were crowded in their room.

My father, William, first worked in a local meat-packing plant. The conditions weren’t great and neither was the pay. When I was around 8, he left to work for himself as a roofer, carpenter and handyman.

He worked hard to figure out how to do jobs perfectly by minding the details. He only knew one way. When we finally got our first phone, I was in the sixth grade. Calls came in constantly from neighbors and the local golf course to hire him.

My mother, Shirley, managed the house, but it wouldn’t be fair to call her a homemaker. She had her nursing degree and worked the final shift several days a week at a nearby senior facility. She worked as hard as my dad.

Dad and Mom frowned on complaining, bragging and not doing your very best. Looking out for us



Barry Sanders in London in August, above, and, left on far left, with his siblings and his parents, William and Shirley, top row center, in 1991.

every Sunday. My father didn’t go, but she felt church was where kids should be, not on the street.

I was a diligent student. In high school, I had a 3.0 average and was focused on sports. Byron was a tailback, and I followed playing football in my sophomore year. But I didn’t start as a running back until my junior year, when the person who had the position was suspended. In my first game, I ran for 274 yards and scored four touchdowns.

At some point in high school, I worked toward being exceptional. It was an evolution. I pushed my-

self, running stairs in the empty stands of North High’s football field and working out with weights. Finding ways to be better, stronger and faster was key.

College was possible only on a football scholarship. I was just 5-foot-8, so I received only four offers. None came from my father’s favorite school and team—the University of Oklahoma’s Sooners. I went with Oklahoma State. In my junior year, in 1988, I rushed for 2,628 yards with 37 touchdowns.

I was a junior when the Detroit Lions drafted me. I was excited, even though I’d never been to the

city.

In 1999, after 10 seasons, I decided to retire. I’d had enough. It was sudden and took everyone by surprise. I faxed in my resignation letter and left for London.

Today, I live outside of Detroit in a three-bedroom condo on a golf course. I love it. I moved here in 2017 to be close to my three sons, Noah, Nicholas and Nigel, who were minors then and living with their mom.

My father died in 2011. Today, I have his 1972 beige Chevy Silverado. It’s just parked at my mom’s house in Kansas. It reminds me of him when I visit.

—As told to Marc Myers

Barry Sanders, 55, a Heisman Trophy winner, played for the Detroit Lions as a running back for 10 seasons and is the No. 4 rushing leader in NFL history. He is the subject of the documentary “Bye Bye Barry,” now on Prime Video.

BARRY’S RECAP

Looking back? I sometimes think about what my career might have been like if I’d been drafted by a team like the Oakland Raiders.

How so? My efforts would have supported a Super Bowl team. But things happen for a reason.

Meaning? I wound up loving Detroit. Detroit is an industrial city, but it’s also a small town.

Best dad advice? “If you get the character things right, everything else falls into place.” I try to live by that one, and I make sure my sons understand it, too.

PETE BANKS/PRIME; BARRY SANDERS (FAMILY PHOTO)

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Old Marsh Golf Club | 13361 Marsh Landing | Palm Beach Gardens | \$8,985,000 | 6 BR, 8.5 BA Approx. 12,728sf | **Web# RX-10892879**

Proven leaders in the luxury real estate industry, The Bretzlaff Group is led by married business partners Craig and Heather Bretzlaff who specialize in luxury residential properties from Palm Beach to Jupiter Island, including golf and country club communities, waterfront estates, new construction, and land development. Connect with The Bretzlaff Group today to start a conversation on how they can help you . . . **turning what you love into where you live!**



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Over \$1 Billion in Career Sales*

#1 Douglas Elliman Jupiter Team in 2022*

2022 Douglas Elliman Ellie Pinnacle Award Winner
Top 3% Agents of Douglas Elliman Agents Nationwide 2022**

#15 Team GCI Douglas Elliman, Florida 2022**

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