

THE WALL STREET JOURNAL.

What's News

Business & Finance

- ◆ **Binance CEO** Changpeng Zhao stepped down and pleaded guilty to violating criminal U.S. anti-money-laundering requirements, in a deal that might preserve the cryptocurrency exchange's ability to continue operating, according to court documents. **A1**
- ◆ **A labor group** is seeking representation on the Starbucks board, ratcheting up pressure in a battle between the coffee giant and its workers over pay and working conditions. **A1**
- ◆ **Fed officials** were unwilling to conclude that they were done raising interest rates when they decided earlier this month to extend a pause in rate increases, minutes show. **A2**
- ◆ **Nvidia reported** another quarter of record sales and gave a strong revenue outlook, pointing to red-hot demand for chips that underpin the artificial-intelligence boom. **B1**
- ◆ **Blackstone is in** advanced talks to buy Civica in a deal valuing the U.K.-based software developer at close to \$2.5 billion including debt, according to people familiar with the matter. **B4**
- ◆ **Major U.S. stock** indexes fell, with the S&P 500 and Dow industrials both retreating 0.2% and the Nasdaq declining 0.6%. **B10**
- ◆ **Ford is moving** forward on construction of a battery plant in Michigan but at a reduced size from original plans, citing a pullback in the outlook for future electric-vehicle demand. **B3**

World-Wide

- ◆ **Israel said** it agreed to a deal with Hamas to free 50 civilian hostages held by militants in Gaza in return for the release of Palestinian prisoners from Israeli jails and a series of pauses in fighting. The deal capped weeks of painstaking negotiations brokered by Qatar, Egypt and the U.S. **A1**
- ◆ **Many Israelis** who live near the border with Lebanon say their military shouldn't end the fighting without assuring them that Hezbollah can't attack them the way Hamas attacked Israelis in the south. **A6**
- ◆ **The IRS delayed** a new requirement affecting people who sell things on eBay, resell concert tickets, and use payment processors such as Venmo. **A5**
- ◆ **The U.S. fears Iran** is preparing to provide Russia with advanced short-range ballistic missiles for its military campaign in Ukraine, U.S. officials said. **A9**
- ◆ **North Korea said** it had launched a homegrown spy satellite into orbit, a much-anticipated attempt after a pair of failed tries earlier this year. **A7**
- ◆ **The family and** employer of a Russian-U.S. citizen held by Moscow are pressing for the State Department to determine that she is wrongfully detained. **A9**
- ◆ **Germany froze** public spending for the rest of the year after a court found the government's spending plans were unconstitutional. **A7**

NOTICE TO READERS

WSJ.com and WSJ mobile apps will publish throughout the Thanksgiving holiday. The print edition won't appear Thursday.

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Israel, Hamas Reach Deal on Hostages

Militants to free 50 civilians in swap for Palestinian prisoners, pauses in fighting

By Summer Said, Dov Lieber and Jared Malsin

Israel said it agreed to a deal with Hamas to free 50 civilian hostages held by militants in Gaza in return for the release of Palestinian prisoners from Israeli jails and a series of pauses in fighting. The Israeli cabinet ap-

proved the deal after a long deliberation that started Tuesday and went into the early morning hours of Wednesday in Jerusalem. It capped weeks of painstaking negotiations brokered by Qatar, Egypt and the U.S., marking the first major diplomatic breakthrough since the war began on Oct. 7.

Hamas confirmed the deal in a statement.

"I am extraordinarily gratified that some of these brave souls, who have endured weeks of captivity and an unspeakable ordeal, will be reunited with their families once this deal is fully implemented," President Biden said. "It is important that all aspects of this deal be fully implemented."

The deal will be carried out in two phases. In the first phase, 30 children, eight

mothers and 12 other women will be released over a period of four days. The first hostages could be freed as early as Thursday, people familiar with the deal said.

In exchange, Israel will release 150 Palestinian women and minors held in Israeli prisons, and there will be a pause in fighting over the entire Gaza Strip. Israel has also agreed to forgo any drone surveillance in northern Gaza for six hours, the people said.

In the second phase, up to 30 hostages would be released over a three-day period. In that phase, non-Israeli hostages could be freed, the people said.

The starting time of the pause in fighting "will be announced within the next 24 hours" and the pause will "last for four days, subject to extension," Qatar's foreign minister said. *Please turn to page A6*

◆ **Israelis in north** want Hezbollah neutralized..... **A6**



Binance CEO Changpeng Zhao leaves federal court in Seattle on Tuesday after his guilty plea.

Binance's Chief Admits Violating Laundering Law

The chief executive of Binance, the largest global cryptocurrency exchange, stepped down and pleaded guilty to violating criminal U.S. anti-

By Dave Michaels, Patricia Kowmann, Vivian Salama and Caitlin Ostroff

money-laundering requirements, in a deal that might preserve the company's ability to continue operating, according to court documents.

Changpeng Zhao appeared in federal court in Seattle on Tuesday and entered his plea, according to court records. Prosecutors accused Binance, which Zhao owns, of facilitating transactions with sanctioned groups. Binance encouraged U.S. users to obscure their location so the firm could avoid complying with U.S. anti-money-laundering laws, prosecutors said.

Binance pleaded guilty and agreed to pay fines totaling \$4.3 billion, which includes amounts to settle civil allegations made by regulators.

Zhao has agreed to pay a criminal fine of \$50 million, although that amount might be reduced based on separate civil penalties he has agreed to pay, court records show.

"I made mistakes, and I must take responsibility," Zhao wrote on X, formerly Twitter. "This is best for our community, for Binance, and for myself."

Binance Coin, the exchange's native token, fell 5.3% from its value a day earlier to \$242, according to CoinDesk data. Bitcoin, the largest cryptocurrency, was down 1.5% over the same period.

The deal ends long-running investigations of Binance. Zhao founded the firm in 2017 and turned it into the *Please turn to page A2*

Labor Group Bids To Join Starbucks Boardroom

By Lauren Thomas and Cara Lombardo

A labor group is seeking representation on the Starbucks board, ratcheting up pressure in a battle between the coffee giant and its workers over pay and working conditions.

The Strategic Organizing Center—a coalition of labor unions including the Service Employees International Union that owns a small Starbucks stake—is seeking to address what it views as a failure by the board to oversee the company's treatment of its workers.

The group has nominated three director candidates, according to people familiar with the matter, kicking off what is sure to be one of the most closely watched proxy battles in 2024.

The window for shareholders to nominate candidates to be voted on at Starbucks's next annual meeting opened Oct. 25 and runs through this Friday, according to proxy materials.

Like most boardroom fights at large corporations, the success of this one will likely hinge on who can win the support of the big index funds and proxy advisers.

During the past two years, about 360 of the company's 9,380 U.S. cafes have voted to join the Starbucks Workers United union, an affiliate of the SEIU. Starbucks has resisted those efforts, and Starbucks Workers United has filed more than 600 complaints against the company with the National Labor Relations Board.

Starbucks has vowed to spend \$1 billion on higher wages and expanded benefits for baristas, and on Monday it said it formed a board committee focused on complying *Please turn to page A5*

Inside the Drama Unfolding at OpenAI

Altman firing reflects fight over future of artificial intelligence

Sam Altman was in Las Vegas for the biggest party of the weekend, the Formula One race, when he opened the

By Keach Hagey, Deepa Seetharaman and Berber Jin

Google Meet link that would set off a whirlwind-inducing corporate power struggle about the future of artificial intelligence.

In the moments before he clicked on

the link in his hotel room, the 38-year-old CEO was living a charmed life. Ever since his company, OpenAI, ushered in the AI age a year ago with the release of ChatGPT, Altman had been jet setting around the world meeting with presidents and prime ministers, shaping the global agenda on AI policy. And he was nearing a fundraising that would value OpenAI at nearly \$90 billion, almost triple what it had been earlier in the year.

At noon, he logged on to find the company's board—except, ominously,

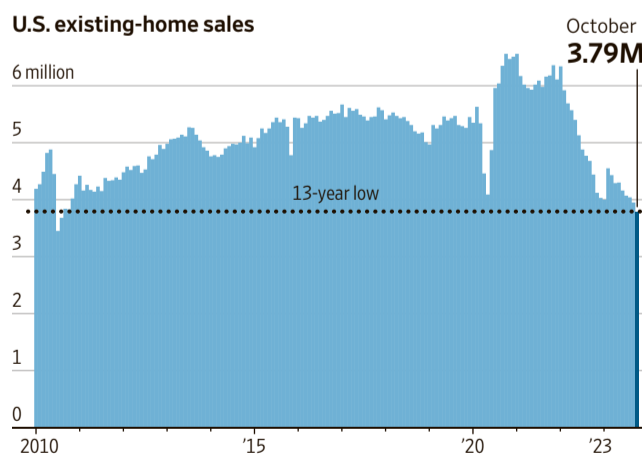
his closest ally and co-founder, Greg Brockman—peering back at him. Ilya Sutskever, the brilliant, eccentric AI researcher whose hiring eight years ago had put OpenAI on the map, informed Altman that he was being fired and that the news would be announced soon. No explanation was given.

And then, shortly after the little boxes blinked closed, Altman was *Please turn to page A10*

◆ **Sutskever's role** in Altman firing... **A10**

October Home Sales Fell 4.1%

Existing-home sales fell 4.1% in October from the prior month to the lowest seasonally adjusted annual rate in 13 years. **A3**



Note: Seasonally adjusted at an annual rate; October 2023 is preliminary. Source: National Association of Realtors

Russian Offensive Strains Ukraine's Diminished Army

By Marcus Walker

BERDYCHI, Ukraine—Every day, groups of Russian infantry attack the tree lines and pockmarked fields east of this village, which block their push to surround the city of Avdiivka. Every day, Ukrainian troops cut most of them down.

But more Russians keep coming. Depleted Ukrainian units can't shoot them all.

"Step by step, they take our positions," said Lt. Oleksandr Shyrshyn, deputy commander of an understrength battalion of Ukraine's 47th Mechanized Brigade that is defending a kilometer-long stretch of the front.

The Russian army is accepting heavy casualties as the price of inching forward. For weeks, it has thrown tens of thousands of troops at Avdiivka, a shell-scarred industrial city in the Donetsk region of eastern Ukraine. Russia's effort to encircle the town has become this fall's biggest battle in President Vladimir Putin's war to subjugate Ukraine.

Capturing Avdiivka could open up further local advances for Russia in Donetsk. It would also be a propaganda win for Putin, allowing him to

claim that momentum in the war is back with Moscow.

This summer, Ukraine had hoped to take back swaths of the nearly 20% of the country Russia occupies. But Russia's well-fortified lines mostly held firm. Ukraine pounded Russian troops and logistics but used up several brigades and much Western-supplied ammunition without achieving the territorial breakthrough it wanted.

Even before Ukraine's offensive wound down, Russia gathered reserves for its own push on the eastern front.

The battle for Avdiivka could mark the beginning of many months on the defensive for Ukraine. With the U.S. in the grip of partisan political paralysis and Europe struggling to boost military production, the uncertain supply of Western ammunition limits what Kyiv's army can now attempt. Meanwhile, Moscow smells weakness.

Russia's first attacks on Av-

Please turn to page A9

◆ **U.S. warns Iran** plans to send missiles to Moscow..... **A9**

◆ **Special status** sought for Russia-held journalist..... **A9**

Your Thanksgiving Alligator Is Ready for Pickup

Why be a boar? More hosts opt for exotic meats this holiday; 'a bear Manwich.'

By Charles Passy

Like countless Americans, Kimberly Darling celebrates Thanksgiving with a bountiful, home-cooked feast. Her take on the holiday has a swampy twist: She forgoes the familiar turkey in favor of an alligator she traps

on one of her many hunting expeditions, then she brines, smokes and wraps it in bacon before serving her guests.

"People walk in and they're like, 'Oh, my God, that's a literal alligator. What did we sign up for?'" she says. *Please turn to page A4*

U.S. NEWS

Fed Awaits Evidence Before Shift on Rates

By NICK TIMIRAO

Federal Reserve officials were unwilling to conclude they were done raising interest rates when they decided earlier this month to extend a pause in rate increases.

But minutes of their most recent policy meeting suggested they might be comfortable holding rates steady for at least the rest of the year.

"All participants agreed that the committee was in a position to proceed carefully," said the minutes of the Oct. 31-Nov. 1 meeting released on Tuesday. "Participants ex-

pected that the data arriving in coming months would help clarify the extent to which" a slowdown in inflation was continuing amid higher borrowing costs, the minutes said.

Since officials last met, none have made a strong case to lift rates at their next meeting, Dec. 12-13, even though several have said it was too soon to change their view that another rate increase is more likely than a rate cut.

The minutes said officials then generally saw the risks of raising rates too much versus raising them too little as bet-

ter balanced than earlier this year. They continued to see risks of higher-than-expected inflation and lower-than-expected growth, the minutes said.

Officials most recently raised their benchmark federal-funds rate in July to a range between 5.25% and 5.5%, a 22-year high. They began lifting rates from near zero in March 2022 to combat inflation that soared to its highest level in four decades.

A run-up in long-term Treasury yields from around 4% in early August accelerated after officials met in mid-Septem-

ber, with the yield on the 10-year note briefly hitting 5% in October. The yield has since retreated to about 4.4% after signs that growth, hiring, and inflation are cooling.

Economic projections released at the September meeting showed most officials had penciled in one more rate increase this year.

While the minutes showed officials are still focused on whether they have raised rates to levels that will slow the economy enough to keep inflation heading lower, market participants are looking ahead to when the central bank will

be in a position to lower rates next year because of signs that inflation is heading back to the Fed's 2% target.

Investors in interest-rate futures markets expect the Fed to hold rates steady in December and through the first quarter of 2024. They see a nearly 60% chance that the Fed cuts rates in May, according to CME Group.

Since officials last met, the economy has grown steadily, but more slowly than the rapid 4.9% annual rate recorded during the July-to-September period.

Wage growth and inflation

have also slowed. Consumer prices overall were flat last month, according to the Labor Department. So-called core prices, which exclude volatile food and energy items, rose 3.2% from April to October at a seasonally adjusted annualized rate. That is down from 4.8% over the previous six-month period.

The minutes said officials needed to see more evidence to "be confident that inflation is clearly on a path" to the Fed's 2% target, which is calculated using a separate inflation gauge from the Commerce Department.

Interest Payments Are Walloping Government Budgets

The world spent the past decade-plus taking advantage of rock-bottom interest rates to binge on debt. An unprecedented bill is coming due.

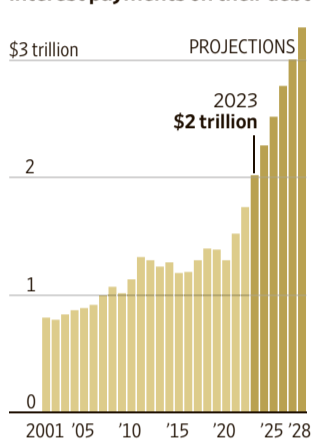
By Chelsey Dulaney, Andrew Duehren and Peter Santilli

Governments are expected to spend a net \$2 trillion paying interest on their debt this year as higher interest rates make borrowing more expensive, up more than 10% from 2022, according to an analysis of International Monetary Fund data by research consulting firm Teal Insights and a separate analysis by Fitch Ratings. By 2027, it could top \$3 trillion, Teal Insights says.

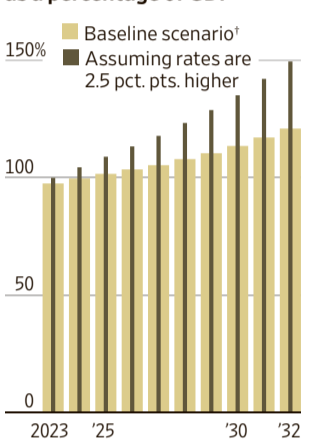
The surge in interest costs leaves governments with difficult choices. As debt servicing takes up more revenue, politicians face unpopular decisions to raise taxes, cut spending or keep running deficits that will add to interest costs. That comes as they face higher military spending amid escalating geopolitical uncertainty, as well as the costs of responding to extreme and costly weather events and caring for rapidly aging populations.

In the developing world, trade-offs are even starker—between paying debt and making other necessary payments, such as for public servants' salaries or for imports such as wheat and fuel. Governments' interest costs are only one part of the world's growing debt burden. That doesn't include the cost of repaying bonds that are maturing or interest owed by consumers and companies on their debt.

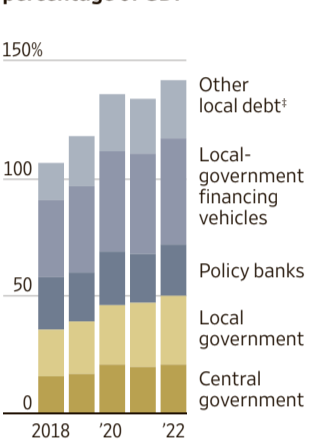
World governments' annual net interest payments on their debt*



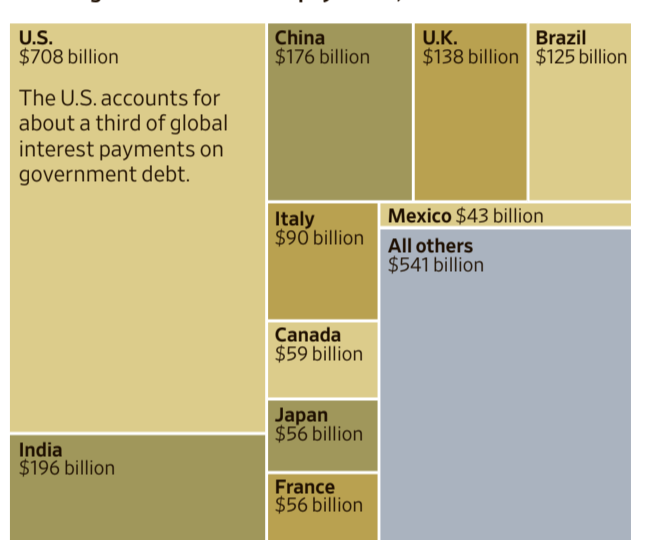
Projected U.S. federal debt as a percentage of GDP



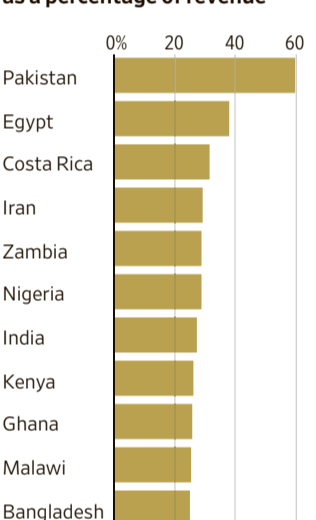
China's government debt, percentage of GDP



General government interest payments, 2023



Government interest payments as a percentage of revenue**



*Data cover general (central, local and state) government. †The baseline interest rate forecast is the Social Security Administration's expected return on the special-issue Treasury securities in its trust fund, which tracks the portfolio of Treasury securities overall. The data has been annualized. **Other local borrowing includes implicit debt incurred by institutions such as schools and hospitals. **Data cover general government. Sources: Teal Insights analysis of International Monetary Fund data (net interest on debt, interest payments as a percentage of revenue); Penn-Wharton Budget Model (projected U.S. federal debt); Rhodium Group (China's debt); Fitch Ratings (general government interest)

The surge in debt costs is particularly pronounced in the U.S., the largest economy in the world and the one with

the most debt. The U.S. federal government spent a record \$659 billion on net interest payments last fiscal year,

according to the Treasury Department. At 2.45% of gross domestic product, net interest payments were the high-

est share of the economy since 1998, according to Treasury.

Net interest is already one of the most costly government expenses, behind spending on the military and entitlement programs such as Medicare and Social Security. Over time, the Congressional Budget Office expects that net interest could become the single largest government expense.

While the U.S. is expected to account for a third of all government debt interest paid this year, the problem of rising costs plagues many countries. And much of the world is experiencing more economic fallout than the U.S.

China's economy is struggling under a mountain of debt taken on by local governments and property developers to fuel the country's infrastructure push.

Much of China's government borrowing is done by local authorities and is off balance sheet, making it hard to track. Analysts estimate that so-called local government financing vehicles, or LGFVs, have accumulated more than \$9 trillion in debt—equal to roughly half of China's GDP.

"Ultimately the secret to resolving debt is not a secret at all: It's a political process of allocating losses," said Michael Pettis, a professor of finance at Peking University's Guanghua School of Management. "The bad news is that the typical losers are those most politically vulnerable: households."

In Europe, concerns remain over heavily indebted countries such as Italy, but overall debt levels are forecast to

ease in the coming years. European Union rules requiring that members limit budget deficits to 3% of GDP and debt-to-GDP to 60% are expected to kick back in next year, even as countries increase military spending in the wake of Russia's invasion of Ukraine. Those rules were suspended through the pandemic and energy crisis.

Investors have grown sensitive to governments' spending plans. Proposals from administrations in Italy and the U.K. for tax cuts have fueled market volatility.

In poorer countries, policy makers are already choosing between spending on citizens and crucial imports or paying debt. Lesejta Kganayo, governor of South Africa's central bank, said last month that his country now spends more paying debt interest than it does on health. "It looks like it might soon be the case with education, too," he said.

About a dozen countries this year are expected to spend a quarter or more of their revenue paying interest on government debt, according to Teal Insights' analysis of the IMF's forecasts. For most developed markets, that ratio is below 10%.

"We have this smoldering development crisis," Teal Emery, founder of Teal Insights, said. "Every dollar that's going to pay debt service is not a dollar that's going to help education, to building infrastructure that will create growth. You see increases in poverty."

—Rebecca Feng and Eric Sylvers contributed to this article.

CORRECTIONS & AMPLIFICATIONS

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Binance's Founder Steps Down

Continued from Page One

most important hub of the global crypto market. The criminal probe, in particular, has shadowed the company even as its market share initially grew after the collapse last year of FTX, one of its main offshore competitors.

In a statement, Binance acknowledged that in the past it lacked needed compliance controls but that the settlement marked its taking responsibility for that past.

Executives have recently fled Binance, and the exchange has laid off a chunk of its employees this year as the company struggled to come to terms with the U.S. probes.

Binance knew in 2018 that it had millions of U.S. users, but didn't set up a program to detect money laundering or violations of sanctions laws, according to prosecutors. As a result, Binance processed trades valued at \$899 million between Americans and users believed to be in Iran between January 2018 and May 2022, prosecutors said.

Zhao knew he had a lot of U.S. customers, writing in a September 2019 chat that it was "better to ask forgiveness than permission" for amassing so many U.S. users despite laws that appeared to forbid it, according to prosecutors.

"Using new technology to break the law does not make you a disrupter. It makes you a criminal," Attorney General Merrick Garland said.

The deal allows Zhao to re-

tain his majority ownership of Binance, although he won't be able to have an executive role at the company. Justice Department officials later said Zhao isn't eligible to return.

Zhao faces a maximum prison sentence of 18 months under federal sentencing guidelines.

The outcome resembles that of a case prosecutors brought against the executives of BitMEX, an exchange for trading crypto derivatives that was based in the Seychelles. Its former chief executive, Arthur Hayes, pleaded guilty to violating anti-money-laundering law and was later sentenced to two years of probation, avoiding a possible prison term of six to 12 months.

Striking a deal between the Justice Department and Binance had been elusive for months, people familiar with the matter said. Zhao recently hired a new lead attorney,

William A. Burck of Quinn Emanuel Urquhart & Sullivan, to represent him before the Justice Department. Gibson Dunn & Crutcher has represented Binance.

The deal announced Tuesday doesn't include a settlement with the Securities and Exchange Commission, which sued Binance and Zhao in June and alleged it violated U.S. investor-protection laws, the people said.

Major crypto exchanges such as Binance have decided to litigate with the SEC, believing they can show cryptocurrencies don't qualify as the kinds of investments overseen by the regulator.

The Justice Department's investigation looked at Binance's program to detect and prevent money laundering and whether it allowed individuals in sanctioned countries, such as Iran and Russia, to trade with

Americans on the exchange, The Wall Street Journal reported.

A separate agreement resolves a civil lawsuit filed against Binance and Zhao earlier this year by the Commodity Futures Trading Commission, one of the U.S. regulators that have tried to police the freewheeling global market, the people said. The \$4.3 billion that Binance must pay includes amounts to address the CFTC's claims and those leveled by agencies of the Treasury Department.

The CFTC claimed that Binance for years didn't have a program to prevent and detect terrorist financing and money laundering.

It said Binance gave Americans access to derivatives such as futures or swaps that can be traded in the U.S. only if they are offered on regulated platforms. Binance never registered with U.S. regulators,

making its risky leveraged products off-limits to American traders, the CFTC said.

"Any institution, wherever located, that wants to reap the benefits of the U.S. financial system must also play by the rules that keep us all safe from terrorists, foreign adversaries and crime, or face the consequences," Treasury Secretary Janet Yellen said.

Binance was founded in Shanghai, but Zhao resides in the United Arab Emirates and had curtailed his travel this year. The U.A.E. doesn't have a mutual extradition treaty with the U.S.

—Ian Talley contributed to this article.



Attorney General Merrick Garland, Treasury Secretary Janet Yellen and Deputy Attorney General Lisa Monaco at a news conference on Tuesday announcing details of the deal with cryptocurrency exchange Binance and its CEO Changpeng Zhao.

U.S. NEWS

Home Sales in October Fell to a 13-Year Low

By NICOLE FRIEDMAN

Home sales fell in October to a fresh 13-year low as high interest rates and home prices continued to pummel the housing market.

Home-buying affordability sits near its lowest level in decades, pushing many buyers out of the market. Existing-home sales for the full year in 2023 are on track to be the lowest since at least 2011, according to economist forecasts.

Existing-home sales, which make up most of the housing market, decreased 4.1% in October from the prior month to a seasonally adjusted annual rate of 3.79 million, the lowest rate since August 2010, the National Association of Realtors said Tuesday. October sales fell 14.6% from a year earlier. Sales have been near 2010 levels in recent months.

Even as home-buying demand has slumped, the inventory of homes for sale has stayed low. High rates are making homeowners unwilling to sell and move. The limited supply is a major reason that home prices are rising in much of the U.S.

ing-home price rose 3.4% in October from a year earlier to \$391,800, NAR said. That was the highest price for any October in data going back to 1999. Prices aren't adjusted for inflation.

"Lack of inventory along with higher mortgage rates are really hindering home sales," said Lawrence Yun, NAR's chief economist.

Economists surveyed by The Wall Street Journal ahead of the release had estimated that sales of previously owned homes fell 1.5% in October from the prior month.

Mortgage rates climbed to fresh two-decade highs this fall before slipping in recent weeks.

While mortgage rates have declined since late October, buyers might have already decided to pause their home searches until after the holidays, said Danielle Hale, chief economist at Realtor.com.

"The surge in rates in October might have caused a lot of households to sort of end their home search for 2023," she said. "At this point, they might just wait until the spring."

◆ Houses too costly to buy underpin lofty rents B5



A piece of living coral that was bleached during a marine heat wave. Right, corals are being trained to improve their resilience.

Florida's Coral Reef Is Engineered To Become More Climate-Resistant

By ERIC NILER

Corals help build and maintain reef structure by producing calcium carbonate. A survey of carbonate budgets found a net loss of habitat for the majority of Florida's reefs.

MIAMI—On a barrier island off Florida's coast, Ian Enochs runs a high-tech "coral gym" where he trains the colorful invertebrates to be survivors.

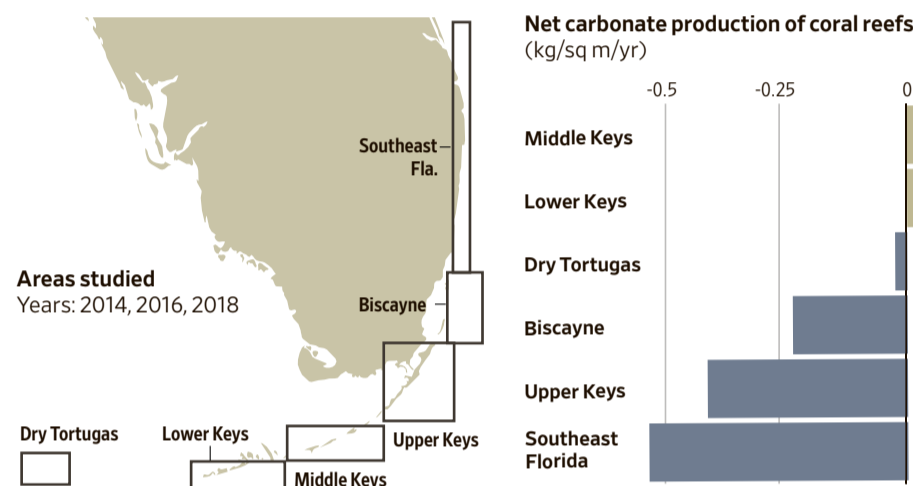
Enochs and his colleagues are looking for individuals strong enough to withstand the kind of marine heat wave that threatened to wipe out Florida's 360-mile-long coral reef this summer—an ecological disaster that also put the state's fishing, tourism and beaches at risk.

The workouts take place at a research center on Miami's Virginia Key, where 16 40-gallon aquariums house hundreds of individual corals. There, Enochs exposes the corals to pulses of warm seawater and high levels of acidity. Robotic arms inject the tanks with nitrogen and phosphorous, chemical pollutants that add to the corals' stress. Every few minutes, sensors record data about the experiment.

"If we hit corals twice a day with very high stressful temperatures, it toughens them up," said Enochs, head of the coral program at the National Oceanic and Atmospheric Administration's Atlantic Oceanographic and Meteorological Laboratory.

Florida's corals thrive at temperatures ranging from 73 to 84 degrees Fahrenheit—so when 90-degree seawater engulfed South Florida and the Florida Keys for several weeks beginning in July, it was too hot for most species to survive.

The extent of the losses are still being tallied, but recent estimates from the Florida Fish and Wildlife Research Institute found that 60% of the 558 coral reef sites regularly



Note: Based on field surveys that quantified the abundance of organisms that build up reef structure vs. those that break it down. Sources: John T. Morris, National Oceanic and Atmospheric Administration; Nature Scientific Reports

monitored from Miami south to the Dry Tortugas National Park were severely bleached.

Florida's coral reef is the world's third-longest barrier reef behind those in Australia and Belize. It draws tens of thousands of tourists each year; serves as a nursery for commercial seafood species such as grouper, red snapper, lobster and shrimp; and shields the state's coastal areas from storms and flooding. The reef generates \$8.5 billion in economic value and an estimated \$675 million in protective value, according to federal estimates.

Scientists are working to engineer more climate-resistant corals. They are creating booster shots to keep them alive, deploying in vitro fertilization to make larvae grow faster, and importing coral species to breed with those in Florida.

"We need to move in a direction quicker and better

than we have before," Enochs said in an interview in his lab.

Living corals are tiny invertebrates with soft tubular bodies and flowerlike tentacles used to grab food in the water. Individual polyps are a half-inch or smaller in size but live in large colonies that combine to form expansive reefs.

A key to the corals' survival is a particular kind of algae that lives in the polyps. The specialized cells, called zooxanthellae, help generate food for the polyp and remove its waste. Zooxanthellae are also responsible for the striking colors that draw divers and snorkelers to offshore reefs.

But when ocean temperatures get above 88 degrees Fahrenheit for too long, the symbiotic relationship goes haywire. The heat causes the algae to produce toxins that can harm the polyp. The polyp then expels the algae, but without the nutrition the al-

gae provide—and the polyp begins to starve. It also loses its color, becoming white, in a process called coral bleaching.

Once the water cools, some corals are able to recover. Those that don't, die.

In addition to Enochs's work, researchers from several other institutions are working to save Florida's corals with funding from NOAA, the National Science Foundation and the Pentagon's Defense Advanced Research Projects Agency, or Darpa.

In 2022, Darpa committed nearly \$21 million to the University of Miami Rosenstiel School to build a 330-foot-long hybrid reef off the coast of Miami. Once complete, the hexagonal structure will support living corals that could absorb up to 90% of a wave's energy, protecting both civilian property and military facilities that are increasingly vulnerable to coastal flooding.

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U.S. NEWS

Dueling Nevada Races Vex GOP Voters

BY ELIZA COLLINS

LAS VEGAS—In January, roughly half a million Republican voters in Nevada will receive presidential primary ballots in the mail. Former President Donald Trump's name won't be on them.

The omission is part of a tussle that has ripped open the state's Republican Party and diminished the influence of Nevada in early presidential nominating contests. State GOP officials have opted to ignore the state-mandated primary and will instead host an in-person caucus in early February where Trump is expected to rack up enough delegates to win Nevada, a strategy that his opponents see as aiding the front-runner's candidacy.

The unorthodox nominating process has left Republican voters here frustrated and confused. The primary ballots they get in the mail will allow them to choose between former South Carolina Gov. Nikki Haley and two candidates who have dropped out of the race: former Vice President Mike Pence and Sen. Tim Scott (R., S.C.). Its outcome is moot since the primary winner won't accrue any delegates. Florida Gov. Ron DeSantis and several others will instead compete against Trump in the caucus since he and other candidates are forbidden from running in both contests, though voters can participate in each format.

The result is the battleground state has squandered its chance to capitalize on its plum No. 3 spot on the nominating calendar. Unlike in Iowa, New Hampshire and South Carolina, where campaigns have large teams and candidates are constantly visiting, the top candidates besides Trump are largely ignoring Nevada and have shrunk their campaign footprints in the state.

"It just looked confusing in Nevada," Haley said in an interview in Iowa when asked



Ron DeSantis, left, is facing Donald Trump in Nevada's caucus. Nikki Haley is in the primary.



primary voters, showing up at Republican activist events to hold training sessions and share what they see as the benefits of a caucus.

But at several of those Republican gatherings in the Las Vegas area recently, voters expressed frustration over the rules changes. Some worried that other Republicans, less engaged than they were, would be too confused to show up and that it could have negative effects on the general election next year.

"Why would we make it harder for people to vote for their chosen candidate?" asked Nancy Franzen, 70 years old, a business administrator from Las Vegas.

Connie Kling, 69, a retiree from Henderson, is an undecided Republican voter who is leaning toward supporting Haley. However, Kling has no plans to vote in the primary—she likes the in-person, voter ID requirements of the caucus—so she will likely support DeSantis instead. "I think there's a lot of people that are going to be confused, to be honest with you," she said.

Her friend Barbara Scheib, 69, who works in hospitality, said she would vote for Haley in the primary and DeSantis in the caucus.

Critics of the caucus say it has been put in place by a state party that favors Trump, even if it hasn't formally endorsed him. After Trump lost the 2020 election, McDonald, the GOP chairman, was one of the people who falsely claimed to be a rightful state elector pledged to vote for Trump. At a recent Trump rally, McDonald introduced Trump as the "next president of the United States."

McDonald said people who criticize the process are "not doing the work in Nevada, they're using me as a scapegoat based on my relationship with the president." He said the only way to win a caucus is to engage the grassroots, and that it couldn't be rigged to favor a candidate.

Republicans Struggle to Replicate Democrats' Success

Nevada Democrats, who hold most of the state's major offices, have long had a successful get-out-the-vote effort, and Republicans have struggled to replicate it. The state instituted universal mail-in ballots during the pandemic, though voters can still show up in person to vote early and on Election Day.

Some Republican voters are skeptical about mail-in voting, an attitude that was amplified by Trump's opposition to the practice.

In 2021, the Democratic-led legislature changed the rules to make it so the state administered party primaries. Some Republicans say the party needs to invest in getting people

comfortable with mail-in voting so it can better compete with Democrats.

Bruce Parks, the GOP chairman of Washoe County, the state's second largest, said Republicans were working on plans to expand voter outreach.

"The rules have changed and we have to adjust accordingly," he said.

about the campaign's decision to participate in Nevada's primary despite not being able to earn delegates. She and DeSantis are vying to be the Trump alternative.

GOP officials said state party members overwhelmingly chose to create the caucus system to enhance election security since the caucus requires in-person, same-day voting with ID verification. They had no choice but to leave the primary system in place because a 2021 law that the Democratic legislature enacted mandated that all voters receive a mail-in primary ballot ahead of the Feb. 6 primary. Before that measure took effect, both parties in Nevada used caucuses to choose their nominees.

By running and funding the Feb. 8 caucus, state party

leaders, who haven't endorsed a candidate but have praised Trump and criticized his opponents, are able to exert more control over the voting process. Trump is also likely to benefit from the caucus because the in-person format tends to attract the type of passionate voters who support his candidacy, while the dueling formats split support for rivals who trail him by large margins.

Michael McDonald, the Nevada GOP chairman, said Republicans need to stop criticizing the decision. "If you're a Republican, help us promote everything, help us get the word out and have a successful caucus."

The state's Republican governor said in a Nevada News-makers interview that the situation was unnecessarily

confusing and that it would "disenfranchise a number of voters." Gov. Joe Lombardo said, "It just continues in the disarray, or the chaos that is occurring within the Republican Party."

A super PAC supporting DeSantis suspended paid door-knocking in the state, saying the new process was designed to benefit Trump, though they still have staff on the ground and several field offices. A recent DeSantis campaign memo to donors said he was serious about competing for the Republican nomination, which is why he did the caucus "to aggressively compete for every single delegate—whether you like the rules or not."

Aware of the confusion, state and local parties and campaigns are racing to explain the difference to GOP

Committee Is Formed To Oversee FDIC Probe

BY REBECCA BALLHAUS

The Federal Deposit Insurance Corp. board is forming a special committee to oversee an independent review of the agency's workplace culture, the agency said Tuesday, restricting the ability of the rest of the board—including the chairman—to influence the investigation.

The special committee, created by a unanimous vote of the board, will be led by Republican Jonathan McKernan, who was confirmed to the board by the Senate late last year, and Democrat Michael Hsu, who has served as acting comptroller of the currency and an FDIC board member since 2021.

FDIC Chairman Martin Gruenberg, appointed by President Biden, won't serve on that special committee, nor will the other two board members: Vice Chairman Travis Hill, a Republican who previously served as a deputy to the former chairwoman; and Consumer Financial Protection Bureau director Rohit Chopra. They will be removed from oversight of the review, the board said.

"All employees at the FDIC need to feel safe and able to speak out if they are subject to, witness or encounter inappropriate behavior in the workplace," the board said in a written statement. "Sexual harassment, discrimination, and other misconduct are totally unacceptable and have no place at the FDIC."

The special committee can appoint as many as three additional members, which the board said are likely to be from outside the FDIC. The firm leading the investigation will report "directly and exclusively" to the special committee, the board said.

A Wall Street Journal investigation published last week revealed allegations of a toxic workplace culture at the agency that drove many female bank examiners to quit. In response, the agency said it had hired a law firm, BakerHostetler, to conduct an investigation of allegations of harassment and discrimination.

Later that week, the Journal reported that Gruenberg and his deputies were involved in decisions over high-level allegations of sexism, harassment and discrimination in which the agency didn't take a hard line with those accused of misconduct.

In a joint statement the next morning, the FDIC board's two Republican members called for Gruenberg to recuse himself and said the board should determine the scope of the investigation, as well as who conducts it.

Hill, the vice chairman, said in a separate statement Tuesday that he supported the establishment of a special committee. "I have had a number of conversations with current and former employees over the past week that have reinforced the need for the review to be truly independent—to encourage those who have been subject to inappropriate conduct to participate, and for the results to be viewed credibly," he said.

Hill was confirmed by the Senate to join the board last year but had previously served as a deputy to former Chairwoman Jelena McWilliams, who led the agency when some of the alleged misconduct occurred.

It is unclear whether the board will continue to have BakerHostetler lead the investigation or whether the special committee will tap another firm. BakerHostetler frequently represents the FDIC in litigation, according to legal records.

In addition to the third-party review, the FDIC faces multiple investigations into its workplace culture. Republican lawmakers on the House Financial Services Committee and House Oversight Committee have requested documents and briefings from the agency, and Democrats on the Senate Banking Committee have called for the FDIC's inspector general to conduct a "comprehensive investigation" into the workplace culture.



An alligator 'tastes like alligator,' says a brand ambassador for Meadow Creek, a manufacturer of smokers and grills.

Your Alligator Is Ready

Continued from Page One

But the mild taste and tender texture can't be beat, adds Darling, a 40-year-old nurse anesthetist who lives near Chicago.

While turkey remains the star of the Thanksgiving holiday table, enterprising hosts are adding a gamy touch to the meal, including antelope, camel, kangaroo, elk, squirrel and bear, along with gator.

For those not partial to hunting down their main course, meat providers are

selling the alternative fare, and they say holiday orders are brisk. At S. Ottomanelli & Sons, a butcher shop in the New York City borough of Queens that dates back some 60 years, exotic meats account for at least 25% of Thanksgiving orders, with kangaroo, ostrich and elk being among the favorites. One of the biggest challenges: sourcing python and rattlesnake, which are also on the list of holiday choices.

"There's a big demand," says proprietor Frank Ottomanelli. Many customers today, "they want something different."

Ralph Forgione, a retiree who lives in Syosset, a locale on Long Island, says his family does have a turkey on the Thanksgiving table, but they like to complement it with everything from venison to elk. "We want to keep to tradition, but we also want to expand it," he says.

Forgione is a fan of elk, which he describes as having a red-meat taste, but with an unexpected sweetness.

Atypical meats don't come cheap. At S. Ottomanelli & Sons, a pound of python steak runs \$49.95 and an "exotic meats assortment package" costs \$299.

For Ed Butler, a 58-year-old outdoorsman who calls Wolfboro, N.H., home and owns a

heating company, Thanksgiving is about serving guests a cornucopia of game meats, all of which he has hunted himself. On this year's menu: bear, venison and squirrel.

Sure, game meats can be a bit strong, says Butler, who dubs himself the "Working Class Woodsman" and does cooking videos. But it is all about how they're processed and prepared. He makes his bear more palatable for Thanksgiving by fixing it as what amounts to a sloppy Joe—or a "bear Manwich," as he likes to call it—with the ground meat generously seasoned.

"It's my wife's favorite meal," he says.

Antelope is among the Thanksgiving to-go options at Dai Due, an Austin, Texas, restaurant with a companion hunting school. One of the dishes featuring it is antelope salami, which is yet another way to make a game meat feel slightly more familiar.

Austin resident Kim Famighetti, a real-estate agent, has placed an order for the item, which she plans to feature as part of her holiday spread. Famighetti, 54, is a fan of antelope—she even served it to her wedding guests 15 years ago. And the elku format puts it on more accessible terrain. "It's not crazy or anything," she says.

With alligator, there are some who will deep-fry portions of the meat or feature it in a stew. But on Thanksgiving, it is indeed often about presenting the Cajun-country favorite whole for dramatic effect, with feet and head still attached.

"A whole gator is a jaw-dropper to say the least," says Johnny Thomas, who handles marketing for the Louisiana-based CreoleFood.com.

The company says it sees a huge uptick in orders for whole alligator tied to the holiday. This year, it has shipped out more than 1,100 of the skinned creatures for Thanksgiving, priced anywhere from \$114.99 to \$699.

Carlos Washington says he wants to shake things up for the holidays, so he is among those ordering an alligator from CreoleFood.com for his family's Thanksgiving gathering in Sacramento, Calif. Washington, 36, whose work involves assisting disabled people, has had alligator many times before and evokes the common refrain that it can taste a bit like chicken.

This will be a first-time alligator experience, however, for some of Washington's family members.

"My mom and grandmother are scared of it," he says. "And my daughter called it a swamp

monster."

At the very least, smoking a whole alligator can be easier than smoking a whole pig, says Lavern Gingerich, a brand ambassador for Meadow Creek, a Pennsylvania-based manufacturer of smokers and grills. Gingerich says by virtue of the alligator's leanness, the cooking time can be much quicker.

What's alligator like? Gingerich makes comparisons to everything from pork loin to chicken and wild turkey, but ultimately offers this description: "It tastes like alligator."

Those who track exotic-meat sales point to signs of growth on a year-round basis. One trade report, dubbed the Power of Meat, says annual sales of exotics, based on figures from December supplied by market researcher Circana, are up 21.8% over 2019 figures and have reached \$120 million.

Ironically, the biggest turkey fans out there may be alligators, according to Brandon Fisher, a spokesperson for Gatorland, an alligator-filled theme park in Orlando, Fla. There is a long history at the attraction of feeding whole turkeys to the gators around Thanksgiving. They chomp them up in a few bites, bones and all.

"When we pull out these turkeys, their eyes light up," Fisher says.

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U.S. NEWS

IRS Again Delays New Requirement For Online Sellers

BY ASHLEA EBELING
AND RICHARD RUBIN

The Internal Revenue Service offered a surprise paperwork reprieve to millions of Americans as tax-filing season nears, delaying a new requirement affecting people who sell stuff on eBay, resell concert tickets, and use payment processors such as Venmo.

For the second straight year, the IRS postponed enforcement of a law that requires those e-commerce and payment platforms to send the agency information about many users who receive more than \$600 in revenue a year.

The old threshold—more than \$20,000 in revenue and 200 transactions—will remain in effect for tax year 2023. The IRS will begin transitioning toward the new system in tax year 2024 and will use a \$5,000 threshold that year.

The delay doesn't change what taxes anyone owes, just what online platforms must report to the IRS. The move could prevent tax-filing headaches for many people. The IRS said Tuesday it was concerned about mass confusion if an estimated 44 million Forms 1099-K were sent in early 2024 to taxpayers and to the IRS.

These forms pose a potential challenge for people selling goods or performing services online because the numbers that taxpayers get don't translate neatly onto their tax returns. For example, online sellers can subtract their costs before calculating income. Some transactions, such as selling used clothing at a loss, might be reported on Form 1099-K even though they aren't taxable.

The tax agency said it plans to spend the next year considering changes to related forms that could make implementation smoother.

"It's clear that an additional delay for tax year 2023 will avoid problems for taxpayers, tax professionals and others in this area," IRS Commissioner Danny Werfel said.

Congress passed the \$600 threshold for the platforms to send Form 1099-K reports as part of the American Rescue Plan Act in March 2021. That law scheduled the new requirement to take effect for the 2022 tax year, with the first forms set to be sent in early 2023.

The goal was to boost tax compliance in an area where it is often lacking—unreported business income. IRS studies consistently show that tax compliance improves when the government receives independent information about individuals' income.

In late December 2022, after lawmakers, businesses and tax professionals warned of confusion, the IRS announced it would delay implementation of the 1099-K law until the 2023 tax year.

Werfel indicated in September that the lower threshold was about to take effect and said the IRS was planning to help taxpayers understand how to deal with the new law. But the agency said Tuesday it was postponing the date again, following conversations with tax preparers, business groups and taxpayers.

The Coalition for 1099-K Fairness, a group that includes Airbnb, StubHub and PayPal, welcomed the IRS delay and said it would keep working with lawmakers to repeal the \$600 threshold.

Meanwhile, sellers and gig-economy workers, whether they are selling Taylor Swift tickets on StubHub or collecting dog-walking payments on Venmo, must still track and report their income on their individual tax returns.



FIGHTING HUNGER: Volunteers sorted through donated food at the Capital Area Food Bank in Washington, D.C., on Tuesday.

HOLIDAY TRAVEL Millions to Face Crowded Journey

Despite inflation and memories of past holiday travel meltdowns, people are expected to hit airports and highways in record numbers over the Thanksgiving break.

The Transportation Security Administration expected to screen 2.6 million passengers on Tuesday and 2.7 million passengers on Wednesday. Sunday will draw the largest crowds with an estimated 2.9 million passengers, which would narrowly eclipse a record set on June 30.

Meanwhile, AAA forecasts that 55.4 million Americans will travel at least 50 miles from home between Wednesday and Sunday with roads most clogged on Wednesday.

The weather could snarl air and road traffic. A storm system was expected to move from the southern Plains to the Northeast on Tuesday and Wednesday, bringing possible thunderstorms, sleet and snow.

—Associated Press

U.S. WATCH

ALASKA One Dead, Several Missing in Landslide

One person has died and at least seven others are believed missing after a large landslide ripped down a mountain near a remote community in southeast Alaska during the night, authorities said Tuesday. Three homes were in the direct path of the landslide.

The slide—estimated to be about 450 feet wide—occurred about 9 p.m. Monday near Wrangell, a small fishing community of just over 2,000 residents on an island about 155 miles south of Juneau.

A preliminary survey determined three homes were in the direct path, and first responders started a quick search for survivors, Alaska State Troopers said in a statement. People were urged to contact the local police if they know of anyone missing.

"Our hearts are heavy and our thoughts are with those suffering due to last night's events," officials wrote on Wrangell's Facebook page.

—Associated Press

NEW JERSEY New Rule to Curb Gas-Powered Cars

New Jersey will prohibit the sale of new gasoline-powered vehicles by 2035 as part of an effort to improve air quality and reduce planet-warming pollutants, officials announced Tuesday.

A rule that will take effect Jan. 1 commits the state to an eventual move toward zero-emission vehicles, the state Department of Environmental Protection said.

New Jersey will start limiting new gasoline-powered cars that can be sold in the state starting in 2027, eventually reaching zero in 2035.

The move doesn't prohibit ownership or use of gasoline-powered cars, nor does it force consumers to buy electric vehicles, the DEP said. It won't prohibit the sale of used cars powered by gasoline; consumers would still be free to buy gas-fueled cars elsewhere and bring them into the state, as long as they met certain emissions standards.

—Associated Press

MARYLAND Court Strikes Down Gun-Licensing Law

A federal appeals court on Tuesday struck down Maryland's handgun licensing law, finding that its requirements, which include submitting fingerprints for a background check and taking a four-hour firearms safety course, are unconstitutionally restrictive.

In a 2-1 ruling, judges on the 4th U.S. Circuit Court of Appeals in Richmond said they considered the case in light of a U.S. Supreme Court decision last year that "effected a sea change in Second Amendment law."

The underlying lawsuit was filed in 2016 as a challenge to a Maryland law requiring people to obtain a special license before purchasing a handgun. The law was passed in 2013 in the aftermath of the mass shooting at Sandy Hook Elementary School.

Maryland Gov. Wes Moore, a Democrat, said he was disappointed in the ruling and will "continue to fight for this law."

—Associated Press

Proxy Fight Is Looming At Starbucks

Continued from Page One with responsibilities, including regulatory oversight and the environment.

"The Starbucks board and executive leadership team regularly engage with all stakeholders, and we are committed to constructive dialogue that furthers our collective goal of creating long-term value for all stakeholders," the company said in a statement. "Today, Starbucks has a diverse, engaged, and independent board with a balanced mix of experience, skills, and perspectives."

The SOC argues that the fight over unionization has exposed the company to legal, financial and regulatory risks while damaging the value of its brand—and potentially its share price.

The coalition, founded in 2006 and formerly known as Change to Win, has previously submitted proposals at companies including Apple and Uber, but this marks the first time it has nominated director candidates.

Unions have notched recent wins for everyone from auto workers to Hollywood writers and actors, in part because public support for organized labor is at its highest level in decades and companies have wealth to share after years of strong profits. Even in banking, which is historically union-shy, there are organizing efforts under way. But with many companies tamping down on spending, the power balance could shift away from workers' groups again.

SOC has held an economic interest in Starbucks for years as part of its shareholder-advocacy portfolio, the people said. (Many of Starbucks's workers are also shareholders, through the company's stock-



Workers rallied outside a New York City Starbucks on 'Red Cup Day' earlier this month, a busy sales day for the chain.

ownership program.)

SOC's nominees are: Maria Echaveste, a former senior White House official in the Clinton administration and corporate attorney; Joshua Gotbaum, an economic-policy and regulatory expert; and Wilma Liebman, formerly chair of the National Labor Relations Board under President Barack Obama.

While unionized baristas make up a small portion of the company's workforce, they have steadily gained traction since 2021, when workers in Buffalo, N.Y., voted to form the first labor union at a Starbucks cafe.

Earlier this month, the union said thousands of unionized baristas went on strike on a busy sales day for the coffee chain—known as "Red Cup Day"—as they tried to bring the company back to the negotiating table.

It falls to Chief Executive Laxman Narasimhan, who took the reins from Howard Schultz in March and is Starbucks's first CEO from outside the company, to grapple with the labor unrest. (Schultz returned for a brief stint as interim CEO in 2022 to help the company navigate labor and operational challenges.)

Narasimhan must also contend with Starbucks losing its edge to rival Luckin Coffee in China, which Schultz has said represents one of the company's best opportunities for

growth.

The Starbucks Workers United union has said that Narasimhan should give priority to negotiations with newly unionized workers versus spending his time working as a barista, something he has done to get a handle on the business.

Starbucks, for its part, has said it prefers to keep a direct relationship with workers rather than by going through a union.

Schultz was called in March to testify before a U.S. Senate committee on the company's response to the union drive.

Some investors have already raised concerns regarding Starbucks's management of its labor issues.

At the company's 2023 annual meeting in March, more than half of the shares that were voted favored a nonbinding request of the company to commission an independent assessment of its worker-rights practices. The proposal was also supported by both leading proxy-advisory firms, Institutional Shareholder Services and Glass Lewis.

The labor group at Starbucks could also benefit from the required use of the so-called universal proxy card that went into effect last year. Directors nominated by a company must now be listed on the same ballot as those put forth by activists, enabling investors to pick and choose rather than vote entirely for either one slate or the other.

Advisers had expected the changes in proxy-voting rules could encourage first-time activists, particularly those fighting for social issues.



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WORLD NEWS

Israelis in North Want Hezbollah Neutralized

Netanyahu resists residents' demands to take action at border with Lebanon

By **DION NISSENBAUM**
AND **ARI FLANZRAICH**

LEHAVOT HABASHAN, Israel—In the days after the Oct. 7 Hamas attacks in southern Israel, Orna Rayn searched frantically for someone to build a wooden barricade to secure the door of a safe room in her house about 6 miles from the Lebanon border.

Rayn's sister, Einat Rothem-Nechushtan, moved into the safe room on Oct. 10, even before the Israeli government ordered the evacuation of her own small farming community in northern Israel because of fears of war with Hezbollah, the Iran-backed army in Lebanon.

For weeks, the southern Lebanon hills less than 2 miles from Rothem-Nechushtan's home in She'ar Yashuv have become an undeclared second front for the Israeli military, while it tries to rout Hamas fighters from the Gaza Strip 165 miles south.

The sisters have mapped out a plan of escape if Hezbollah fighters stage an Oct. 7-style cross-border attack.

"This is the first time in my life that I don't feel safe in my home," said Rothem-Nechushtan, 54 years old, who remained at her family's bed-and-breakfast near the Lebanon border during Israel's 34-day war with Hezbollah in 2006.

Many Israelis who live near the border say their military shouldn't end the fighting without assuring them that Hezbollah can't do to them what Hamas did to Israelis in the south. Israeli military officials have amplified the pressure on Prime Minister Benjamin Netanyahu to deliver a decisive blow.

The issue has become a point of contention in Israel's war cabinet, where Defense Minister Yoav Gallant has pushed for broader military action against Hezbollah, and in



Israeli reserve soldiers near the Lebanon border, top, get refresher combat training. Right, Gideon Harari is in the security force in an Israeli border community that was evacuated. Above, Einat Rothem-Nechushtan has mapped out an escape plan.

Washington, where the Biden administration has put pressure on Israel to refrain from taking provocative steps in Lebanon that could drag the U.S. military deeper into the fight.

On Monday, Amos Hochstein, a senior Biden adviser who recently traveled to Lebanon, arrived in Israel to continue U.S. efforts to prevent the fighting from escalating.

Netanyahu has so far acceded to U.S. pressure, but military officials say Israel is one deadly Hezbollah strike away from a new war in Lebanon. Netanyahu, aides say,

hopes are that a clear victory over Hamas in Gaza would push Hezbollah to pull its forces back from Lebanon's southern border with Israel.

Tens of thousands of Israelis from 42 communities near the Lebanon border have been officially evacuated by the government because of fears that weeks of low-level Hezbollah attacks on Israel could erupt into a full-fledged war.

"I think that we are in a once-in-a-lifetime chance to do something serious," said Gideon Harari, a 66-year-old retired military officer who

stayed behind in She'ar Yashuv as a member of the community's local security force. "People will not come back because they are afraid, so you should do it now."

Hezbollah and Hamas militants in southern Lebanon have used rockets, mortars and drones to attack northern Israel. Israel has responded with airstrikes and artillery fire.

More than 70 Hezbollah fighters and 10 Lebanese civilians have been killed, and 10 people, including seven Israeli soldiers, have been killed along the border in the past

month, the deadliest surge in violence here since 2006.

If the Israeli invasion of Gaza has taken a high civilian toll, Israeli officials say a war with Hezbollah could be worse. In 2006, Israeli airstrikes killed more than 1,100 people, most of them civilians, according to human-rights groups. Israeli missiles flattened large sections of Hezbollah-controlled neighborhoods in Beirut, a city with a population larger than the entire Gaza Strip.

"Those who will pay the price first and foremost are Lebanon's civilians," Gallant

recently told soldiers at the border. "What we are doing in Gaza we can do in Beirut."

In southern Lebanon, fears of war have spurred more than 23,000 civilians to flee, the Lebanese government estimates.

Nemre El-Sayed, 85, left her home about 3 miles from the Israel border during the 2006 war. This time she has been living for a month in a temporary shelter in the coastal town of Tyre, bracing for the worst.

"We are tired of wars and repeating the same struggle," she said. "No one wants the war."

Israeli officials estimate that Hezbollah has more than 150,000 missiles. Hezbollah could fire 3,000 missiles a day, officials estimate, which would put immense strains on Israel's air-defense system.

The more immediate fear for many residents in northern Israel is of Hezbollah fighters crossing the border to kill women and children as Hamas did on Oct. 7, when more than 1,200 people, mostly civilians, were killed, according to Israeli officials. There are thousands of Hezbollah fighters positioned along the border, they say.

Hezbollah leader Hassan Nasrallah, pressing for a cease-fire in early November, said the time wasn't right for all-out war.

Israeli soldiers have transformed northern border towns into unofficial military camps, with tanks in the streets, armored vehicles parked beside playgrounds and foot soldiers sleeping in tents. Security officials in border communities estimate that 100,000 Israeli soldiers have set up on the border, a figure the Israeli military declined to discuss.

Trainers have been sent to villages to refresh the fighting skills of reservists, including in hand-to-hand combat.

"A war is inevitable," said a 25-year-old Israeli paratrooper from Tel Aviv while his unit set up next to grapefruit and orange trees. "It's not an if, it's a when."

—Adam Chamseddine contributed to this article.

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Deal Made To Free 50 Hostages

Continued from Page One
ministry said on social media. It added that during the pause, humanitarian convoys and relief aid, including fuel, will be allowed to enter Gaza.

Ahead of the announcement, Prime Minister Benjamin Netanyahu said Israel would continue to fight the war against Hamas despite the pauses. Israel would continue "the war in order to return all the hostages, to complete the elimination of Hamas and to ensure that there will be no renewed threat from Gaza to the State of Israel," the government said.

U.S. officials hailed the agreement between Israel and Hamas to release 50 hostages, including at least three Americans, as a major breakthrough.

The hope among U.S. officials is that the release of these hostages could lead to the release of many more, not only the ones held by Hamas but by other groups, including the Palestinian Islamic Jihad.

"We're determined to get everyone home," one U.S. official said.

U.S. officials believe a pause in the fighting could also ease some hostilities near Lebanon where the Israel Defense Forces and Lebanese Hezbollah have been exchanging attacks. The U.S. has been acutely concerned about the violence inside Gaza spreading to other parts of the region.

For Israel, the exchange helps alleviate mounting domestic pressure on Netanyahu to cement a deal to free the 236 men, women and children being held by militants, including as many as 10 Americans, U.S. officials have said. In exchange for the hostages, Hamas would realize one of its long-held goals of freeing Palestinian prisoners being held by Israel, whom many Palestinians



People light candles at the family hostages plaza in Tel Aviv as the Israeli war cabinet voted on a deal for their release.

view as wrongly imprisoned.

International pressure has been growing for Israel to cease its incursion into Gaza, which has killed 13,000 Palestinians, mostly women and children, according to authorities in Hamas-run Gaza, and touched off a humanitarian crisis. The figures don't distinguish between militants and civilians. The Israeli military said it has taken all feasible precautions to avoid civilian casualties, but accuses Hamas of using Gazans as shields, which Hamas denies.

Israel launched the military campaign in Gaza in response to the Oct. 7 Hamas attacks—a surprise assault that Israeli officials said left around 1,200 people, mostly civilians, dead in their homes and army bases, at an outdoor music festival and in the streets.

Once a pause in fighting takes effect, the pressure on Israel to pursue talks toward further releases and potentially make its pause permanent could rise, analysts said. It could also curb the government's plans to pursue the total destruction of Hamas, according to analysts and former Israeli officials.

"You could see a real crescendo of pressure in Israel to continue with getting deals for the rest of the hostages," said Daniel Levy, president of the U.S./Middle East Project and a former senior adviser in the Israeli prime minister's office under Ehud Barak.

Relatives of the hostages have in recent days organized street protests and a march to Jerusalem that drew tens of thousands of demonstrators; they met on Monday with members of the war cabinet in Tel Aviv. Israel has been split over how many concessions the country should make to retrieve the hostages at the risk of pursuing its aim to destroy Hamas.

Defense Minister Yoav Gallant of Israel said on Tuesday that the country will be making "difficult, important decisions over the coming days."

"I am aware of the pain that the families are experiencing and I would like to tell you that for me—returning the hostages is a primary goal and I will do everything possible to achieve it," he said.

Israeli officials have said in recent days that a deal to release hostages wouldn't have been possible without Israel having put intense military pressure on Hamas.

The pause in fighting would give Hamas, a U.S.-designated terrorist organization, time to regroup amid a punishing Israeli campaign while achieving one of its political goals by freeing Palestinian prisoners.

"For Hamas, this will absolutely be presented at the very least as a symbolic victory. But keep in mind, there is no doubt that Hamas has been significantly degraded by Israel's assault," said Tariq Kenney-Shawa, a U.S. policy fellow at Al-Shabaka, a Palestinian think tank based in the U.S.

—Anat Peled, Sune Engel Rasmussen and Gordon Lubold contributed to this article.

WORLD NEWS

In New Setback For EU, Germany Freezes Spending

Move hurts recovery, rearmament plans as region confronts geopolitical threats

By BOJAN PANCEVSKI

BERLIN—Germany froze public spending for the rest of the year after a court declared the government's spending plans unconstitutional, dealing a blow to Europe's recovery and efforts to beef up its defenses and reduce carbon emissions.

The court decision is likely to widen the economic speed gap between Europe, whose economy has stagnated for more than a year, and the U.S., which grew at an annualized 5% in the three months through September, turbocharged by massive fiscal stimulus.

Germany's economy, Europe's largest, is contracting as surging energy prices and trade tensions cast doubt on its export-oriented business model. Chancellor Olaf Scholz's government was counting on bold spending on green-energy projects and technology to revive the model.

Energy prices are expected to remain permanently above pre-Ukraine war levels, which may squeeze energy-intensive manufacturing, while an aging population and a labor force that is projected to shrink likely would constrain potential growth.

Berlin's decision came after the court defunded the government's 60-billion-euro, or more than \$65 billion, green-transition project. The court said Berlin couldn't repurpose unspent credits initially earmarked to tackle the Covid-19 pandemic to fund environmental and energy projects. It said Berlin was bound by the country's constitutionally enshrined fiscal rules that limit budget deficits to

0.35% of gross domestic product in normal times.

Berlin faces a choice of finding equivalent budget cuts or raising taxes—or both—if it goes ahead with the plan, which includes, among other items, multibillion-euro subsidies to build chip-making plants.

The judgment raises questions about the use of off-budget special funds to finance public investments, including a €100 billion plan to revamp Germany's underfunded military that was announced after Russia's invasion of Ukraine.

While some German economists welcomed the ruling, which they said would impose needed fiscal discipline amid high interest rates, others think it could prevent Scholz and his successors from retooling an economy that has been losing competitiveness.

In the short term, the government must decide to which policy areas—from boosting Europe's collective defenses to supporting Ukraine or cushioning the impact of surging energy prices and inflation on businesses and households—it should give priority. Berlin also must review all debt-financed expenditures in the last eight years to ensure it was compliant with the new ruling.

German officials in Brussels told European Union counterparts on Friday that they would continue supporting a €50 billion four-year EU budget package for Ukraine, which is set to take effect next year, two people briefed on discussions said. However, Berlin made it clear it wouldn't back an additional €50 billion spending request from the European Commission on migration and other Brussels priorities. Germany pays about a quarter of EU spending.

—Tom Fairless and Laurence Norman contributed to this article.

WORLD WATCH



SEAL TEAM ONE: A pup frolics at the Donna Nook National Nature Preserve in North Lincolnshire, England, where seals arrive each year in late October, November and December to give birth near sand dunes, attracting visitors from across the U.K.

NORTH KOREA
Spy Satellite Launch Is Called a Success

North Korea said it had launched a homegrown spy satellite into orbit, an anticipated attempt after a pair of failed tries this year and a recent assumption that the Russians would help fix matters.

Military-reconnaissance technology stands among leader Kim Jong Un's top weapons objectives as an essential war deterrent.

Kim, wearing a khaki jacket, oversaw the test as North Korea's three-stage "Chollima-1" rocket took flight, according to Pyongyang's state media. Shortly after lift-off, the country's "Malligyong-1" spy satellite was put into orbit. North Korea didn't specify if the Malligyong-1 satellite had orbited around Earth multiple times—only that it had reached space.

—Dasl Yoon

NICARAGUA
U.S. to Impose Visa Restrictions

The U.S. government said Tuesday it would impose visa restrictions on individuals running charter flights into Nicaragua, flooding the Central American country with tens of thousands of U.S.-bound migrants, mostly from Haiti, Cuba and Africa.

The authoritarian government of Nicaraguan President Daniel Ortega, has in recent months allowed several charter airlines and travel agencies to operate flights from Haiti, Cuba and other Caribbean airports to Nicaragua, according to Haitian and Nicaraguan civil aviation data.

The U.S. government said it is in touch with other governments in the region, as well as the private sector, in an effort to eliminate the flights.

—Juan Montes and José de Córdoba

PAKISTAN
Ex-Premier's Prison Trial Is Ruled Illegal

A Pakistani court ruled Tuesday that the closed-door prison trial of former Prime Minister Imran Khan on charges of revealing state secrets is illegal, his lawyer said.

The ruling by the Islamabad High Court came on a petition filed by Khan, who has demanded an open trial, said lawyer Naeem Haider Panjutha.

It was unclear whether the government would appeal, or if future open-court proceedings would occur at the same prison in Rawalpindi. Authorities have insisted Khan was being tried at Adiyala Prison because of threats to his life.

Khan's close aide, Shah Mahmood Qureshi, who was deputy in his Pakistan Tehreek-e-Insaf party, is a co-defendant in the case. Both men have denied the charges.

—Associated Press

SPAIN
Three Arrested in Politician's Shooting

Three people were arrested Tuesday in connection with the shooting of a Spanish right-wing politician on Nov. 9.

Alejandro Vidal-Quadras, 78 years old, was shot in the face in broad daylight on a Madrid street. He remains hospitalized.

The National Police force said two suspects were detained in the southern city of Lanjaron, and the third in the city of Fuengirola. The department declined to provide more details. Spanish state news agency EFE and other media outlets said none of the three was suspected of having fired the shot that hit Vidal-Quadras, who helped Spain's Vox party.

Police said Vidal-Quadras raised the possibility he was targeted because of his ties to Iran's political opposition.

—Associated Press

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It's been nearly 250 days since our friend and colleague Evan Gershkovich was detained by Russia during a reporting trip and falsely accused of espionage. The Wall Street Journal and the U.S. government vehemently deny the allegation and continue to call for his immediate release.

It's no secret that press freedom is under attack at a time when the need for factual and reliable information has never been greater. Evan's fight is a fight that we all must embrace.

As many of us are preparing to gather with friends, family and loved ones, we ask that you consider saving a seat for Evan at your holiday table. Share your photos using the hashtag **#IStandWithEvan** to show your support.

There are no holidays in a Russian prison and no respite in our efforts to secure Evan's freedom. Every day is a day too long. It's time to bring him home.

You can read more about Evan and his commitment to his work here:



#IStandWithEvan

THE WALL STREET JOURNAL.

WORLD NEWS

'Zombies' Plague Kyiv Forces

Continued from Page One
diiwka in October failed. Columns of tanks and armored troop carriers fell prey to mines, drones and artillery. The Russians changed tactics, sending waves of infantry forward in small groups. The shift echoed Ukraine's own switch to foot tactics in its summer offensive after losing too many armored vehicles.

Both armies are struggling to maneuver on open, mined terrain beneath skies buzzing with drones. The difference: Russia, with a population nearly four times Ukraine's, can afford to lose untold thousands of soldiers for small gains.

Russia's massive losses in the nearly two-year war have left its ground forces reliant on old vehicles and poorly trained conscripts, limiting its offensive potential, for now, to grinding assaults on small cities. Russia lost tens of thousands of men in the 10-month battle for Bakhmut, its latest notable victory.

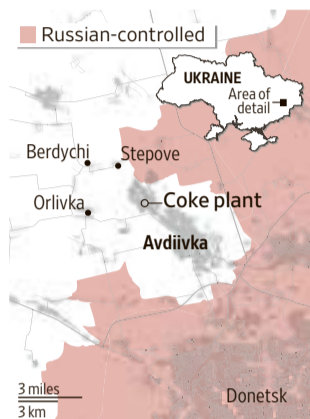
Meanwhile, Ukraine is struggling to replace its infantry losses from the summer counteroffensive and the costly defense of Bakhmut. Ukrainian casualty numbers are a tightly kept secret, but fresh graves and full hospitals testify to the heavy toll.

Ukrainian front-line units are commonly 20% to 40% below full strength, said Ihor Romanenko, a military analyst and retired Ukrainian lieutenant general. "Because of the shortage of infantry, those remaining are tired," he said. There is little scope for rest or rotation.

Avdiivka has long been a thorn in the side of Russian forces in eastern Ukraine. The fortified town forms a salient north of Donetsk city, limiting Russian control of the region. Ukrainian troops have held off Russian attacks here since 2014, when Moscow launched a covert invasion of Ukraine's east. Only around 1,400 resi-



Lt. Oleksandr Shyrshyn, below, belongs to a battalion of Ukraine's 47th Mechanized Brigade defending part of the front.



Note: Russian-controlled area as of Nov. 19
Source: Institute for the Study of War and AEI's Critical Threats Project (Russian-controlled area)
Emma Brown/THE WALL STREET JOURNAL

dents remain in Avdiivka, once home to more than 30,000.

Russian troops have surrounded Avdiivka on three sides and have taken the only high ground in the area, a broad slag heap to the northeast, using it to keep Ukrainian armor at bay with antitank missiles. Waves of Russian infantry are trying to assault Avdiivka's sprawling coke plant and have entered the city's southeastern outskirts.

"We're still motivated, but we're exhausted," said Pvt. Oleksandr Siergeichikov, who has been defending Avdiivka since the spring of 2022 with Ukraine's 110th Mechanized Brigade. He described how



SERGEI KROVAVYI FOR THE WALL STREET JOURNAL (2)

Russian infantry took the slag heap by crawling over the bodies of their comrades until the Ukrainian defenders ran out of firepower.

The Russians' plan is to push further past Avdiivka to the north and south, then cut off its supply roads. Avdiivka's lifeline has shrunk to a gap of less than 4 miles between the jaws of the Russian advance.

The attacking Russian infantry are mostly poorly trained, often bunching up and

making easy targets, Ukrainian soldiers fighting here said.

"They come like zombies. Some wear headlamps—a happy moment for any machine-gunner," said Pvt. Bohdan Lysenko, who mans the 25 mm automatic cannon on a U.S.-made Bradley Fighting Vehicle with the 47th Brigade.

Drone images show fields littered with the bodies of Russian infantry hit by artillery, including U.S.-supplied cluster munitions. But the

Russians keep coming.

"They're not stupid. It's a strategy," said Cpl. Mykhailo Kotsyurba, a Bradley commander in the same company as Lysenko. "They look for weak points, then go there. We don't have enough ammunition, but they have enough people."

Some Russians give themselves up rather than continue with near-suicidal assaults. They often say they walked into Ukrainian positions by accident. Voluntary surrender is

a crime in Russia.

"Our commanders, despite the circumstances, are given orders to take positions that are impossible to hold. That's why we have such losses among the ordinary soldiers," said Andrei Bednyaev, an infantryman from Russia's 114th Guards Motor Rifle Brigade. "They treat us as waste material."

Bednyaev, who volunteered to speak to The Wall Street Journal in a makeshift Ukrainian holding facility, said he was captured while disoriented after an exploding drone blasted a brick wall at him.

The 47th Brigade, formed to take part in Ukraine's counteroffensive, was trained by U.S. troops in Germany, armed with Bradleys and German-made Leopard 2 tanks, and thrown at Russia's densely mined lines in the southern Zaporizhzhia region this summer. The slow pace of Western arms deliveries had given the Russians many months to prepare their defenses. Poor planning, reconnaissance and coordination also cost the Ukrainians, say troops who fought in the offensive. In August, the 47th took part in the capture of Robotyne, the only breach in the Russian's main fortified line. But the brigade was exhausted and needed rebuilding.

In October, the 47th was sent to shore up the defense of Avdiivka. When the Russians saw their Bradleys and Leopards, they moved more drone units to the area to counter them.

Lt. Shyrshyn's battalion, once made up of highly motivated volunteers, now relies mostly on briefly trained conscripts. The unit compensates by using its Bradleys in a mobile defense. "Here you can use the potential of Bradleys more effectively than in Zaporizhzhia, where it was impossible to maneuver."

Kotsyurba and Lysenko's company began the summer with 120 men. It is now down to around 20, including replacements. The rest are dead or wounded or have been transferred away from assault duties. The new faces are mostly over 40 years old, some in poor health.

U.S. Warns Tehran Plans to Send Short-Range Missiles to Moscow

By MICHAEL R. GORDON

WASHINGTON—The U.S. fears Iran is preparing to provide Russia with advanced short-range ballistic missiles for its military campaign in Ukraine, U.S. officials said on Tuesday.

Iran has provided Russia with armed drones, guided aerial bombs and artillery shells, U.S. officials said.

But U.S. concern that the military cooperation may further expand grew when Iran showed its Ababil and Fateh-110 missiles to Russian Defense Minister Sergei Shoigu when he visited Tehran in September.

"We are therefore concerned that Iran is considering providing Russia with ballistic missiles for use in Ukraine," a spokesman for the National Security Council said.

Russia's embassy in Washington and Iran's mission to the United Nations didn't respond to a request for comment.

Russia's invasion of Ukraine has led the Kremlin to seek out new arms suppliers. Among those is North Korea, which has been providing artillery shells to Moscow, U.S. and South Korea officials said.

But Iran has been an increasingly important supplier and has also benefited from the relationship. Russia has been helping Iran improve its satellite-collection capabilities and is offering to help Tehran on missiles, air defense and military electronics, the National Security Council spokesman said.

Iranian officials have said Tehran plans to buy Su-35 fighters from Russia. Iran also wants to buy other military

hardware, including radars and attack helicopters.

The ties between Moscow and Tehran appear to be tightening in some unusual ways as well.

The Wall Street Journal reported this month that Wagner Group, the Russian paramilitary organization, was planning to provide the SA-22 air-defense system to Hezbollah, the Lebanese militia backed by Iran, U.S. officials familiar with intelligence said.

On Tuesday, the White House for the first time confirmed that report and said Wagner had been acting at the direction of the Russian government. The NSC spokesman indicated that the air-defense system hadn't yet been delivered and added that the U.S. is monitoring to see whether it is being sent to Hezbollah or Iran.

Journalist Held in Russia Seeks Special Status

By ANN M. SIMMONS
AND LOUISE RADNOFSKY

Earlier this year, Alsu Kurmasheva, a dual Russian-U.S. citizen and journalist for U.S.-government funded Radio Free Europe/Radio Liberty, faced a difficult choice. She wanted to travel to the Russian city of Kazan to see her ailing mother, but her employer and the U.S. government warned against visiting Russia. The State Department said U.S. citizens risked being singled out for arrest.

In May, she made the trip, leaving the Czech Republic, where she lives, on her U.S. passport and entering Russia using her Russian passport. In June, Russian authorities stopped her from flying home, accusing her of not properly declaring her U.S. citizenship.

In October, 47-year-old Kurmasheva was arrested on an allegation of failing to register as a foreign agent and put in pretrial detention. Now, RFE/RL and Kurmasheva's family are pressing for the State Department to determine she has been wrongfully detained,



Alsu Kurmasheva, 47, holds dual Russian-U.S. citizenship.

a designation that would effectively commit Washington to work to secure her release.

Her supporters believe she has been targeted because of her U.S. citizenship and her profession, caught up in the increasingly hostile relationship between Russia and the U.S., which has accused Moscow of detaining American citizens for geopolitical gain.

Kremlin spokesman Dmitry Peskov has denied that Russia targets Americans. Russian authorities didn't respond to a request for additional information on Kurmasheva's case, or U.S.

complaints that American officials haven't been formally notified of Kurmasheva's arrest or granted consular access to her.

The U.S. State Department is reviewing the case. If the U.S. deems Kurmasheva to be wrongfully detained, she would become the third U.S. citizen and second American journalist held in Russia to carry that designation, joining Wall Street Journal reporter Evan Gershkovich and the Michigan corporate-security executive Paul Whelan.

Whelan, a former U.S. Marine, was convicted of espionage in 2020 and is serving a 16-year sentence in a Russian penal colony. His family and the U.S. government say he isn't a spy.

Gershkovich was detained by agents from Russia's Federal Security Service in March during a reporting trip. He is being held on an allegation of espionage that he, the Journal and the U.S. government deny.

"We have to gather all the appropriate facts before making a determination," a State Department spokesperson said of Kurmasheva's case.

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FROM PAGE ONE

Behind Altman's Ouster

Continued from Page One
locked out of his computer.

The crisis at OpenAI is personifying a question that has been boiling inside the AI industry and creating angst among technology giants and world leaders: Who can be trusted to open the Pandora's box that artificial intelligence might represent?

Curious structure

One solution that Altman devised was a curious corporate structure that led to his ouster. A nonprofit board governs OpenAI's for-profit business arm with the sole purpose of ensuring the company develops AI for humanity's benefit—even if that means wiping out its investors.

It was this board that abruptly fired Altman, even as OpenAI's business hit its apex. The board has been vague in public about its reasons, saying in a blog post that Altman was out because he “was not consistently candid in his communications with the board.” According to people familiar with the board's thinking, members had grown so untrusting of Altman that they felt it necessary to double check nearly everything he told them.

The explanation baffles Altman's defenders, who say they aren't aware of specific episodes that might warrant such an outcome.

Over the weekend, Altman's old executive team pushed the board to reinstate him—telling directors that their actions could trigger the company's collapse.

“That would actually be consistent with the mission,” replied board member Helen Toner, a director at a Washington policy research organization who joined the board two years ago.

This article is based on interviews with more than a dozen insiders at OpenAI and people around the company's hectic weekend.

Fluid situation

The situation remains fluid, including where Altman will work or how many followers he would take if he left, and discussions are continuing between the camps. The near-\$90 billion-valuation investment plan is on hold.

Altman and Elon Musk had set out to create OpenAI in 2015 as a nonprofit aimed at achieving artificial general intelligence, or AGI, a system with reasoning capabilities that match or exceed a human's. They declared they wanted to do this in a way that would benefit humanity, not just to make profit for corporations. But it turned out that the most promising technological path they found required vast stores of computational power, and thus great piles of money, to work.

Despite the “weird,” in his own parlance, nonprofit structure, Altman managed to convince much of the biggest money in the Valley to sign on, including Khosla Ventures and Founders Fund. Eventually, he reeled in Microsoft, which invested \$13 billion for 49% of the for-profit.



Sam Altman at OpenAI's San Francisco office in March, above, and onstage with Elon Musk, left, at an event in 2015; OpenAI board member Helen Toner, a director at a Washington policy research organization, at an event in September.



OpenAI's leaders had a long history of bitter feuds. There was the rupture between Altman and Musk, who left in 2018. Then there was another large rift a couple of years later, when a group of key researchers left to found the rival company Anthropic after clashes over safety.

Effective altruism

This time around, Altman's grip on the board slipped after some of the more business-minded board members left earlier this year. The maker of the most advanced AI technology that was rapidly weaving itself into every nook and cranny of the American economy came to be controlled by four people who weren't focused on whether the business was economically successful.

In addition to Sutskever, OpenAI's board consists of Adam D'Angelo, a former Facebook executive and a co-founder of the question-and-answer website Quora; Tasha McCauley, an adjunct senior management scientist at the Rand Corp., a policy nonprofit; and Toner, a director at the Center for Security and Emerging Technology, a research organization tied to Georgetown University. The center receives funds from the Open Philanthropy, a group identified with effective altruism, a philanthropic movement whose adherents spend money trying to solve potentially catastrophic problems affecting the world.

Friday, at noon, those four people fired Altman. At 12:19 p.m., with Sutskever as their spokesman, they removed Brockman from the board.

Brockman resigned from his employee role in protest.

Inside OpenAI's plant- and fountain-filled offices in San Francisco, the executive leadership team was in shock. The

board had named Chief Technology Officer Mira Murati interim CEO and handed the executive team a packet of crisis-communications talking points that offered no more insight into what was going on than the board's vague blog post, according to people familiar with the matter.

Murati and Sutskever led an all-hands meeting at 2 p.m. Employees peppered them with dozens of questions, many of which were some version of: *What did Sam do?* One employee asked if they would ever find out, to which Sutskever replied, “No.”

After that meeting, the executive team regrouped in a conference room. A member of the executive team told Sutskever that the lack of detail was unacceptable and demanded the rest of the board join a video call to explain, according to people familiar with the matter.

On the call, the leadership team pressed the board over the course of about 40 minutes for specific examples of Altman's lack of candor, the people said. The board refused, citing legal reasons, the people said.

Some executives said they were getting questions from regulators and law-enforcement entities such as the U.S. attorney's office in Manhattan over the charge of Altman's alleged lack of candor, the people said. The truth was going to come out one way or another, they told the board.

People familiar with the board's thinking said there wasn't one incident that led to their decision to eject Altman, but a consistent, slow erosion of trust over time that made them increasingly uneasy. Also complicating matters were Altman's mounting list of outside AI-related ventures, which raised questions for the board about how OpenAI's

technology or intellectual property could be used.

The board agreed to discuss the matter with their counsel. After a few hours, they returned, still unwilling to provide specifics. They said that Altman wasn't candid, and often got his way. The board said that Altman had been so deft they couldn't even give a specific example, according to the people familiar with the executives.

Microsoft move

Meanwhile, Altman was on the phone with Satya Nadella, the CEO of Microsoft, saying he wanted to keep working on the technology. They gamed out ways to undo the day's events, but also began to hash out a backup plan for Altman to bring a bunch of his top researchers and start a new division at the tech giant, according to people familiar with their conversation.

Altman also told friends that he was thinking of starting a new company with Brockman and intended to hire away dozens of OpenAI employees.

Altman blamed himself for not better managing the board, which he felt was taken over by people overly concerned with safety and influenced by effective altruism.

The specter of effective altruism had loomed over the politics of the board and com-

pany in recent months, particularly after the movement's most famous adherent, Sam Bankman-Fried, the founder of FTX, was found guilty of fraud in a highly public trial.

Academic paper

Some of those fears centered on Toner, who previously worked at Open Philanthropy. In October, she published an academic paper touting the safety practices of OpenAI's competitor, Anthropic, which didn't release its own AI tool until ChatGPT's emergence.

“By delaying the release of Claude until another company put out a similarly capable product, Anthropic was showing its willingness to avoid exactly the kind of frantic corner-cutting that the release of ChatGPT appeared to spur,” she and her co-authors wrote in the paper.

Altman confronted her, saying she had harmed the company, according to people familiar with the matter. Toner told the board that she wished she had phrased things better in her writing, explaining that she was writing for an academic audience and didn't expect a wider public one. Some OpenAI executives told her that everything relating to their company makes its way into the press.

OpenAI leadership and employees were growing increasingly concerned about being

painted in the press as “a bunch of effective altruists,” as one of them put it. Two days before Altman's ouster, they were discussing these concerns on a Slack channel, which included Sutskever. One senior executive wrote that the company needed to “uplevel” its “independence”—meaning create more distance between itself and the EA movement.

OpenAI had lost three board members over the past year, most notably Reid Hoffman, the LinkedIn co-founder and OpenAI investor who had sold his company to Microsoft and been a key backer of the plan to create a for-profit subsidiary. Other departures were Shivon Zilis, an executive at Neuralink, and Will Hurd, a former Texas congressman.

The departures left the board tipped toward academics and outsiders less loyal to Altman and his vision.

War room

Friday, after being fired, Altman immediately flew back to San Francisco. On Saturday, his Russian Hill home became a war room filled with OpenAI employees, including Murati, then the interim CEO, and other members of the executive team, plotting his return to the company.

On Sunday morning, Murati sent a note to staff saying that Altman would be returning to the office. Altman arrived, mugging on X with his guest pass.

He, Brockman, Murati, strategy chief Jason Kwon, Chief Operating Officer Brad Lightcap and the rest of the leadership team spent the day negotiating with the board, arguing for Altman's reinstatement and tossing out suggestions for new board members. They believed they were getting somewhere. One suggestion, Bret Taylor, the former co-CEO of Salesforce, was approved by both sides.

But the sticking point remained Altman's desire to reclaim his CEO role, people familiar with the matter said. Altman also pushed to fire the current board.

Papal conclave

The negotiations stretched late into the night, as multiple rounds of takeout were delivered to the Mission District offices and reporters from multiple news outlets staked out the scene like a papal conclave. Inside, employees gathered, some openly sobbing.

When the white smoke came, it wasn't Altman. Emmett Shear, the co-founder of video-streaming service Twitch and a vocal proponent of a slower approach to developing AI, had been named CEO by the board.

Microsoft was given no heads-up about the decision, but when it dropped Nadella had a plan at the ready: Altman and Brockman would go to Microsoft to start a new AI unit, one person said.

Microsoft has set up a floor of the LinkedIn office in San Francisco to house the OpenAI team if the bid to restore Altman to the company he co-founded fails.

But as negotiations drag on between the board and OpenAI leadership, there are no OpenAI employees there yet. A person familiar with Nadella's thinking said Microsoft's first preference is for Altman to return as OpenAI CEO.

The OpenAI Genius Who Told Altman He Was Fired

By ROBERT McMILLAN

Last Friday, Ilya Sutskever sent a text message to his boss and fellow board member, Sam Altman. Could he jump on a video chat at noon?

On the call was the rest of OpenAI's board, but it was Sutskever, the company's chief scientist and co-founder, who delivered the news. Altman was fired, “and the news was going out very soon.”

The meeting kicked off a weekend of turmoil, a revolt by OpenAI's employees and, ultimately, an apology from Sutskever. On Monday, he wrote on X, formerly Twitter: “I deeply regret my participation in the board's actions.”

It was a dramatic 72 hours for Sutskever, but also the culmination of a 15-year journey that saw him evolve from a young graduate student tinkering

with little-known algorithms to the leader of a board coup that deposed one of the most prominent figures in Silicon Valley.

Sutskever is a highly regarded technical visionary in the field of artificial intelligence. After a stint at the Open University of Israel, he moved to the University of Toronto. At first, his work seemed highly experimental. A 2010 profile by the University of Toronto Magazine describes Sutskever's software creating nonsensical Wikipedia-like entries.

But in 2012, he made a name for himself by co-authoring a paper that demonstrated the extraordinary capabilities of the “deep learning” algorithms that Sutskever and his fellow University of Toronto researchers had been tinkering with. This paper, co-written with Geoffrey Hinton and Alex Kri-



Ilya Sutskever said he regrets his role in Altman's firing.

zhevsky, showed that deep learning could be used to solve pattern-recognition problems at a level that had previously seemed unthinkable. It kicked off a race to find new uses for deep learning and—a year later—the three researchers were all working at Google.

By 2016, Sutskever was chief scientist at OpenAI, where he became focused on two ideas. First, the idea that AI systems could achieve human-level thinking, also known as artificial general intelligence, or AGI. And second, that these systems would be somehow “aligned” with human values.

Current and former employees describe Sutskever as approaching AI's problems with a near-religious fervor. “If you don't feel the AGI when you wake up and when you fall asleep, you shouldn't be at this company,” he told employees at an all-hands meeting late last year. Sutskever has told employees that he worried that eventually AGI systems would treat humans the way humans currently treat animals, people familiar with the matter said.

In a podcast interview ear-

lier this year, Scott Aaronson, a computer scientist at the University of Texas at Austin, who is currently working on safety at OpenAI, described his weekly calls with Sutskever. “I'd tell him about my progress...and he would say, ‘Well, that's great, Scott, and you should keep working on that. But what we really want to know is how do you formalize what it means for the AI to love humanity?’”

At OpenAI, Sutskever headed up the Superalignment team, which was set up to use 20% of the company's computing power to make sure that the AI systems it built wouldn't be harmful to humans.

Although the precise reason why Altman was ousted is unclear, sources familiar with the board's thinking say that Sutskever and Altman clashed over safety. In a note sent to

OpenAI employees on Sunday night, the company's remaining four board members said that this wasn't the reason for Altman's dismissal. “Sam's behavior and lack of transparency in his interactions with the board undermined the board's ability to effectively supervise the company,” they wrote.

The man that Sutskever and the other board members chose to succeed Altman, Emmett Shear, said in September that he was in favor of slowing down the pace of AI development for safety reasons.

By Monday morning, Sutskever sent out an X message recanting his actions and pledging to do “everything I can to reunite the company.” Altman quickly republished it to his two million followers along with three red hearts.

—Deepa Seetharaman
contributed to this article.



A ride can make a loved one's long day a little better and getting to the airport alone isn't always fun.

A True Sign of Holiday Love: Schlepping to the Airport

Picking up and dropping off the people you care about is a hassle—and worth it



CARRY ON
DAWN
GILBERTSON

It's risky to say the boss is wrong, but my boss is *really* wrong—about airport pickups.

She recently wrote a Grinchy piece positing that travelers should stop expecting their loved ones to get them. It's a hassle for them, and adds to the already nightmarish curbside traffic. Scores of readers applauded this idea.

In my book, schlepping someone to or from the airport is the ultimate act of service. Especially if that someone is me. It's my unabashed love language. I've even thought about weaving that into a dating-app profile.

If I'm free, I'll bring anyone to the airport, including my former husband. It saves us all money, too.

Hitching a ride with family or friends adds a personal touch the most charming Uber Black driver can't replicate. I love it when my

daughter (somewhat begrudgingly) packs her 17-month-old twins into the car for an early-morning airport drop-off at the Phoenix airport, a 20-minute drive on a good day. Hearing them clap through "If You're Happy and You Know It" is the remedy for airport stress.

Late-night rides are tougher to get, but that's where friends step in. One of my favorite gifts is proudly displayed under a fridge magnet. It's a homemade certificate for five airport rides. I've cashed in most of them.

Airport ride die-hards

One friend went above and beyond with airport transportation in San Diego on Sunday. After hosting a nonstop birthday extravaganza on Coronado Island for her mother's 80th birthday, she piled four of us into her SUV. San Diego's airport is a mess due to construction of a new terminal and garage, and the holiday travel rush had already begun. Then there are the jitters she gets driving over the sky high San Diego-Coronado Bay Bridge. She made the trip again Mon-



day morning to drop off the other partygoers.

"I don't mind taking people to the airport at all," she says. "I think that's a really nice thing to do."

Mike Wilner is a frequent traveler whose home airport is LAX, the airport many of you told me

doesn't deserve the No. 3 spot in our latest annual airport rankings, given its chronically clogged roadways.

Wilner says pickups and drop-offs at LAX can be a "big time-suck." But he can't say no to requests for rides.

"It's the right thing to do and

it helps relationships with friends and neighbors and relatives," he says. "And," he adds, "having a favor in the favor bank ain't bad."

His brother flew in late Sunday night from an international trip. Wilner picked him up. He'll do the same when his wife flies in from a trip in early December. And his daughter gets a lift when she comes home from college.

It helps that Wilner lives a few miles from LAX. He asks people for their flight information and takes it from there, tracking arrivals, traffic and other factors.

"We have our tips and technology and tricks to sort of minimize the burden," he says.

Family tradition

I trace my love of free airport rides to my parents. Since the day I moved away from Connecticut after college, I've never had to worry about—or really ask for—a ride on return visits. This despite a poorly lighted, rural road from their house to the Providence, R.I., airport.

During the holidays, they would even come into the airport to pick up our family. I can still see my mom and dad waiting at the bottom of the escalator for us. Then we'd trudge out into the cold with them, our suitcases in tow. (I never ask anyone to park and come in!)

My dad died five years ago, but my mom, now 81, still makes the drive. She asks only that we don't arrive ridiculously late and fly to Providence instead of Hartford, Conn. It's often a family affair, with my sister and niece pitching in on pickups.

I've never asked them to pick me up in Boston, 100 miles away, but another sister does make that request when she finds a screaming flight deal.

The family airport shuttle works both ways. When my mom or sisters visit, taxi rides or car rentals are out of the question. My daughter or I pick them up and drop them off, even for those red-eyes to the East Coast. The only exception is when I lived in Chicago and didn't own a car. I still met my mom at the airport on her first visit.

The family-shuttle plan backfired in 2021. On the way to Logan Airport in Boston, my sister's car ran out of gas in the Ted Williams Tunnel.

The state police shuttled my niece and a friend to the airport in a prisoner-transport van so they didn't miss their flight.

Ozempic Comes To Thanksgiving

By ALEX JANIN

This Thanksgiving collides with a national conversation about Ozempic, Wegovy and other blockbuster weight-loss and diabetes drugs. People taking the medications say they don't want to be the hot topic at the table.

Zohray Brennan, who has been on Ozempic for roughly a year, looks forward to eating smaller portions of everything, including cranberry sauce and coconut custard pie. But when it comes to wine, which had been one of her favorite parts of the annual gathering, she is trepidatious.

She's lost her taste for it since starting the medication, she says, and worries about questions from family members. "They are going to be looking at me," says the 48-year-old blogger and marketing consultant who lives in Philadelphia. "It is like 'Oh, you're not drinking wine?'"

Ozempic, Wegovy and their counterparts have exploded in popularity over the past year, earning billions for the drugs' makers, transforming the American approach to weight-loss, and sparking widespread cultural discussion in a country that is already obsessed with weight.

That conversation lands on Thanksgiving tables this week,

where some people say the drugs have boosted their confidence around food, and others say they are worried about facing questions about what they're eating, what they're not eating, and changes in their appearance.

"It's a hot topic, and people have a lot of judgments," says Dr. Gauri Khurana, a psychiatrist in private practice in New York City and a clinical instructor at Yale University who has prescribed the medications and helped patients manage them.

Weight has long been a fraught and complicated subject in American families. The emotional attachment to food around the holidays means family members may be offended by someone taking smaller helpings, or

may want to talk about how Ozempic changed eating habits, she says. "There's sort of a collective weirdness about everybody eating too much and everybody kind of being all in," says Khurana.

Weight has long been a fraught and complicated subject in American families. The emotional attachment to food around the holidays means family members may be offended by someone taking smaller helpings, or

Widespread use

More than nine million Americans filled prescriptions for Ozempic, Mounjaro and similar diabetes and obesity drugs in the last three months of 2022, according to a recent analysis from data-analytics firm Trilliant Health. Prescription vol-



umes for these medications increased 300% between the first quarter of 2020 and the fourth quarter of 2022, according to Trilliant.

These drugs, including Novo Nordisk's Ozempic and Eli Lilly's Mounjaro, which are approved for Type 2 diabetes, and Novo Nordisk's Wegovy, which is approved for weight management, have helped patients lose weight, in part by suppressing appetite.

This Thanksgiving will be Theresa Nugent's first on Mounjaro, which she takes to help manage her Type 2 diabetes and lose weight. Some friends and family members know she is on the drug, but she doesn't generally volunteer it to people who ask why she has lost weight.

She's glad to celebrate the holiday in better health and hopes the table discussion stays away from

her size or eating habits.

"I have the guise of losing baby weight, so I have almost the perfect cover right now," says Nugent, 38, who lives in Cleveland, Ohio, and gave birth in July. "I just don't want to be the topic of conversation with people."

Leigh Rodabaugh, a nurse in Houston who has lost roughly 14 pounds in one month on Mounjaro, says she feels no shame about taking the drug, but doesn't plan to volunteer that information to an "opinionated" family member at Thanksgiving this year.

"I don't believe she would agree with it," says Rodabaugh, 41.

Patients who disclose they're taking these medications say they are sometimes met with judgmental comments or questions, including implications that they're vain, or taking

the "easy way out" of weight management. Holidays can amplify these interactions, as family reunions can lead to tense conversations.

And then there are what psychologist and professor Megan Petrik calls "food pushers," those people at the table urging second or third helpings or refilling glasses.

Deflecting nosiness

Personal health information is just that—personal—and people shouldn't feel pressured to disclose it, says Dr. Farah Naz Khan, an endocrinologist at the University of Washington School of Medicine in Seattle. Khurana, the psychiatrist, says she has advised patients to lie or change the subject if asked.

Doctors advise people to listen to their bodies—not their family members—when it comes to serving sizes. A balanced plate that prioritizes protein and high-fiber foods over carbohydrates and fatty foods, which tend to sit in the stomach and exacerbate the medication's effects of delayed gastric emptying, can help patients avoid filling up too quickly or feeling nauseous.

Reagan Seabourn, 52, says she felt like a "prisoner to food" at Thanksgiving past, filling her plate with fats or carbs like stuffing, green-bean casserole and ham, and then grazing throughout the afternoon. Now on Ozempic, the Quinlan, Tex., resident anticipates making healthier choices and worrying less about it.

The feeling, she says, is freeing. "This medication is allowing my body to run like it was meant to," says Seabourn.

"Instead of it being about the food, it will be more about the family and that's how I'll be thankful about it," she says.

PERSONAL JOURNAL.

By CORDILIA JAMES

Bring Old Photos To Life With AI Apps

New services can repair badly damaged images, but they have limits

Faded baby photos. Cracked wedding pictures. Water-damaged graduation shots. Old family photos don't always survive the test of time. AI can help revive them.

In the past, photo restoration was complicated and costly, often requiring an artist to fix the images by hand. Adobe Photoshop and other advanced graphic-design tools shifted the work to computers, but such programs can be too complicated for the average person.

The prevalence of new artificial-intelligence services has made this all easier. They can fix minor flaws, animate stills, add color to black-and-white images and repair photos with significant damage. Some are free, but most charge for more advanced features.

We tested out tools for some of the most common photo-restoration issues. Some worked, some didn't. The ones we have below are the ones that did, and you'll see photos of us and our families to demonstrate the results.

The results can seem like magic. But remember: AI isn't perfect. The generated color and facial features can be off, and AI sometimes guesses what should be in the image, altering reality.

Color correction and retouching

Older photos kept in albums or hung on the wall typically don't have dramatic damage, making them easier for AI services to fix. Photo Scan by Photomyne (not to be confused with Google's PhotoScan) and MyHeritage have tools that can salvage lightly damaged, discolored and unfocused photos with just a few taps.

MyHeritage, best known for its genealogy platform, offers Photo Repair on its website and mobile app. Upload the photo and hit the Repair button in the bottom right to remove scratches, tears and stains. If the algorithm detects

▼ **Photo Scan can use old and new photos to generate AI portraits of two people together, such as reporter Cordilia James and her mother depicted as young adults.**



damage, the imperfections will be removed automatically. Hit the Enhance button at the bottom left to sharpen things up. The features are included with MyHeritage's \$299 annual genealogy plan. If you only want the photo abilities, you can download the Reimagine app and pay \$50 a year or \$8 a month.

Photo Scan by Photomyne isn't designed to fix scratches, but it does do a great job restoring color and sharpening faces.

If you want to sharpen the rest of the photo, you'll have to use the web version. The web version requires a paid subscription that starts at \$40 a year and allows you to remove glare in photos. Though if it's glare you're looking to fix, Google's free PhotoScan app removes it automatically.

From black-and-white to color

Photomyne's Photo Scan and MyHeritage both have tools that can colorize black-and-white photos.

Open a photo in the MyHeritage app and tap Colorize in the bottom left corner. Much like the color wheel in Photo Scan, it will either improve the color balance or guess what the colors should be if the original is black and white.

Fixing heavily damaged photos

The only thing Margery Albertini remembers about second-grade picture day is how beautiful she felt in her bright green dress. Now that she's 59 years old, the photo that captured that memory is ru-

▲ **Adobe Firefly's Generative Fill feature repaired Margery Albertini's damaged school picture.**

ined. She thinks it might've been due to water damage.

Most apps we tested couldn't fix the photo because they couldn't automatically recognize young Albertini's face.

But Adobe Firefly's Generative Fill feature tidied up the image and filled in the blanks for what it thought the picture should be. When Albertini saw the image, she gasped, "Oh, that's me!"

To fix an image like the one above, you can highlight the undamaged parts of the image using the Lasso or Insert tool and hit the Invert button, then Generate,

says Howard Pinsky, senior design evangelist at Adobe. The AI will then revamp the rest of the image using the highlighted selections as points of reference.

Fixing images like this isn't a one-click move, but it isn't hard. You get 25 free credits a month, and use one per generated image. You'll get more if you subscribe to the Firefly Premium plan, which costs \$50 a year.

Bending reality

Generative-AI tools, which are still fairly new, can be used to bend reality. Just be prepared for some surprising results, such as images that don't look like the actual people featured.

Firefly's Generative Fill can fix heavily damaged photos and make unwanted relatives—say, an ex-spouse—disappear without a trace. (The Google Photos app also has a Magic Eraser feature for all users who pay for Google storage.)

In September, Photo Scan launched AI Couples Portrait, a feature designed to create portraits of two people who otherwise wouldn't have met before, such as a late grandmother and her grandchild.

Users upload at least three photos of each person, then specify each person's name, gender and age range.

After a few minutes, you'll have several photos of the two people together in various settings and styles, though at times the skin and hair texture may be off.

Animating stills

The AI features keep coming: MyHeritage and Photo Scan have other fun AI tools that help you experience your family photos in new ways.

Both have animation capabilities that make a person appear to blink, laugh or make other facial expressions.

Yes, it can look creepy sometimes.

For MyHeritage, select a photo and tap the Animate button at the bottom of the screen. Then tap the drop down arrow at the top of the screen to select different expressions.

You can animate photos with the Live Portrait feature in Photo Scan, but it's a \$5, one-time payment not included in subscriptions.

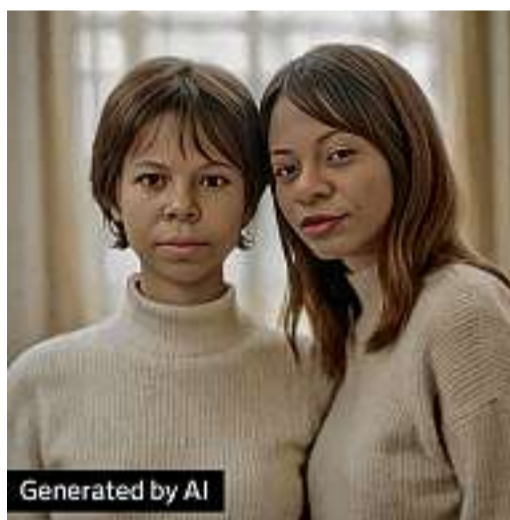
Privacy risks and reality woes

The advanced tools come at a time when there's a lot of excitement about generative AI, but not everyone reads the fine print.

Even if you trust the companies you're feeding your family photos into, you should know that the rules about how the data is used can change unexpectedly with new leadership or bankruptcy, says Emily Bell, founding director of the Tow Center for Digital Journalism at Columbia University.

And as AI rewrites history by re-creating photos with its artificial predictions, it raises the question of how real or fake memories are.

"All of those things lie underneath the fun," Bell says.



Ad-Free Instagram Still Feeds You Promos



PERSONAL TECHNOLOGY
NICOLE NGUYEN

Earlier this year, I visited a washable rug's website and decided it wasn't for me.

Then its relentless pursuit of me began—especially on Instagram.

So when an option popped up to get rid of all ads on the social network, I jumped at the chance to try it. I paid a fee, about \$14 in the app, eager to see a feed unencumbered by lurking rugs and other junk ads.

I no longer see posts marked "sponsored." However, Instagram still suggests some brand-owned accounts and posts from influencers that feature paid partnerships.

The reason I could do this is because I currently live in France. When European regulators asked Meta Platforms to be more explicit about consent to data collection, the Facebook and Instagram parent's solution was to offer Europeans a choice: free with ads or an ad-free subscription. I took Meta up on the latter.

Today, a few weeks after my experiment began, one conclusion is clear: Even with an ad-free Instagram account, you can't escape promotional content. I find myself questioning the very nature of ads.

The ad-free feed

It has been almost a decade since Instagram introduced advertising. "We'll start slow," the launch post promised. Well, as any Instagram user knows, they got faster.

After I switched the subscription on, I immediately noticed it was more pleasant to swipe through stories, those ephemeral photos and videos that disappear after 24 hours. Before, Instagram would often serve me two ads in a row. Baby pic, meme repost, ad, ad, travel post, dog vid, ad, ad...and so on. Now I see friends' updates without promotional interruption.

Similarly, swiping through the TikTok-style Reels provides an endless stream of random short videos, with nary an ad in sight.

My main feed's change isn't so dramatic. The official ads are gone. But I still see a fair amount of promotional content from accounts I follow, including:

- ▶ A post from a runner influencer praising protein yogurt, marked "paid promotion"
- ▶ A musician sharing upcoming tour dates
- ▶ A local shop announcing a holiday sale

Presumably, I might want to know all of this. But I also continue to see the promotion of posts from accounts I don't follow:

- ▶ A suggested post from a travel account about a charming English hotel
- ▶ A suggested post from an actor that included a trailer for his next movie
- ▶ A suggestion to "discover businesses you may like," including a local bakery, gelato place and gift shop



An EU privacy ruling lets users avoid ads, but the app still pitches content.

Many paid promotions aren't explicitly labeled—as the Federal Trade Commission admonished just this month.

You can temporarily stop Instagram from suggesting posts by accounts you don't follow for 30 days, which I recommend. (Instagram should really make this a permanent setting.) From the mobile app, tap on your profile, then menu, then "Settings and privacy." Select "Suggested content," then tap "Snooze suggested posts in feed."

Even with snoozing on, you still might see a row of suggested reels. Because Instagram really wants you to look at reels. You can also tap the tiny inverted caret at the top of your feed, next to For You. Tap Following to see a chronological feed of the accounts you follow, with latest posts at the top.

What about data collection? Meta is clear: If you pay for no ads, your data won't be used for ads. That doesn't mean Meta will stop collecting your data. The company still looks at the accounts you interact with and which posts you view.

Is it worth it?

Only people over 18 years old in the European Union, European Economic Area and Switzerland will see the ad-free option on Facebook and Instagram. (If you live in the U.K., you won't.) Ads are paused for European users under 18.

The subscription offering is expensive and next year, fees will be even higher. Meta will charge extra for additional accounts. If you have Facebook and Instagram accounts,

that's potentially upward of \$22 a month for both.

Is the ad-free experience worth more than an Amazon Prime or Netflix subscription? For most, no. If Meta introduced more features for subscribers, such as a persistent chronological feed, less data collection and the option to permanently remove suggested content, I might reconsider.

I am reverting to ad-riddled Instagram next month. But it's been a nice break. It feels like ads on Instagram and the web have gotten worse.

Other than the washable rug, I'd often see sponsored posts for random Amazon

products, like taco holders and cat trees. (I don't have a cat.) I would also get the occasional ad featuring a questionable dietary supplement or a meme. According to a recent Wall Street Journal report, Meta will now allow ads to question the legitimacy of the 2020 U.S. presidential election on Facebook and Instagram.

It would be great to see the no-ad option come to the U.S. If it did, it would probably have to cost more. In the U.S. and Canada, Meta said it took in about \$56 a user in revenue across July, August and September of this year. In the same three-month period, it got \$19 per European user.

Subscriptions in the U.S. are unlikely anyway, unless lawmakers tighten data regulations stateside. A Meta spokesman in the EU said this move was a direct result of an EU privacy law ruling.

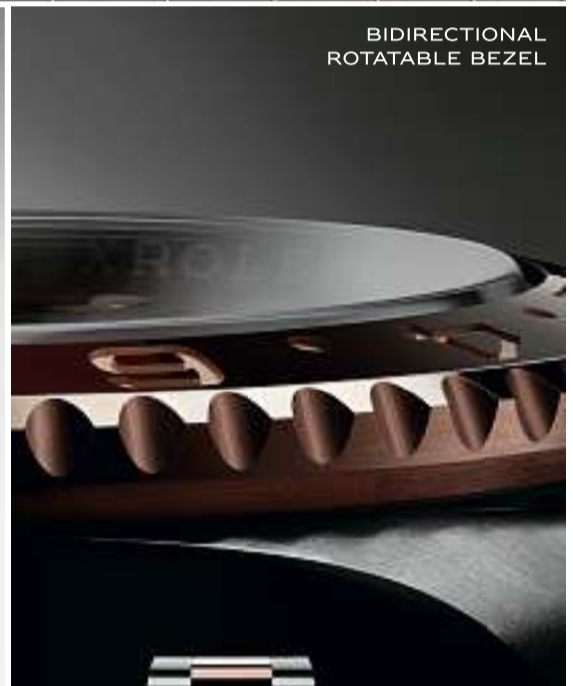
In a news release, Meta emphasized, "We believe in a free, ad-supported internet—and will continue to offer people free access to our personalized products and services."



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ARTS IN REVIEW



FILM REVIEW | KYLE SMITH

‘Napoleon’: Caricature Of a Conqueror

Ridley Scott’s historical epic portrays the French emperor as a petulant oaf

Joaquin Phoenix finds Napoleon morose, anguished, petulant and a bit childlike, which reminds me that although I enjoyed his morose, anguished, petulant and a bit childlike performance as the Joker, his decision to play Jesus Christ as morose, anguished, petulant and a bit childlike, in 2019’s little-seen “Mary Magdalene,” felt a bit off. Mr. Phoenix even appeared morose, etc. while accepting his Oscar. This might be the moment to ask whether his range is limited.

Alas, it’s too late for those of us who thirstily awaited Ridley Scott’s “Napoleon,” an attempted return to jolly old ’60s-style big-budget historical epics that, rejecting a recent cinematic fad for distilling great men into a single episode (as in Steven Spielberg’s “Lincoln”), covers the range of the French soldier-emperor’s life from age 24 until his death at 51. (Being 49, Mr. Phoenix is too old for all but the final moments.) There are bloody battles. There is the coronation. There is palatial luxury, political intrigue, a humiliating exile, a triumphant return, and the final disastrous battle, which proved to be Napoleon’s Waterloo. But there is no heroism, no heart, and very little great soldiering. Most of the movie is a vaguely comical swipe at Napoleon in domestic life—an awkward lover, a jealous husband, an inveterate complainer, and in sum an annoying twerp. Mr. Phoenix’s Napoleon could never have commanded so much as a squadron of the Salvation Army, and though the movie is sprinkled with a few reasonably hearty battle scenes, overall it’s something like Mr. Scott’s Waterloo.

The 85-year-old director of “Alien” and “Blade Runner,” who has nevertheless made more bad movies than good (“House of Gucci,” “Exodus: Gods and Kings,” the Russell Crowe “Robin Hood” and “All the Money in the World” are among many misfires), also channels ’60s filmmakers’ respect for historical accuracy, which is negligible. “Get a life” is his rejoinder to the fact-checkers. He starts by placing Napoleon at the execution of Marie Antoinette (he wasn’t there—but, more important, it’s unclear what we’re supposed to think was

the takeaway for the then-captain). Mr. Scott hits the highlights, showing Napoleon gaining fame by seizing a seemingly ill-defended British fort at Toulon (though what is different about this routine-looking attack is one of many details that don’t seem to interest Mr. Scott and his screenwriter, David Scarpa). We proceed to the glorious victory at Austerlitz, where Bonaparte routed the Russians and the Austrians and where we get the film’s best look at tactical skill: Napoleon keeps a surprise battery in just the right spot, and when he lets his cannon roar, his opponents are doubly endangered by the ice-covered pond beneath their feet, ruptures in which send many of them to damp and chilly graves. Later, however, an attempt to take Moscow goes the way Russian invasions tend to go, especially in December.

Despite mega-funding from Apple—the film is in theaters for now, with a streaming date TBA—Mr.

Scott doesn’t come up with anything particularly new or exciting in the way of re-creating 19th-century battle. Moreover, unlike the ’60s directors, who loved nothing more than filling the screen with bodies, Mr. Scott cheats with digital enhancement, and sometimes it shows. Most of the clashes are seen through a scrim of murk, which is a trick directors use to hide the digital seams. As for the dialogue, Napoleon sounds more like a whiny brat than a distinguished leader of men. “You think you’re so great because you have boats!” he screams at an English emissary.

Where the film really gets stuck on its own bayonet is in its depiction of Napoleon’s strange obsession with a widow he meets at a party after the Reign of Terror, Josephine (Vanessa Kirby), with whom he flirts by staring at her like a stalker. She cheats on him (news of which causes him to desert his troops in the midst of at-



Joaquin Phoenix, above; a scene from the film, above left; Vanessa Kirby and Mr. Phoenix, below

greatest leaders of all time to a caricature of an oaf.

If the film is intended as a comedy, though, why not go all the way? As it is, “Napoleon” is simply a wobbly epic. Mr. Scott, who among other literally reductionist errors makes the emperor look short (his height, despite the common misconception, was about average), tries to be the first filmmaker of the sound era to craft a successful portrait of the subject. But the man who conquered half of Europe was celebrated for his charisma, intellect and military genius. Mr. Scott and Mr. Phoenix’s Napoleon is merely a seething bungler.



TELEVISION REVIEW | JOHN ANDERSON

Belting Out the Songs of the Season

‘THEY DON’T MAKE ‘EM like that anymore’ is not something one would say, politely, about Hannah Waddingham, but it does apply to “Hannah Waddingham: Home for Christmas,” a very musical holiday TV special as merrily, madly anachronistic as Bing Crosby in a sleigh full of eggnog. There is singing, there is dancing, there are multiple costume changes. Heralding the incipient tsunami of holiday programming, this may be the one program to watch, perhaps while preparing Thanksgiving dinner.

It’s a bit early for yuletide TV cheer, despite the commercials that have been airing since before Halloween. But there’s a tradition to be upheld here: Those familiar with Ms. Waddingham from her role in “Ted Lasso” (as team owner Rebecca Welton) may still be reeling from the infamous “Carol of the Bells” episode of 2021; it aired in August. It did, however, help introduce American audiences to the actor’s vocal gifts. Her musical-theater talents are much better known in the U.K., where she has earned multiple

Olivier Award nominations for her roles on the London stage, which have included parts in “Spamalot,” “Into the Woods” and “The Wizard of Oz.” She also played Septa Unella in the fifth season of “Game of Thrones,” a lesbian mom in “Sex Education,” and was one of the better things about the recent PBS presentation of “Tom Jones.” She has, one might say, credentials.

She is also making no effort to separate herself from “Ted”—virtually the entire cast is on hand, sitting among the live audience at the London Coliseum (home of the English National Opera, with which Ms. Waddingham’s mother sang for years), or taking part in various onstage antics. For much of the show, Nick Mohammed (Nathan Shelley in “Lasso”) dangles from a wire above the stage like a piñata, making the occasional polite request to be lowered to the stage.

There’s a more-than-generous amount of holiday sentiment in “Home for Christmas,” balanced by the impression Ms. Waddingham gives that she has always hoped to

launch a well-targeted attack on an elusive high note, just when it seems to be fading out of range. It is theatrical, but that is what “Home for Christmas” is all about.

Per the traditional variety-show format, she has guests: Duets are sung with Leslie Odom Jr., Luke Evans, Sam Ryder (a product of Eurovision, which Ms. Waddingham famously helped host this year) and the Fabulous Lounge Swingers, who are joined on a version of “Have Yourself a Merry Little Christmas” by Phil Dunster (Jamie Tartt on “Lasso”). Who knew he could sing? Can everybody sing? Seems so, though not as well as their host. And none would look quite as good in a red velvet, cape-topped Christmas ensemble, or generate quite the same

amount of good-natured, old-fashioned show-biz energy.

Hannah Waddingham: Home for Christmas
Wednesday, Apple TV+

Mr. Anderson is the Journal’s TV critic.



‘Ted Lasso’ actress Hannah Waddingham and the English National Opera Chorus

do something like this and is now gleefully getting to do it surrounded by colleagues and family. (In a welcome gesture of privacy and nonexploitation, her 8-year-old


daughter is seen, but only from behind, and only for a fleeting moment.) The singer, evidently, has always wanted to sing these songs, and isn’t that how singers should make you feel? Ms. Waddingham, despite having grown up around opera, is really a belter in the ’70s soul tradition, although she will

SPORTS

JASON GAY

Harbaugh, Kelce-Swift, 'Tush Push' And 25 New Rules for Touch Football

The turkey is in the oven. It's time for some fumbles and sprained ankles in the family game.

 This is the 13th edition (!) of The Rules for Thanksgiving Family Touch Football, and yes: I'm as surprised as you that this party is still going. This annual column has outlasted most NFL coaching careers, a global pandemic, Qubi, CNN+, Mikes Bloomberg and Pence for President, and anyone caring about NFTs. It's older than both of my children, and doesn't groan when I ask it to stop playing Minecraft and unload the dishwasher, either.

As always, I am thankful for you. Truly. Let's get to it:

1 There's a lot of debate in the NFL about the "Tush Push," the Philadelphia Eagles' amazingly effective, butt-shoving fourth-down play. The Tush Push remains legal in the Thanksgiving Family Touch Football Game, but you need to think carefully about what family tushes you'll be giving pushes, and if you will need years of therapy later.

2 If you see movement in the neighbor's yard, and a mysterious gentleman wearing maize and blue clothing, carrying, don't panic. That's just "Josh Hartnaugh," the head coach of the "Wichigan Wolverines." He's technically not supposed to be here; please don't tell the Big Ten.

3 Also, your cousin brought a new pal: His name is Connor, he went to Navy, fixes vacuums, and knows a startling amount about Purdue's offensive signals.

4 For the record: Stealing signs is easy in Family Touch Football. Nobody's hiding them. When Dad puts his hands on his hips and starts wheezing, it's a sign he's about to call the game off and take a nap on the couch.

5 Don't be surprised if an irritated Ohio State coach Ryan



Day busts into your game, looking for Lou Holtz.

6 During a break in play, your uncle wants to show you his new watch: it measures heart rate, sleep quality, body temperature, and how many people can listen to him yap endlessly about his new watch.

7 There are two regular outcomes in Thanksgiving Family Touch Football: a sack for a loss, and an interception return for a touchdown. Apologies: those are the two regular outcomes of the 2023 New England Patriots.

8 Pro football has cracked down on roughing the passer, but this doesn't apply to your brother,

who's still mad you dented his car in the 11th grade.

9 There is no end zone "pylon cam." There is a wireless security cam, however, which is three years old and your parents still haven't figured out how to connect to the Internet.

10 I don't even want to speculate if there will be a Kelce-Swift Family Thanksgiving, much less a Kelce-Swift Thanksgiving Family Touch Football Game. I just want shameless clicks for putting their names in my story and the headline.

11 Absolutely, you may serve a plant-based vegan turkey at Family Thanksgiving. Just don't

expect anyone to throw you a pass, or come to the house, ever again.

12 This year's halftime show is your Dad talking about his electric car for the 34,000th time.

13 Per tradition, the Detroit Lions play on Thanksgiving, but you can't make fun of the Lions anymore, because they're 8-2. Instead pick a few relatives who didn't show up this year, and make fun of them instead.

14 A few family members chose to celebrate Thanksgiving with their in-laws. Consider this a betrayal, like running off to the Big Ten.

15 Speaking of which: would you and your family care to join the Pac-12?

16 There is a first-ever "Black Friday" game this year: Dolphins at Jets, the day after Thanksgiving. Instead of being miserable spending a nice day at the mall, you can be miserable spending a nice day watching the Jets.

17 It's unfair to force any relative to play in the Thanksgiving Family Touch Football game. But find them another fun game to play, like Hey, Let's See Who Can Clean the Kitchen the Fastest.

18 Avoid doing a good job with Thanksgiving dishes. Do a good job, and it's a lifetime appointment, like the Supreme Court.

19 If someone's in cleats, someone's getting hurt. Usually the person in cleats.

20 Someone's always getting hurt in Family Touch Football. Maybe it's a sprained ankle, or a busted finger. Maybe it's the return of a repressed memory, like how your parents took your sister to Disney World on her 10th birthday, and you got a lollipop at the fabric store.

21 Game's over after the first family member is spirited away in an ambulance. OK, fine, that's a bit harsh. End it after the second family member departs in the second ambulance. Still harsh? Alright. Next score after the second ambulance drives off, wins.

22 Most Thanksgiving Family Touch Football injuries can be cured by a bag of frozen corn and a bourbon neat.

23 If you can't fall asleep after the game, just ask someone to explain the 2023 Formula One season.

24 A postgame signature cocktail? Family Thanksgiving has one signature cocktail, and that's Whatever Mom Wants, with Ice.

25 Yes, ice in the white wine, and don't be stingy.

ILLUSTRATION BY SCOTT POLLACK

The WSJ Daily Crossword | Edited by Mike Shenk

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- 28 Paralympian's downhill apparatus
- 29 Less literal
- 30 Confident way to solve a Sudoku
- 32 Skater Nathan who won gold at the Beijing Olympics
- 33 Follower of Donkey, King or Hong
- 34 Pair, as Bluetooth devices
- 39 Asst. during a procedure
- 40 Port structure
- 41 "Ah, gotcha"
- 42 Place to get a flight
- 45 Packing a wallop
- 46 "That's impossible!"
- 50 Knock sideways
- 51 App that will take you places
- 52 "Peacemaker" star John
- 53 Story's progression
- 54 Stoat's coat
- 55 Draw
- 58 Forever and then some
- 59 Pennsylvania in D.C., e.g.
- 60 Kitty's cry

FOWL PLAY | By Aaron Ullman

Across	35 Steamed state	57 Subs, collectively	11 El Clásico cheer
1 Listing on LinkedIn	36 Day before mañana	61 Knossos Palace, e.g.	13 Starr-struck thing?
4 Priests from the East	37 Muscle car roof	62 Totally chill	15 Proxima Centauri, of all stars
9 Status follower	38 Takeoff guess, briefly	63 Higher in rank	20 Vice operation
12 Sent packing	39 Search option on food apps	64 Knossos Palace site	21 Work for an orchestra
14 City between Tampa and Jacksonville	43 157.5° from N	65 Notable time	24 Elizabeth of "Doctor Strange in the Multiverse of Madness"
15 Biceps rep	44 *Past one's prime	66 Give fresh strength to	25 "Divine Comedy" divisions
16 Porky papa	47 Skipper on the water	Down	26 In the heart of
17 "...well, guess I was wrong"	48 Broadcast sign	1 Vaccination, familiarly	5 Plot measure
18 Metro route	49 Entree with nested birds, as suggested by the progression of fowl in the starred answers	2 Kitchen gizmo brand	6 Umpteen
19 *Piece of cake		3 Tuckered out	7 At ___ (perplexed)
22 24-time All-Star Willie		4 "See here, bub!"	8 Didn't go out
23 Conciliatory gifts		5 Plot measure	9 Pack it in
24 Congress's Alexandria ___-Cortez		6 Umpteen	10 Buffet fixture
27 Granola kin	53 In pursuit of	7 At ___ (perplexed)	
31 *Post-Election Day meeting	56 Prez on two units of currency	8 Didn't go out	

Previous Puzzle's Solution

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ANT	GREEKY	OGURT			
IDEA	UPI	ANSEL			
TURKISH	COFFEE				
RTE	DUSTMOP				
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SPANISH	HOMEL	LETTE			
SEI	MOD	ODEON			
TENSEUP	ALI				
BELGIAN	WAFFLE				
SMASH	PAIR	YEAR			
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► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](https://www.wsj.com/puzzles).

This Thanksgiving, the Lions Are No Longer NFL's Turkeys

By ANDREW BEATON

BRAD HOLMES had been the Detroit Lions general manager for just a couple of weeks when he made the move that determined whether he would succeed at his new job—or set a woe-begone franchise back even further.

Holmes's counterintuitive idea to turn around the team began with trading away the team's most valuable player. But the deal in 2021 that gave up quarterback Matthew Stafford didn't send the Lions into the type of painstaking rebuild that can take years, if it ever works at all. It actually allowed them to short-circuit that process and become a Super Bowl contender faster than anyone imagined.

The product of Holmes's handiwork is a Lions team that is among the best in the NFL this season. They're now 8-2, their best start in decades, and feature one of the league's most explosive offenses. They're no longer a drag on the Thanksgiving schedule. They're giving fans a bona fide reason to believe that they can snap their drought of more than three decades without winning a single playoff game.

Their turnaround is also rooted in that first trade Holmes made to acquire quarterback Jared Goff and a bounty of draft picks. Stafford led the Rams to a Super Bowl victory in his first season there. But the Lions were playing a longer game—and are now benefiting from the windfall: the team has a bright young core and Goff is playing like the quarterback capable of winning a championship.

That's a dramatic change considering the common perception when Detroit dealt Stafford for a package that included two first-

round picks and the Rams' former franchise quarterback. The thinking went that one of the picks was the price for Stafford, and the other was for the burden of taking on Goff.

"I did think it was a lazy narrative," Holmes says before rattling off Goff's accomplishments, which had already included leading the Rams to a Super Bowl ap-

pearance. "He was such a young player. He was still developing."

Goff was viewed by many as an albatross because his play took a turn for the worse after the former No. 1 overall pick signed a lucrative contract extension with Los Angeles in 2019. But there was a reason that Holmes still believed in the talent that earned Goff his megadeal enough to trade for him. Before he made a blockbuster deal with the Rams, Holmes worked for the Rams.



The Lions' Jared Goff, left, celebrates with Taylor Decker.

Holmes, a former defensive tackle at the historically Black college North Carolina A&T, worked his way up from scouting assistant for the St. Louis Rams to director of college scouting by the time the team moved to L.A. That means he was integral to drafting future stars such as defensive lineman Aaron Donald and wide receiver Cooper Kupp. He was in the role when the Rams traded

for the No. 1 pick in the 2016 draft—and selected Goff. That eye for talent led the Lions to hire Holmes in January of 2021, and he was almost instantly on the phone with his former boss. He says Rams general manager Les Snead specifically asked whether he wanted Goff as part of the deal. The Lions didn't have to take him.

"We both thought there was a good chance it would be win-win," Snead says. Holmes's assessment that Goff was still a viable starting quarterback with upside allowed the Lions to skip the riskiest part of a typical rebuild. So rather than spending picks to replace him, they used them to build around Goff, putting them on an accelerated track to contention if they were right about Goff.

"We were very intentional in that process," Holmes says. "That definitely did buy us time."

REY DEL RIO/GETTY IMAGES

OPINION

Capitalism Works, Says ChatGPT



BUSINESS WORLD
By William W. Jenkins, Jr.

Critics of CEO pay often begin and end with the claim that the CEOs don't "deserve" their giant salaries, but deserve has nothing to do with it. Large and pre-emptory carrots aren't about reward after the fact. They are about control before the fact, designed tightly to harness the interests of the key decision maker, especially in a media and legal environment where a loose cannon CEO can do untold damage to organizational interests.

By late Sunday, on the question of the day—why was CEO Sam Altman of OpenAI, creator of ChatGPT, fired from his job?—ChatGPT had this to say: "The board stated that Altman 'was not consistently candid in his communications.' However, specific details surrounding Altman's departure have not been publicly disclosed."

Which just proves that, wonderful as ChatGPT is, it falls short of the human capacity for insight, which instantly perceived the episode for what it was: a royal corporate governance snafu caused by confounded and misaligned incentives.

Though OpenAI stumbled into its problem innocently enough, as a nonprofit devoted to artificial-intelligence safety that suddenly found itself in charge of the field's leading company, Mr.

Altman's lack of an ownership stake already had raised eyebrows on the outside. How was his board supposed to get comfortable with his many initiatives, such as promoting chip and hardware development to speed the rise of artificial intelligence, and how they relate to the company's interests and mission?

An even worse governance morass was the board itself. The problem permeates not only OpenAI but also America's many nonprofit foundations and universities. Lacking transparent and measurable incentives of their own, their leadership sinecures tend to fill up with human weathervanes who search for approval from whatever constituency shouts loudest in the media and social media.

To make sure artificial intelligence benefits humanity regardless of profit—the mission encoded in OpenAI's founding charter—sounds nice. It's functionally meaningless. Henry Ford could make cars but couldn't dictate how society would change and adapt to the automobile's existence. AI's future will be worked out in a thousand places, by businesses, governments, consumers, politicians and regulators. OpenAI's board can't control this future but did discover its power to turn its own company overnight into an irrelevance.

It also became incandescently clear, as some 700 employees threatened to follow Mr. Altman to his new employer at Microsoft, that its nonprofit board was very,

very much interested in money after all.

Its chairman, Ilya Sutskever, repented publicly of the firing. He even threatened to defect to Microsoft himself. For all the spin about humanity, a full-blown panic was under way once the board realized an estimated \$90 billion in luscious equity might walk out the door.

The denouement may not be known for a few days more. Microsoft, which finds itself in the catbird seat, has graciously allowed OpenAI to try to reassemble itself, before it proceeds to absorb the company essentially via its employees for a purchase price of \$0.

A royal governance screw-up shows what nonprofits could learn from CEO pay.

The episode, in one sense, comes 40 years too late for a media that has long botched an understanding of CEO pay as a corporate governance solution. Instead, the media preferred in the last decade to lionize a doom-mongering French economist, Thomas Piketty, who described CEO pay as a form of insider theft, in keeping with his larger theory that capitalism naturally produces stagnation for all except those with inherited wealth.

This notion of CEO pay should have fallen apart instantly given that so many of the biggest CEO carrots were

dangled in front of outside recruits by corporate boards and private-equity titans who, by definition, couldn't have been in the pockets of executives they had yet to hire.

Likewise, missing in Mr. Piketty's income stagnation data was the role of growing government transfers in the financial strategies of individuals and households. When properly accounted for, all income groups have seen rising real income over the past 40 years with no shift toward the rich, according to a new paper from economists in Joe Biden's Treasury Department and Congress's Joint Committee on Taxation.

Getting back to ChatGPT, perhaps the fastest-growing consumer product in history, and free to most users, it's proving, on net, a boon like most products of capitalism do. In my own work, it quickly edged out Google's less-precise search function. Yes, it gets things wrong—Truman didn't call the Korean War a "police action," a reporter in a press conference apparently did. But Bing's version of ChatGPT linked me directly to the June 29, 1950, press-conference transcript so I could see for myself.

But it won't soon replace the human knack for synthesizing the most valuable insight from a welter of facts, as independent tech analyst Ben Thompson did from this week's OpenAI meltdown. If the episode establishes anything, he wrote, "a for-profit corporation is the right way to organize a company."

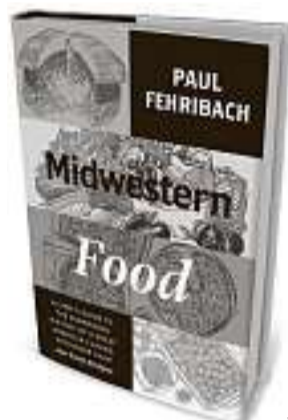
BOOKSHELF | By J. Ryan Stradal

Hungry for the Heartland

Midwestern Food

By Paul Fehribach
Chicago, 280 pages, \$27.50

Throughout our history, the Midwest has been the most consequential region in the development of American food and drink culture," Paul Fehribach writes in "Midwestern Food." Ambitious, personal and deeply researched, Mr. Fehribach's beguiling opus is sure to attract controversy, not only over what dishes he includes and excludes but also over his definition of the Midwest's boundaries and which regions within them warrant his focus. The area is so vast and diverse that even its residents don't always agree whether they should identify as Midwestern, but navigating this geographic and culinary opacity with a guide as knowledgeable as Mr. Fehribach is an indisputable delight.



Mr. Fehribach is an acclaimed chef and the owner of the Chicago restaurant Big Jones. The love he feels for the Midwest, this frequently misunderstood and stereotyped region, is evident in his book's scope. Part cookbook, part memoir, part "Larousse Gastronomique" for the heartland, "Midwestern Food" proudly asserts the Midwest's culinary bona fides. The text that accompanies each recipe often includes unexpected history lessons revealing the provenance, for instance, of

American hot dogs and fried chicken (Midwestern, via settlers from central Europe). There are attempts to unearth the definitive origins of dishes long mired in controversy, such as St. Louis's toasted ravioli and Minneapolis's legendary hamburger, the Jucy Lucy. Short capsules between chapters profile luminaries from the world of Midwest cuisine, including Andy Hazzard of Hazzard Free Farm and Erika Allen of Urban Growers Collective.

The book is thoughtfully divided into thematic sections, beginning with pickles and preserves, followed by cocktails and a comprehensive array of sides and main courses, from pizza to barbecue—ending, of course, with desserts. Each section contains equal measures of personal experience and historical research and analysis. "Less than a hundred years ago, Italian cuisine was the exotic emerging ethnic cuisine in Midwestern cities," we are told. The Italian beef sandwich, featured recently in the television series "The Bear," emerged here during the Depression and remains "virtually confined to Chicago and environs." The author adds: "I do love to drive to the Near West Side to get one at Al's #1 on Taylor Street . . . and feel closer to the heart of Chicago with each bite."

Unlike some chefs, who throw would-be home cooks into the deep end, Mr. Fehribach often makes concessions to his readers' skill, time and budget constraints. He explains methods by which recipes could be made easier or more cost effective while still presenting the best approach as he sees them. In the recipe for green-bean casserole, for instance, he writes: "I'm not going to denounce anyone who decides to make this casserole exactly according to Campbell's original recipe, although I do think it's possible to develop a deeper flavor by substituting Quick Cream of Mushroom Soup and using Worcestershire sauce instead of

Proudly asserting the culinary bona fides of a region so diverse, even its residents sometimes disagree on the definition of 'Midwestern.'

the soy sauce." Later in the same recipe, he explains that "French's french-fried onions are hard to improve on, unless you want to create a long, extra step of prepping, dredging, and frying onions. . . . So we're going to embrace a bit of our Midwestern heritage and use a processed ingredient from the dry-goods shelf at the supermarket." Such antinobility is perhaps the marrow of Midwesternness and appears here in manifold ways.

Mr. Fehribach doesn't look only to European settlement for Midwestern culinary heritage; he integrates influences and recipes from more recent non-European immigrants, as well as Native American practices and crops. He also explains how the Great Migration of African-Americans from the South helped Midwest cuisine evolve, and he takes care to point out that such contributions to the further progress of heartland food culture will continue to be consequential.

"What Next, Heartland," the final chapter of the book, is the most meaningful one, in which the author recognizes the Midwest's increasing diversity as the foundation of an ideal food culture. "Success isn't a zero-sum game," Mr. Fehribach writes. "The more people—the more different kinds of people—we have at the table, the better we'll all eat, and live."

With more than 100 recipes, there's something here for every palate and kitchen-skill level—but very few photographs. Considering this project's scope, however, the text is worth a thousand pictures. Some may even argue that Mr. Fehribach should have written more. In a region known for the quality of its baking and desserts, the sweets section, though the book's longest, still feels too short and too focused. It emphasizes the specific regions of the author's personal experience—Indiana in particular—with nary a mention, over the course of 50 pages, of Iowa, Minnesota, North Dakota, South Dakota or Wisconsin, each of them incredible dessert states. The fact that Lettice Bryan's "The Kentucky Housewife" gets more credit than all of those states combined feels like an oversight. There's an indisputable case for the importance of the Ohio River Valley and its bordering states in the annals of American culinary history, but such an emphasis can certainly make those from elsewhere in the Midwest feel a bit left out.

That said, my friends and relatives in Iowa, Minnesota and North Dakota already have their own dessert recipes, be they derived from European settlers, exemplified by the work of the extraordinary baker Amy Kovacs (of The Lowbrow in Minneapolis), or from Native American chefs like Sean Sherman, whose "The Sioux Chef's Indigenous Kitchen" (co-written with Beth Dooley) is essential. I don't imagine that Mr. Fehribach intends for readers to replace their Midwestern recipe books with this omnibus, but as an addition to the conversation of what has and will make Midwestern food important, this volume is a welcome and generous contribution.

Mr. Stradal is the author of the novel "Kitchens of the Great Midwest."

The Hostages Divide a United Israel



POLITICS & IDEAS
By William A. Galston

The Hamas terrorist attack on Oct. 7 continues to send shock waves throughout the world—especially in Israel. Some hard choices must be made, and some ugly realities have emerged that weren't acknowledged until the ground shook.

Israelis are united as rarely before on a fundamental belief: Any conclusion to the war that leaves Hamas in charge of Gaza would be intolerable. Backed by public opinion, the government has made it clear that the war won't end until Hamas's capacity to rule Gaza and attack Israel has been destroyed. This will be the case, I suspect, even if the U.S. eventually tries to halt Israel's military effort before it has achieved its objectives. In conversations with Israelis of varying political backgrounds, I detect a willingness to go it alone, if necessary, until they have restored their security. "Never again" is now more than a reminder of the Holocaust; it has a new resonance.

While Hamas's attack has united Israelis on the country's goals, it is dividing them on the most emotional issue—how to secure the release of their hostages. This

is an issue deeply rooted in Jewish history and in Israelis' experience since 1948.

After the destruction of the Jewish commonwealth by the Romans, enemies repeatedly kidnapped Jews and held them for ransom. The rabbis of the Talmudic age grappled with the challenge of saving Jews from death or captivity without increasing incentives for further hostage-taking. The legal formula on which they settled—captives shouldn't be redeemed for "more than their value"—raised more questions than it answered. In practice, Jewish communities, lacking political and military power, went to extraordinary financial lengths to gain the release of hostages.

The establishment of the state of Israel didn't end hostage-taking, but it changed the calculus. As the state became stronger, Jews could choose, for the first time in two millennia, between paying a ransom for hostages and saving them by force of arms. They pursued the latter course in 1976 at Entebbe, Uganda, where more than 100 hostages were rescued at the cost of one Israeli soldier—the older brother of Prime Minister Benjamin Netanyahu. But when Hamas captured an Israeli soldier, Gilad Shalit, in 2006 and held him hostage in Gaza, public pressure for his release grew in Israel. The government eventually agreed to Mr. Shalit's

return in exchange for more than 1,000 Palestinian prisoners, including Yahya Sinwar, who became the leader of Hamas in Gaza and the architect of the Oct. 7 attack.

Now, with the fates of more than 200 hostages in the balance, proponents of these options are in conflict. Senior military leaders have made it clear that they regard the destruction of Hamas as their priority, and they argue that sustained military pressure offers the best hope for the hostages' release.

But the relatives and friends of the hostages advocate a different course. Moshe Emilio Lavi, a former Israel Defense Forces officer whose brother-in-law is

The military believes its campaign will free them, while relatives prefer diplomacy.

among the captives, argues that "the safe return of the hostages should be at the forefront of diplomatic discussions, the center of Israel's demands and the focus point for the American response to the conflict." Not discussed is whether treating the release of the hostages as the priority would be compatible with eliminating Hamas as Gaza's governing authority.

Thank Your Teachers Before It's Too Late

By Bob Brody

A 1962 "Twilight Zone" episode starred Donald Pleasence as an elderly prep-school teacher forced to retire after 51 years. Despondent, he laments that he made no difference in his students' lives. "They all come and go like ghosts. . . . I gave them nothing. . . . I was an abject, dismal failure."

Then a bell tolls, summoning him back to his classroom, where he meets the ghosts of former students who died heroically—and who have returned to thank him for teaching them about patriotism, courage, loyalty, ethics and honesty. He retires in peace.

Watching that episode recently, I thought of Bernard F. Dick, a professor who made a difference in my life. One day in 1973 he approached me, smiling broadly, on the campus of Fairleigh Dickinson

University in Teaneck, N.J. He complimented my latest article for the student newspaper and asked if I had ever studied Latin. He thought I might have because my sentences were concise, "almost tight enough to snap."

I told him I hadn't. "Well," he said, "you're a true writer."

In 16 years of formal education, I received smatterings of encouragement from teachers, but Mr. Dick was the only one who ever called me qualified for the profession I intended to pursue. But I had never thanked him.

I searched online for his email address and learned he had retired from teaching 12 years earlier but was still, in his mid-80s, a professor emeritus and a widely published author, most recently of "The Golden Age Musicals of Darryl F. Zanuck: The Gentleman Preferred Blondes." I wrote to him: "It would

be indecent of me to grow another day older without thanking you." I described the incident: "It probably took you all of two minutes. But it meant everything to me as an aspiring writer, and

They help us become who we are. It's good to let them know it.

to this day it means everything to me still. So please accept my gratitude for whatever modest success I've achieved."

He answered the next day, and we've stayed in touch. Once I asked if he'd ever reached out to thank a long-ago teacher. He told me about Sister Marie Gerald, a nun who taught him in seventh grade at the Cathedral School in Scranton, Pa., in 1948-49. She routinely assigned re-

ports on American history. One day she asked her students for a paper about the Pony Express. She returned his report to him saying, "Read in class, please."

He did: "That was my introduction to public speaking," he told me, "which later landed me a career."

Mr. Dick said that about 20 years ago "I felt it was time to acknowledge a debt." He called St. Joseph's Convent in Scranton to ask about Sister Marie Gerald. "Gone," a nun bluntly informed him. She died in 1998 at 95.

"I owe a great deal to Sister Marie Gerald," Mr. Dick said. "I was too late to tell her that myself. But because she was a woman of faith, I'm certain she knows it."

Mr. Brody, a consultant and essayist in Italy, is the author of "Playing Catch with Strangers: A Family Guy (Reluctantly) Comes of Age."

OPINION

REVIEW & OUTLOOK

The Desolate Wilderness

Here beginneth the chronicle of those memorable circumstances of the year 1620, as recorded by Nathaniel Morton, keeper of the records of Plymouth Colony, based on the account of William Bradford, sometime governor thereof:

So they left that goodly and pleasant city of Leyden, which had been their resting-place for above eleven years, but they knew that they were pilgrims and strangers here below, and looked not much on these things, but lifted up their eyes to Heaven, their dearest country, where God hath prepared for them a city (Heb. XI, 16), and therein quieted their spirits.

When they came to Delfs-Haven they found the ship and all things ready, and such of their friends as could not come with them followed after them, and sundry came from Amsterdam to see them shipt, and to take their leaves of them. One night was spent with little sleep with the most, but with friendly entertainment and Christian discourse, and other real expressions of true Christian love.

The next day they went on board, and their friends with them, where truly doleful was the sight of that sad and mournful parting, to hear what sighs and sobs and prayers did sound amongst them; what tears did gush from every eye, and pithy speeches pierced each other's heart, that sundry of the Dutch strangers that stood on the Key as spectators could not refrain from tears. But the tide (which stays for no man) calling them away, that were thus loath



to depart, their Reverend Pastor, falling down on his knees, and they all with him, with watery cheeks commended them with the most fervent prayers unto the Lord and His blessing; and then with mutual embraces and many tears they took their leaves one of another, which proved to be the last leave to many of them.

Being now passed the vast ocean, and a sea of troubles before them in expectations, they had now no friends to welcome them, no inns to entertain or refresh them, no houses, or much less towns, to repair unto to seek for succour; and for the season it was winter, and they that know the winters of the country know them to be sharp and violent, subject to cruel and fierce storms, dangerous

to travel to known places, much more to search unknown coasts. Besides, what could they see but a hideous and desolate wilderness, full of wilde beasts and wilde men? and what multitudes of them there were, they then knew not: for which way soever they turned their eyes (save upward to Heaven) they could have but little solace or content in respect of any outward object; for summer being ended, all things stand in appearance with a weatherbeaten face, and the whole country, full of woods and thickets, represented a wild and savage hew.

If they looked behind them, there was a mighty ocean which they had passed, and was now as a main bar or gulph to separate them from all the civil parts of the world.

And the Fair Land

Any one whose labors take him into the far reaches of the country, as ours lately have done, is bound to mark how the years have made the land grow fruitful.

This is indeed a big country, a rich country, in a way no array of figures can measure and so in a way past belief of those who have not seen it. Even those who journey through its Northeastern complex, into the Southern lands, across the central plains and to its Western slopes can only glimpse a measure of the bounty of America.

And a traveler cannot but be struck on his journey by the thought that this country, one day, can be even greater. America, though many know it not, is one of the great underdeveloped countries of the world; what it reaches for exceeds by far what it has grasped.

So the visitor returns thankful for much of what he has seen, and, in spite of everything, an optimist about what his country might be. Yet the visitor, if he is to make an honest report, must also note the air of unease that hangs everywhere.

For the traveler, as travelers have been always, is as much questioned as questioning. And for all the abundance he sees, he finds the questions put to him ask where men may repair for succor from the troubles that beset them.

His countrymen cannot forget the savage face of war. Too often they have been asked to fight in strange and distant places, for no clear purpose they could see and for no accomplishment they can measure. Their spirits are not quieted by the thought that the good and pleasant bounty that surrounds them can be destroyed in an instant by a single bomb. Yet they find no escape, for their survival and comfort now depend on unpredictable strangers in far-off corners of the globe.

How can they turn from melancholy when at home they see young arrayed against old, black against white, neighbor against neighbor, so that they stand in peril of social discord. Or not

These editorials have appeared annually since 1961.

The IRS's Act of \$600 Mercy

While rarely a bearer of good news, the Internal Revenue Service on Tuesday postponed a \$600 reporting threshold for payments received via online platforms such as Venmo, eBay and Airbnb. The IRS is doing a favor for itself and President Biden as much as it is for Americans.

Readers may recall that the American Rescue Plan Act in March 2021 lowered the threshold for third parties reporting transactions on Form 1099-K to \$600 annually from \$20,000. Democrats' goal was to nab Americans who allegedly dodge taxes by failing to report income earned from, say, driving for Uber or renting out second homes on Airbnb.

Yet the \$600 threshold would ensnare millions of Americans who occasionally use online platforms to sell household items or repay friends for a dinner. Cash wedding gifts received through peer-to-peer platforms might get reported too. But how are platforms supposed to distinguish between compensation for a service and gifts and casual sale of goods, which aren't taxable?

For the most part, they can't. To prove tax evasion, the IRS would have to harass Americans for documentation. Better keep receipts from nights out with friends.

According to a Government Accountability Office report last week, the IRS expected to receive about 44 million Form 1099-Ks next year—three times as many as this year. "IRS does not have a plan to analyze these data,"

GAO noted. The IRS is also still backed up with tax returns from last tax season and doesn't have the bandwidth to process the forms.

The reporting mandate also contradicts the Administration's assurance that the IRS wouldn't use the additional \$80 billion it received from the Inflation Reduction Act to target non-affluent Americans. The Administration's real goal is to target pass-through businesses, gig workers and independent contractors whom Democrats claim underreport their income.

Yet a public backlash against the \$600 reporting mandate spurred the IRS to postpone it for a year at the end of 2022. The IRS is now delaying it for another year and proposing to increase the threshold to \$5,000 for tax year 2024.

The delay "will reduce the potential confusion caused by the distribution of an estimated 44 million Forms 1099-K sent to many taxpayers who wouldn't expect one and may not have a tax obligation," the IRS said. It added that the "complexity in distinguishing" between taxable and non-taxable transactions influenced its decision.

The \$600 reporting fiasco is reminiscent of the ObamaCare employer and individual mandates, which the IRS postponed and eased because of their political unpopularity and unintended consequences. Instead of having the IRS rewrite the law, why doesn't President Biden call on Congress to repeal it?

LETTERS TO THE EDITOR

Democrats Expanded Insurrection Definition

William A. Galston added "Donald Trump's Insurrection Act Gambit" (Politics & Ideas, Nov. 15) to a long list of measures that the press warns will gut U.S. democracy in a second Trump presidency.

The threat of Insurrection Act abuse would be much lower if the definition of "insurrection" had not been dumbed-down by Democrats following Jan. 6, 2021. The "insurrectionists" killed no one, were ejected in a matter of hours and received unprecedented prison terms and penalties. Democrats opened a Pandora's box of insurrection fearmongering. They have good reason to worry that power ceded to President Biden and the executive branch would come back to bite them in a second Trump term. Their hyperbole, along with open borders and free-speech suppression, invites retaliation.

Our democracy survived the testing of constitutional guardrails by Democrats over the past few years. Though nearly every American institution is tilted against Mr. Trump in his bid to retake the White House, our democracy will survive his second term as well as another impeachment circus.

P.L. EVANS
Melbourne, Fla.

Mr. Trump would have been within his rights to use the Insurrection Act to quell the massive riots that destroyed property in Portland, Ore., Minneapolis, New York, and other major cities in 2020. Characterizing "protests" from that time as "mostly peaceful," as Mr. Galston

does, ignores the destruction of property, businesses and livelihoods. They were plainly riots.

While governors usually request federal help under the Insurrection Act, it isn't a requirement. If states are "unwilling" to preserve the rights of Americans, the federal government can intervene. President Dwight Eisenhower used it to enforce *Brown v. Board of Education* in Little Rock, Ark.

Also, the idea that Mr. Trump would be more effective in a second term is risible. He won't be able to find the best people after the obviously dysfunctional management of his term. Moreover, his legal difficulties would dog him the entire term. The greatest threat to Mr. Trump's first-term legacy is a second term.

CONAN M. WARD
Ponte Vedra Beach, Fla.

The Biden administration has weaponized the federal government against its political enemies. Parents at school board meetings and pro-life advocates being persecuted have been labeled "domestic terrorists." The federal government has actively worked with social-media outlets to censor conservative speech. Yet Mr. Galston is concerned that Mr. Trump might expand the intended scope of the Insurrection Act? We heard this same "the sky will fall" rhetoric the first time.

I'll gladly take what Mr. Trump accomplished in his term over the mess Mr. Biden has made.

LARRY KOVALCHIK
Boerne, Texas

Israel's Hospital Strategy and Human Rights

Your editorial "The Battle of Al Shifa Hospital" (Nov. 15) describes the special protections hospitals are due during armed conflicts and concludes that Israel met the requirements in its operations around Gaza's Al Shifa hospital. But wrongful use by one side does not justify abuses by the other, including attacks likely to cause harm to civilians that are disproportionate to any expected military gain.

At the four attacked hospitals that Human Rights Watch closely examined, which did not include Al Shifa, the Israeli government had not provided evidence that justified the mass removal of patients and doctors and the shutdown of already-overwhelmed hospitals. Because of the hostilities, these hospitals lacked water and electricity and had dwindling medical sup-

plies due in part to Israel's blockade of Gaza.

As World Health Organization chief Tedros Ghebreyesus has said, "it's impossible to evacuate hospitals full of patients without endangering their lives." Forcing the closure of hospitals and the mass evacuation of patients and displaced people should be a last resort. Israel has yet to justify these actions.

TIRANA HASSAN
Executive director
Human Rights Watch

Pro-Palestine protesters in the U.S. should be asked if they would prefer to be in a hospital operated by Hamas or Israel.

DAVID J. GROSS
St. Augustine, Fla.

Sen. Tuberville's Crusade Is Hurting Families

I spent many years as a military spouse, and I know some hard truths. Deployments are grueling. Many marriages break up over the stress of separation.

Trade Policy Lowers Hurdles

The purpose of U.S. trade policy is to lower barriers for American companies, especially startups. "U.S. Faulted for Shift on Global Tech Rules" (U.S. News, Nov. 14) alludes to progressive Democratic policy makers' argument that Big Tech has hijacked digital-trade rules to avoid regulation. This fails to see the full picture.

The administration's policy shift will harm the international competitiveness of U.S. startups and small businesses. Restrictions on how and when startups can transfer data across borders increase a startup's costs and dictate where it can scale. U.S. startups need smart digital-trade policy, and it's a shame the U.S. is leaving its startups to hope that our allies will continue to fight for low barriers to trade.

NATHAN LINDFORS
Washington

Our Enemies Must Fear War

Holman W. Jenkins, Jr. in "U.S. Needs to Be Ready for War" (Business World, Nov. 15) makes the case that the adage "If you want peace, prepare for war" isn't enough. Your adversaries must understand not only that you are prepared for war, but that you will go to war. President Obama wrongly drew a red line with invisible ink.

LAURENCE NEEDLEMAN
River Vale, N.J.

CORRECTION

Moderna discontinued its first combination Covid/flu vaccine program in September but is moving ahead with a new one. This was misstated in the Nov. 20 Life Sciences column, "The Covid Vaccine Windfall Turns for Pfizer and Moderna."

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.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Tonight's story is about sustainable economic growth without quantitative easing."

OPINION

How to Botch an Assassination Investigation

By Thomas J. Baker

The assassination of President John F. Kennedy on Nov. 22, 1963, shocked the nation. It brought justifiable scrutiny on the law enforcement agencies that should have prevented it as well as those that investigated it. Historians, journalists and filmmakers continue to speculate on what happened. Sixty years later, government records are still being declassified and released. The Warren Commission's finding that Lee Harvey Oswald, acting alone, fired three rifle shots from the sixth floor of the Texas School

Law enforcement learned from the mistakes of 1963. When Reagan was shot in 1981, we got it right.

Book Depository building is widely, though not uniformly, accepted.

One lesson law enforcement learned from Dallas and its aftermath is how not to investigate an assassination. The Kennedy investigation devolved into a fiasco. No one was in charge. The Federal Bureau of Investigation, the Secret Service, the Dallas police and sheriff offices all argued with each other. These agencies and others battled over Oswald, the rifle and other evidence, witnesses and, most impor-

tant, jurisdiction. It was worse than unprofessional—it was deadly.

The mishandling of Oswald allowed Jack Ruby to shoot the suspected presidential assassin in the basement of Dallas police headquarters. This added fuel to the already burning conspiracy theories. Practically every American would eventually see the death of a president on the Zapruder film. The killing of the assassin while in police custody was also there for all to see.

In November 1963, it wasn't a federal crime to kill the president. In response to the Kennedy assassination, Congress passed a 1965 law—Title 18, U.S. Code § 1751—that made assaulting the president a federal crime. The new statute was clear: The FBI would conduct investigations into attacks on the president.

FBI agents received formal and informal training over the years, emphasizing lessons learned from the JFK killing. Other law enforcement agencies participated in joint training exercises in the D.C. area. The Secret Service, the FBI, the U.S. Park Police, the Capitol Police, and the Washington Metropolitan Police all trained according to the rules in the 1965 federal statute.

Nearly 20 years later, on Monday, March 30, 1981, President Ronald Reagan was shot and wounded. At the time I was the assistant special agent-in-charge of the FBI's Washington field office. It fell to me to manage the investigation of that assassination attempt.



The presidential motorcade in Dallas, Nov. 22, 1963.

As I was driving to the Washington Hilton, where Reagan and three others had been shot, I recalled the earlier assault on a president. "We have to get this right," I thought. I wanted to avoid the turf wars seen in Dallas. Everyone I spoke to that day, including the Secret Service, had the same commitment in mind: We couldn't repeat the law-enforcement mistakes of November 1963.

As I got out of my car at the crime scene, Captain Jimmy Wilson, commander of the Washington Metropolitan Police Department homicide unit, strode toward me with the short-barreled .22-caliber revolver his officers had just taken from the

suspected shooter, John Hinckley Jr. I told Wilson to turn over the gun to the FBI laboratory, whose crime scene truck was en route. Wilson said his officers had brought Mr. Hinckley to the homicide section at police headquarters. "We're holding him for the FBI to interview," he said.

Robert Powis, chief of the Secret Service's Washington Field Office, approached next. "You're the FBI. You're taking charge of the investigation now," were his opening words. I was relieved and my fears of a turf war began to fade. There was no infighting. No dispute. No conflict about jurisdiction. We

were all in it together. Cooperation ensued.

Oswald's murder was foremost in my mind. A federal prisoner would normally be lodged in the notorious D.C. Jail. I worried Mr. Hinckley might not last the night there. For our prisoner's safety, we took an extraordinary step. We transported Mr. Hinckley in a convoy of FBI cars down Interstate Highway 95 to Quantico, Va. There the Marines guarded him in their brig. Highly unusual, but necessary.

On June 21, 1982, after an eight-week trial and despite the best efforts of federal prosecutors, Mr. Hinckley was found not guilty by reason of insanity and committed to St. Elizabeth's Hospital in Washington. But he was alive and able to stand trial.

We can be sorrowful that Jack Kennedy, our youngest elected president, was lost to us after only a few years in office. But we also can be grateful that Ronald Reagan, our oldest president at the time, survived to serve two terms in office. On the day Reagan was shot, law enforcement didn't want to repeat the errors made in Dallas. And to this day there has never been any suggestion of a conspiracy surrounding the Reagan assassination attempt.

Mr. Baker is a retired FBI special agent and legal attaché and author of "The Fall of the FBI: How a Once Great Agency Became a Threat to Democracy."

Joe Biden's Unpopularity Isn't a Misunderstanding



UPWARD MOBILITY
By Jason L. Riley

President Biden has less than a year to convince voters that they are better off than they realize, and he's off to a horrible start.

Mr. Biden could be seen this month bickering with reporters about the accuracy of a New York Times/Siena College survey that showed him trailing Donald Trump in five states that may decide the 2024 election. A Bloomberg News/Morning Consult poll has since been released showing the same results. Sunday brought more bad news for the president in the form of an NBC News poll that put his job approval rating at 40%, which is down from 46% in January—the lowest of his presidency.

Even Mr. Biden's base seems to be abandoning him. His once-comfortable lead among young people and Hispanics has diminished. The NBC poll found that 21% of all Democrats disapprove of his job performance, a lack of enthusiasm that could hamper turnout. As worrisome for the party

is that 20% of black voters say they would consider voting for Mr. Trump. In 2020 the former president won just 12% of the black vote. Democrats know they can't lose 1 in 5 black votes next year and expect to hold the White House.

None of this means that Mr. Biden's re-election bid is doomed. Twelve months is enough time for voters to change their minds, and the president's most likely Republican opponent is facing 91 criminal charges in four separate cases. Some Trump backers will stand by him no matter what, but other supporters might respond to a guilty verdict by reconsidering the wisdom of electing a convicted felon to our nation's highest office.

If Mr. Biden wants to turn things around, he might try spending less time complaining about his press coverage and more time acknowledging his current dilemma. Face the fact that he has work to do to win back voters' confidence. The president could have responded to a question about opinion polls by saying that November 2024 is still a ways off, and that he always knew the next

election would be closely contested. Instead he came off as dismissive, someone in angry denial about his situation.

It's well documented that Mr. Biden is frustrated he hasn't received more credit for the economy. On his watch, gross domestic product has

The White House tries to spin voters into thinking they're better off than they were under Trump.

expanded, hourly wages have increased and unemployment has remained low. Even inflation has come down in recent months. Still, just 38% of voters approve of the president's economic stewardship.

The White House says this is a messaging problem. Not quite. The real problem is that voters, to their credit, know when they're being spun. Yes, GDP was up 4.9% in the third quarter on an annual basis, but prices for everything from housing to

grab groceries remain well above what they were three years ago.

The White House has a similar challenge with crime, and that's apart from the millions of people who have entered the country illegally with the administration's tacit approval. Domestic crime has dipped in recent years but remains above pre-Covid levels. Bloomberg reported earlier this month that the White House had announced "new funding for state and local governments to hire additional law enforcement officers, as President Joe Biden looks to combat perceptions of growing violent crime in U.S. cities." Perceptions?

According to the FBI's annual crime report, homicides fell by a little more than 6% nationally between 2021 and 2022 but remained 25% above the 2019 level. Meanwhile carjackings and other property crimes have risen. In the nation's capital, where murders are up 38% this year, the lone major supermarket in one of Washington's poorest neighborhoods may be forced to close due to the increase in theft.

In California, where smash-and-

grab robberies have become commonplace, the latest crime trend involves using stolen cars to ram through a storefront and then loot the establishment. "Statistics aren't compiled for ram-raiding cases," the Journal reported this week, "but local and federal law-enforcement officials say they have seen a sharp uptick since the Covid-19 pandemic amid an overall rise in property crime."

As with the economy, there is a disconnect between the statistics that the administration brandishes and the everyday experience of Americans. A decline in average crime levels is cold comfort to the person who still hears nightly gunfire, whose local drugstore puts every item under lock and key, or whose only source of fresh produce went out of business because leftist prosecutors decriminalized shoplifting.

Millions of voters are using these simple measures to determine whether they are better off today than they were under Donald Trump. Their verdict hides in plain sight in Joe Biden's dismal job-approval ratings.

Ukraine's Counteroffensive Is Stalled, but Not at Sea

By Jillian Kay Melchior

Ukraine's 2023 counteroffensive has disappointed many in the West who were hoping for breakthroughs like last year's liberation of Kharkiv and Kherson. But critics are looking by land when they should also be looking by sea. Ukraine's maritime wins, which include piercing Russia's Black Sea blockade and forcing the Russian navy into retreat, are a lesson in restoring deterrence.

Since August, more than 130 vessels have sailed from Ukrainian ports and exported more than five million tons of goods, Ukraine's Ministry of Infrastructure told me this week. They sail in defiance of Vladimir Putin's efforts to hold the global food supply hostage. In July Russia walked away from the Black Sea Grain Initiative. Yet Ukraine broke the blockade and re-established a grain corridor without a naval escort from the United Nations or the North Atlantic Treaty Organization.

In addition, the Ukrainian government and more than a dozen British insurers are working to ensure exporters' losses are covered in case of an attack. Prime Minister Denys Shmyhal recently said Kyiv and London reached an agreement for a "spe-

cial mechanism" that "will allow for a discount on the cost of war insurance for exporters of all products from Ukraine."

Resuming grain shipments is a major advance in a Ukrainian counteroffensive that has Russia's Black Sea fleet scrambling. For the war's first year and a half, the Russians believed they could "dominate" the Black Sea, "dictate the rules there," and that their "Black Sea fleet is completely safe and secure," Mykhailo Podolyak, an adviser to President Volodymyr Zelensky, told me in September. The main goal now is "to eliminate Russia's domination of the sea," Mr. Podolyak said.

Mr. Zelensky cited the progress in a speech last month: "The Russian military fleet is no longer able to operate in the western part of the Black Sea and is gradually retreating from Crimea. This is a historic achievement."

Ukraine's Black Sea gains are notable given the differences between the two countries' navies. Russia is one of the world's great naval powers. In Ukraine, by contrast, "we literally have almost no navy," said former Defense Minister Andriy Zagorodnyuk, so recent gains prove "the asymmetric approach and the new-technology approach can take away old doctrines and old ways of warfare."

Throughout the 2023 counteroffensive, Ukraine has used missiles and drones to drive back Russia's navy. Small groups of Ukrainians, some working out of garages, are developing kamikaze sea drones that have repeatedly inflicted damage on the Russian fleet.

Ukrainian sea-drone attacks in August damaged a Russian landing ship and struck a Russian oil tanker near the Kerch Strait Bridge linking Russia and Crimea. In September Ukraine seized control of oil and gas platforms in the Black Sea that Russia had been using as a helipad and to conduct reconnaissance. A few days later a Ukrainian missile attack on a Russian port in Sevastopol in occupied Crimea destroyed a landing ship and submarine and damaged one of the Black Sea fleet's main repair facilities. Within days, Ukrainian drones and cruise missiles struck the headquarters of the Black Sea fleet in Sevastopol.

These blows led Russia to pull back. Ukraine's naval spokesman said last month that the Black Sea fleet was moving some vessels from Sevastopol to Feodosia and Kerch, further east in Crimea, and to the Russian city of Novorossiysk. On Nov. 4, Ukraine struck and damaged the Zalyv shipyard in Kerch—"the largest

shipyard in Eastern Europe" and "likely the main repair facility" for Russia's Black Sea fleet in Crimea after the September strike in the Sevastopol repair complex, according to the Institute for the Study of War. Ukrainian officials said the attack also damaged a small Russian missile ship. And on Nov. 10, Ukrainian mili-

Kyiv's plucky navy uses missiles and drones to break the blockade and force a Russian retreat.

tary intelligence said sea drones had sunk two small Russian landing ships near Chornomorsk, Crimea, adding that one of them had been laden with armored vehicles.

To date Ukraine has destroyed 15 Russian vessels and damaged an additional 12 in the Black Sea, Ukraine's naval spokesman said Friday. Ukraine hasn't overwhelmed Russia's navy. But "we have chipped away at their dominance," Serhii Kuzan, head of the Ukrainian Security and Cooperation Center, a Kyiv think tank, told me this fall.

The counteroffensive hasn't deprived Russia of long-range missiles that could strike anywhere in the Black Sea. The Kremlin has repeatedly hit grain storage and export facilities in southwestern Ukraine. A missile strike on the port of Odessa this month hit a Liberian-flagged vessel at the port, killing one person and injuring four, including three Filipino crew members.

But Ukraine's attacks have denied Russia the ability to operate in the Black Sea with impunity. Russian ships can no longer safely sail near the grain corridor and interfere with shipping by colliding with freighters, firing warning shots or similar interdiction measures.

Mr. Putin must choose between sinking civilian ships owned by non-Ukrainians or allowing Ukraine's grain corridor to operate—even though Russia warned it would no longer guarantee the safety of commercial vessels transiting these waters, says Fred Kagan, director of the Critical Threats Project at the American Enterprise Institute. So far, Mr. Putin has chosen not to escalate.

Ms. Melchior is a London-based member of the Journal editorial board.

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Notable & Quotable: Ben Hall on Journalism

Fox News reporter Benjamin Hall, who was wounded covering the war in Ukraine, accepting the Kenneth Y. Tomlinson award for Courageous Journalism at the Fund for American Studies annual dinner in New York City, Nov. 14:

It's funny standing here today because I was for many years a war correspondent, and I told the stories of people who were injured in war . . . then suddenly I became the story.

People ask me: "If you could change it all, you could heal yourself up, get rid of your injuries but never have done a day's work of journalism, would you take it?" To the heart, I

say no. No. I think that what we do and what every journalist out there is doing right now is essential. I pay tribute to all those journalists in Ukraine, in Israel . . . and of course, to Evan Gershkovich as well, who is suffering for what he did. It's noble, and I stand here not because I was injured, but because of my experiences. Because I stand here just to tell you all that journalism is essential . . . it's the only way to encourage people to change the world, and there's only one way of doing that as a journalist. That is by going to the field, looking people in the eye, smelling what it's like, feeling it. There is no other sense of journalism.

I have been worried over the years about the internet, about social media, about this change. Perhaps people would pull back. But again, today, I am so proud to see young up-and-coming journalists who will get out there. . . . I'm an example, I hope, that you can see it, you can be up close to it, you can witness it, but you can also get through it. Resilience helps you do that, community helps you do that, and journalism helps you do that. I wouldn't be here today were it not for some incredible colleagues, friends, family members. Everyone at Fox has been there for me from the minute this happened, and that is family.



Zodiaque collection
 Zodiaque medal and long necklace
 Sagittarii (Sagittarius),
 yellow gold, rose gold,
 red pietersite.

Van Cleef & Arpels

Haute Joaillerie, place Vendôme since 1906



BUSINESS & FINANCE

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Low Battery-Metal Prices Slow EVs

Mining companies delay projects, threatening timeline for transition

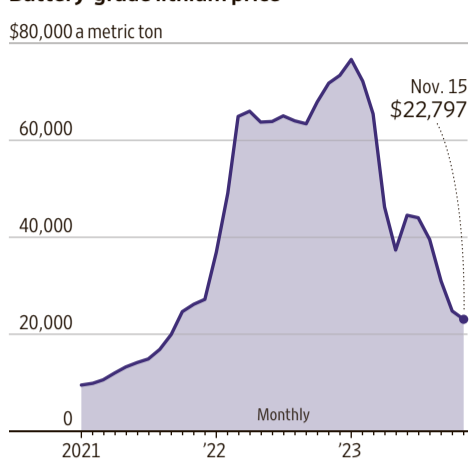
By SCOTT PATTERSON

America's transition to electric vehicles is running into an unexpected snarl.

A surprising crash in prices for lithium, cobalt and other metals used in EV batteries is hitting mining companies, which are suspending or delaying new projects and expansions. The disruptions are threatening to deepen shortages of those materials in coming years and hit the brakes on the Biden administration's timeline for weaning the country off gasoline-powered cars.

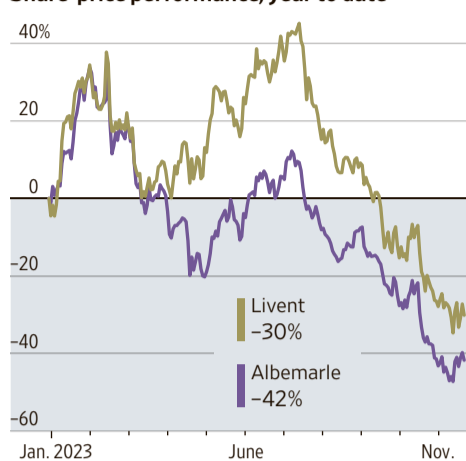
"This situation is a bit dangerous because the mines

Battery-grade lithium price



Sources: Benchmark Mineral Intelligence (lithium price); FactSet (performance)

Share-price performance, year to date



aren't going to get built," said Anthony Milewski, chief executive of nickel producer Nickel 28 who is a longtime investor in battery metals. "We should be building those

mines now and we're not." Battery-grade lithium prices are down more than 60% this year, while nickel, graphite and cobalt have lost about 30%, according to

Benchmark Mineral Intelligence. A big factor behind the declines: a weaker-than-expected economic recovery after Covid-19 lockdowns in China, the world's largest con-

sumer of metals.

Slowing EV demand is also weighing on prices. On Tuesday, Ford cited the pullback for its decision to downsize plans for a Michigan battery plant.

The sliding prices mark a turnaround from when car-makers rolled out ambitious plans to switch their fleets to EVs and metal prices rocketed higher in what many analysts believed would be a yearslong supercycle.

The enthusiasm reflected the huge potential for growth: Electric vehicles accounted for 8% of U.S. auto sales in the third quarter, according to Cox Automotive. The Biden administration has said it wants half of all new vehicle sales to be electric by 2030. This year's plunge in metal prices shows getting there

Please turn to page B10

Pharmacy Benefit Managers Under Fire

By MELANIE EVANS

Spending on prescription drugs is rising so high, so fast that some employers and unions are abandoning the big middlemen they have used for years to help control costs.

Footwear retailer Footlocker dropped UnitedHealth Group's OptumRx last year, an Alabama fabric maker parted ways with Prime Therapeutics and a Teamsters fund in Philadelphia recently resigned with its replacement for CVS Health's Caremark.

Among their loudest complaints: opaque fee structures and perverse incentives that can keep more expensive medicines preferred over cheaper ones.

The employers and unions express concern that they are getting stuck with higher-cost drugs because the drug-benefit managers can pocket some of the bigger rebates negotiated with the medicines' makers. The employers and unions say they can't know for sure because the drug-benefit managers aren't open about their fees and other sources of revenue.

After Alabama fabric maker Phifer replaced its drug-benefit manager, Prime Therapeutics, the new firm got rid of some expensive drugs—such as the nerve-pain medicine Gralise, which has a list price of \$1,532 for one month's supply compared with \$13 for the generic equivalent.

Phifer's new drug-cost middleman, known as a PBM for pharmacy-benefit manager, also substituted a generic migraine pill costing 80 cents a dose for a powdered brand called Cambia that lists for \$118.26 a treatment.

"Do the games ever end?" said Russell DuBose, Phifer's vice president of human resources. Under the new PBM, Phifer's drug spending has dropped 18% to date this year.

Caremark, OptumRx and Cigna Group's Express Scripts—the largest of the middlemen—said they save their customers money and give employers information and options to tailor drug benefits to best suit their workers' needs.

Big drug-benefit managers also said they win a lot of repeat business, which OptumRx said indicates customers like their choices and the information they get on their spending. Prime Therapeutics declined to comment.

The frustrations of some employers and unions are starting to shake up the important but under-the-radar sector for controlling spending on retail prescription drugs, which

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Nvidia's Sales Triple as AI Feeds Demand for Chips

By ASA FITCH

Nvidia reported another quarter of record sales and gave a strong revenue outlook, pointing to red-hot demand for chips that underpin the artificial-intelligence boom.

Huge investments in AI by tech giants from Microsoft to Amazon.com and by other large corporations have helped propel Nvidia's sales to unprecedented levels in recent quarters.

In its latest period, its fiscal third quarter, sales more than tripled to \$18.1 billion, well above Wall Street forecasts in a survey of analysts by FactSet. Profit also surged, rising to \$9.2 billion compared with \$680 million a year earlier and above estimates.

Sales for the current quarter would be around \$20 billion, Nvidia said, above expectations of about \$18 billion.

Nvidia Chief Executive Jensen Huang said the strong growth reflected a transition into a new era of computing and a surge in generative AI—systems such as OpenAI's ChatGPT that can generate convincing language and images with minimal prompting.

Nvidia's shares fell 1.7% following the earnings announcement after the bell.

The boom in generative AI starting late last year surprised many chip-industry executives and led to a flood of demand for Nvidia's chips, the most adept at creating complex AI systems.

Companies are so eager to get their hands on Nvidia's chips that a shortage has taken hold, even for AI systems that can cost hundreds of thousands of dollars each. OpenAI, which has been rocked in recent days by the ouster of its CEO and a potential employee exodus, needed tens of thousands of Nvidia's chips to train its most advanced AI systems, analysts say.

Nvidia had significantly increased supply of its chips each quarter and was expecting to continue to do so next year, Chief Financial Officer Colette Kress said in a call with analysts. The company also will release new types of chips faster to meet growing AI opportunities, she said.

Competitors are circling Nvidia, including Advanced Micro Devices, which recently forecast \$2 billion of sales next year for its newest AI chips. Despite the emerging rivals, the AI moment has largely played into Nvidia's hands, sending sales in the division that houses its AI chips to about \$14.51 billion in its latest quarter from about \$3.8 billion a year before.

It hasn't all been smooth sailing. Concern about AI's utility in spying, cyberwarfare and advanced weaponry has led the U.S. to restrict exports of Nvidia's most advanced chips to China.

Nvidia executives have said they don't see a significant

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Fashion Star Starts Auction House



Pharrell aims to take on Christie's and Sotheby's by selling luggage and other items from his personal collection and from those of his friends. B2

FROM TOP: KULTON/JOOPITER; MICHAEL SEEGARS, JR./JOOPITER

Amazon's Black Friday To Mix Football, Deals

By JOE FLINT AND SEBASTIAN HERRERA

Amazon and the NFL are betting that a combination of two of America's biggest pastimes—football and holiday shopping—will provide a ratings and retail windfall.

Amazon Prime Video plans to carry the first-ever "Black Friday" game this week, serving Americans touchdowns and online shopping as an alternative to battling deal-seekers at the mall. The technology giant plans to load up the game with sales promotions in a bid to turn the Friday after Thanksgiving into a major digital shopping day.

"We're going to celebrate the fact that it's Black Friday across the broadcast," said Mike Hopkins, senior vice president of Prime Video. The Friday afternoon game between the New York Jets and the Miami Dolphins will include exclusive deals that "you will have to be watching to know about," he said. Amazon is planning to fea-

ture "shoppable ads" during Friday's game that use QR codes that viewers can scan to make instant purchases. Those spots "close the loop between advertising and commerce," Hopkins said.

The game is part of a continuing effort at Amazon to own a greater share of a holiday season traditionally dominated by big-box stores. It also marks an expansion of the company's prior efforts to merge shoppable content from its retail and ads business with Prime Video.

For the NFL, the game is a chance to extend its imprint on the Thanksgiving holiday weekend.

The league already shows three games on Thanksgiving that draw massive ratings and is betting there will still be an appetite for even more football.

"We've always had our eyes on that Friday," said Brian Rolapp, the NFL's chief media and business officer, because there has been a gap between holiday NFL games and college

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INSIDE



AUTOMOBILES

Ford scales back its plans for an electric-car battery plant in Michigan. B3



PROPERTY REPORT

Properties that are too expensive to buy underpin a jump in rents. B5

Financier Pursues Oil Claim Tied to Freed-Slave Ancestors

By BENOÎT MORENNE

DALLAS—At Kneeland Youngblood's graduation from Princeton, his grandfather told him that he had once sought to visit the campus in the 1920s but was stopped at the school's gates because he was Black.

After amassing a fortune, Youngblood donated to build a new plaza at his alma mater and had his grandfather's name chiseled into the steps.

Youngblood, the co-founder of private-equity firm Pharos Capital Group, now says he is righting another family wrong he says was perpetuated by one of the country's largest oil companies. He and his family are suing ConocoPhillips, accusing it of depriving them of the riches from oil-soaked land in South Texas bought by his ancestors, who were freed slaves. They are seeking more than \$900 million.

The lawsuit may be a long shot, according to several lawyers in the energy sector.



Kneeland Youngblood wants \$900 million from ConocoPhillips.

Youngblood, a fixture in corporate boardrooms and Democratic political circles, says he is undeterred. The Dallas-based investor said a verdict against ConocoPhillips would rank as high as any deal he has closed and with a nearly \$1 billion upside.

"If it goes to a verdict, I think we can get a lot more," he said.

At the heart of the dispute is a tract in the Eagle Ford shale, one of the most productive oil regions in the nation. ConocoPhillips, Youngblood and his family allege, ignored his family's claims to the property and sided with another family, the Korths, to streamline royalty payments and drill as quickly as possible.

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Lowe's Stock Slips as Homeowners Slow DIY

BY DEAN SEAL

Lowe's cut its outlook for the year after its core shoppers pulled back more than expected on discretionary purchases and big-ticket items.

Its shares fell 3% on Tuesday. Competitor Home Depot's stock also retreated.

The lowered view came after the home-improvement retailer reported a 13% drop in third-quarter sales.

Comparable sales, which adjusts for store openings and closings, fell 7.4%, steeper than the 5.4% decline analysts had expected, according to FactSet.

Chief Executive Marvin Ellison said the chain's do-it-yourself customers reduced their spending more heavily than expected, particularly on higher-priced discretionary items. DIY customers represent about 75% of Lowe's customer base. "The DIY pressure disproportionately impacted our third-quarter comp per-

formance," he said.

Revenue for the quarter fell 13% to \$20.47 billion, below analyst projections for \$20.87 billion, according to FactSet.

Earnings rose to \$1.77 billion from \$154 million in the year-earlier quarter, when the company incurred a \$2.1 billion impairment charge from the sale of its Canadian retail business. Per-share earnings were \$3.06 a share, up from 25 cents a share a year ago.

Full-year sales are now expected to be about \$86 billion, down from previous guidance for \$87 billion to \$89 billion.

Adjusted per-share earnings, which strip out one-time items, are projected to be \$13 a share, down from a prior outlook of \$13.20 to \$13.60 a share.

The results follow a similar report last week from Home Depot, which posted a smaller sales drop and higher earnings than expected despite a decline in the number and size of its transactions.

Companies Switch PBMs

Continued from page B1

the Centers for Medicare and Medicaid Services projects will reach \$411.6 billion this year.

PBMs last year handled virtually all of what amounts to 6.4 billion 30-day prescriptions, according to the research firm Drug Channels Institute.

To keep a lid on costs, the firms negotiate with drugmakers over how much each prescription will cost and then pass along the rebates they win.

The PBMs can threaten to exclude a drug from the menu, or formulate a health plan will cover if they don't get a sufficient rebate.

Yet retail drug spending under private insurance has increased 3% each year, on average, for the last decade, according to CMS.

"What's wrong with this market? Everything," said Michael Thompson, chief executive of the National Alliance of Healthcare Purchaser Coalitions, which represents em-

ployers, unions and other organizations buying private health plans.

Jonathan Levitt, a health-care lawyer at the firm Frier Levitt, said one of his employer clients settled an arbitration case with a PBM over how much information it should provide about the rebates it negotiates and another is now in a similar arbitration with a PBM.

Foot Locker replaced OptumRx last year because it wanted more information about how much the PBM was profiting off its work for the retailer, said Linda Gulbrandsen, Foot Locker's vice president of North American benefits. "We know our vendors work hard. We expect them to make money. But we expect to know every penny that they are making off of our team members," she said.

OptumRx said Foot Locker's contract had been negotiated through a group working on behalf of several customers. Companies that contract with OptumRx directly can have more flexibility in setting terms.

Foot Locker hired a smaller pharmacy-benefit manager, Navitus Health Solutions of Madison, Wis., which tells em-ploymen-t that it passes through to them 100% of the drug rebates it negotiates.

BUSINESS & FINANCE

Star Finds Celebrity Auction House

BY JACOB GALLAGHER

Louis Vuitton's mammoth monogram luggage already sells for tens of thousands of dollars on the resale market. But you know what makes a trunk even more valuable? If it was previously owned by Pharrell Williams.

Late last year, the Grammy winner and men's creative director of Louis Vuitton, owned by LVMH Moët Hennessy Louis Vuitton, added to his already jammed schedule by opening Joopiter, his very own auction house.

The company's first sale plucked from Williams's holding, including an over 3-foot long Louis Vuitton trunk that fetched \$121,250, well above its \$35,000 high estimate. Other lots included a Jacob & Co. N.E.R.D. pendant chain that sold for \$2.18 million (purchased by fellow rapper Drake), a gold Audemars Piguet wristwatch that sold for \$187,500 and a one-off, gold-plated blingy BlackBerry phone that fetched \$45,000.

"I got so many things that I can't keep up," said Williams, who was visiting New York this month from his home in Paris. "I feel like they would be better in other hands, enriching other people's lives."



Items that sold included a Jacob & Co. pendant chain.

Williams tends to dream at megascale—his first Louis Vuitton show involved a Jay-Z performance that shut down a major artery in Paris. And so, when Williams went into Marie Kondo mode, he wasn't content to merely unload his excess collectibles at Sotheby's as other stars have. Instead, he established his own auction house, subsequently hiring executives who worked at Christie's and Sotheby's to help organize his sales. It was the auction-market equivalent to buying the casino, rather than playing the slot machine.

"I was like, 'Oh, this is not a one-off,'" said Williams. "I'm gonna do this and provide a platform for my friends." The name Joopiter stems from Wil-

liams's interest in astrology.

Since that first sale last November, subsequent sales have pulled from the holdings of friends like fashion journeywoman Sarah Andelman, jeweler to the stars Lorraine Schwartz and the Japanese fashion designer who runs creative at Kenzo, Nigo.

Williams said that celeb provenance is a bid multiplier. He imagined a bidder's thought process: "That's the jacket that person wore. Can I wear that jacket? Will I feel like that if I wear that jacket?"

Joopiter's launch is a signal of a shifting auction market. Buyers are getting younger and their tastes are changing accordingly. In 2022, Sotheby's



"This is about legacy," Youngblood said of his claim to oil lands in South Texas. Some of his ancestors in a 1940s family photo.

Oil Claim Tied to Era Of Jim Crow

Continued from page B1

The roots of the legal battle reach back to the years following the Civil War. Youngblood's ancestors, the Eckfords, acquired land after they were freed from slavery. In the decades after they died, the claim to the rightful ownership became muddled. In taking up the fight for the Eckford side, Youngblood has become the champion of an extended family he didn't realize he had.

While oil booms have been transformative for the bank accounts of countless landowners across Texas, few Black people have benefited, in part because they were widely dispossessed of property in the Jim Crow era, during which the Eckfords became landowners.

Between 1910 and the end of the 20th century, Black farm operators nationally lost more than 90% of their land, according to Thomas Wilson Mitchell, a professor at Boston College Law School. In 2012, whites managed more than 86% of farms in Texas, according to Texas A&M's Natural Resources Institute, while Blacks managed about 3%.

Even if he loses, Youngblood, 67 years old, says it will have been worth the effort because the case has brought his family closer as they try to honor their forebears' achievement.

"This is about legacy," he said.

Youngblood and his family clinched a preliminary victory this summer when a Texas jury said they co-owned the disputed land, which the Korths, who are white, have ranch-

ed and hunted on since around World War II. A final judgment was entered in this case earlier this month, and the lawsuit against ConocoPhillips filed by Youngblood and his relatives is now expected to move forward in a separate court, a family lawyer said.

A lawyer for the Korth family said it would appeal the judgment. "The Korths were the ones who put their blood, sweat and tears into the land," he said.

ConocoPhillips denied wrongdoing in court filings. Christopher Kulander, a professor at South Texas College of Law Houston, said that asking for over \$900 million in damages seemed excessive

considering that the tract is only 147.5 acres. He said it would make sense for ConocoPhillips to side with the Korths if supporting their claim helped the company deal with fewer royalty owners.

Youngblood had a modest upbringing in Houston's suburbs. After Princeton, he became a doctor and worked in the ER for 12 years before co-founding Pharos in 1998, which primarily invests in healthcare companies. Today it has \$1.5 billion under management.

Besides running his firm, he sits on President Biden's Intelligence Advisory Board and travels the world for billionaire investor Michael Milken's namesake institute, a think tank focused on public health and economic research. Youngblood became the first African-American to gain full membership at the 127-year-old Dallas Country Club in 2014.

Before the case, Youngblood didn't know much of the Eckford lineage, as the pas-

sage of time obscured the family tree. The lawsuit formed new connections between the relatives.

"He understands that who he is today is a combination of generations that have been passed down to him," said Milken.

Youngblood's family first heard about the contentious plot of land around 2011, when ConocoPhillips told some family members they co-owned a tract about 60 miles southeast of San Antonio and inquired about leasing land from them.

Since then, Youngblood has been waging a protracted legal battle to establish shared ownership of the land with the Korths—an effort he says could prove lucrative for his extended family and is rooted in a desire to recognize the Eckfords' land ownership and pass it down to subsequent generations.

Louis Eckford, a former slave and Youngblood's great-great-grandfather, acquired the property in Karnes County in the 1880s. Half of it passed on to his wife, Eliza, and the other half to their nine children when Eckford died in 1896.

After Eliza's death, Fritz Korth, the patriarch of the ranching family, acquired her interest in the property as repayment for a \$300 loan Eliza had taken from him, backed by a deed of trust on the land. Korth's descendants say he bought her children's share, too, which the Eckfords dispute.

Over generations, the Korth family prospered. One of Fritz's sons, Fred, became a bank president in Fort Worth, served as secretary of the Navy in the Kennedy administration and

reported a record number of bidders under 40, while auction house Phillips said nearly a third of its buyers were millennials. Establishment auction houses now have promoted auctioneers capable of specializing in guitars, Nikes, sports jerseys and watches. What a Basquiat is to one bidder, a pair of Bape Sta sneakers signed by Jay-Z is to another.

More than that, celebrity ownership remains a perennial draw for bidders. This summer, Sotheby's hosted a blockbuster auction from the estate of Freddie Mercury. Days later, it sold Princess Diana's sheep sweater for over \$1 million. That month, Christie's sold a copy of "The Great Gatsby," owned by Rolling Stones drummer Charlie Watts, for over \$280,000.

Joopiter takes a 25% buyers' premium on items sold, which is standard for bigger auction houses. The Nigo sale, which wrapped last week, had a 100% sell-through rate, with 80% of its pieces selling for above their high estimates. Nigo-owned Louis Vuitton trunks and a Jacob & Co. white gold and diamond pendant sold with the gavel for \$180,000 and \$260,000, respectively, before the house tacked on its commission.

He has become the champion of a family he didn't know he had.

3%
Increase in retail drug spending under private insurance a year.

BUSINESS NEWS

Ford Downshifts on EV Plans

Work on a Michigan plant is resumed but on a smaller scale amid drop in demand

By Mike Colias

Ford Motor is moving forward on construction of a battery plant in Michigan but at a reduced size from original plans, citing a pullback in the outlook for future electric-vehicle demand.

Ford in September paused work on the factory, in Marshall, Mich. At the time, the company said it was reassessing its ability to competitively operate the plant, which will make batteries using technology from China's **Contemporary Amperex Technology**.

On Tuesday, Ford said it has resumed work at the site, but it downsized the scope of the project, with plans to produce roughly 40% fewer batteries than originally planned. It now expects to employ about 1,700 workers at the facility when the plant opens, scheduled for 2026, down from about 2,500. "We're still very bullish on EVs," a Ford spokesman told reporters Tuesday. "Clearly, the growth isn't at the rate that we and others had expected."

Ford's investment in the project, originally planned for \$3.5 billion, will be reduced, although the company didn't provide an updated number.

The project has faced political blowback because of the plan to license intellectual property from CATL, the world's largest battery maker. Many Republicans have argued against any federal subsidies for battery production going to the factory under the federal Inflation Reduction Act, arguing it would benefit China. Some House committees have opened investigations into the deal.

Republicans also have said EVs that use batteries from the future Michigan plant shouldn't qualify for the \$7,500



Workers at a Ford electric-vehicle center in Michigan earlier this year.

consumer credit under the IRA, which requires mostly domestically sourced batteries.

Many Michigan Democrats support the project, saying it would generate jobs and economic activity. On Tuesday, Gov. Gretchen Whitmer's office praised Ford's decision to restart the project, saying it would lead to billions of dollars in investment.

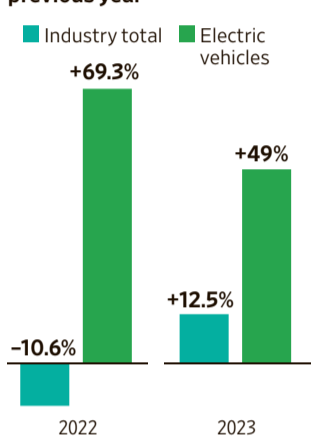
Ford has said the factory would be wholly owned by Ford and create American jobs. On Tuesday, the Ford spokesman said the decision to reduce the project's size wasn't related to the political scrutiny.

"We're confident in terms of the IRA benefits," he said.

In recent months, automakers have responded to a cooling in EV demand by dialing back their electric vehicle investments or the pace of their new-model rollouts.

Sales of electric vehicles still are growing rapidly compared with the broader car market. But the pace of that growth has cooled, despite a number of new electric-model introductions in the U.S. this year.

U.S. vehicles sales through October, change from previous year



Source: Motor Intelligence

EV sales this year rose 49% through October, compared with 69% from the same period last year, according to data from research firm Motor Intelligence. Sales overall, including EVs and internal-combustion-engine vehicles, were up 12.5%.

Ford plans to make batteries at the Michigan factory that use a different, less-expensive type of chemistry, called lithium-iron-phosphate,

or LFP.

The technology is commonly used in China and is lower cost than the chemistry primarily used in North America, a combination of nickel, cobalt and manganese. Ford is building three other battery factories, in Tennessee and Kentucky, to make batteries that use that chemical mix.

Ford's move to halt work on the plant in September came during the United Auto Workers strike and drew criticism from UAW President Shawn Fain, who called it a threat to cut jobs. A spokesman on Tuesday declined to comment on Ford's decision to resume the project at a reduced scale.

Ford and other automakers have cited the need to offer more-affordable EVs to entice buyers. Ford executives have said the use of the less-expensive LFP batteries would allow it to offer more-competitive prices and ultimately sell more electrics.

"With our LFP batteries, we'll have the lowest or one of the lowest-cost batteries assembled in the U.S.," Ford Chief Executive Jim Farley told analysts in September.

Wyndham Rejects Choice Bid Again

By Lauren Thomas

Another bid by **Choice Hotels** to strike a deal with **Wyndham Hotels & Resorts** has fallen flat.

After months of on-and-off talks for a deal that would unite two of the biggest budget hotel owners in the country, Wyndham's board received a letter from Pat Pacious on Nov. 14, in which the Choice chief executive sought to restart negotiations and strike a deal with Wyndham before the end of the year, executives said Tuesday.

Choice hasn't boosted its cash-and-stock offer, currently valued at \$86 a share. That is down from \$90 given a decline in Choice shares since the takeover offer was made in October. Wyndham views the offer as too low and worries it would saddle the combined company with too much debt.

Wyndham shares fell less than 1% Tuesday, closing at \$77.33 and giving the company a market capitalization of a little under \$6.5 billion. Choice shares rose slightly to end the day at \$114.10, bringing its market value to about \$5.7 billion.

"Seeing this drag on and given that they're failing to provide any adequate compensation for a deal with this type of lopsided risk is a real issue for us," Wyndham Chairman Stephen Holmes told The Wall Street Journal.

Wyndham responded to Choice with its own letter delivered Tuesday morning, calling Pacious' latest salvo a "step backwards."

Choice responded in a statement that it remains committed to reaching a deal with Wyndham. "We intend to pursue all paths available to

us to get there," a spokesperson said.

Choice in October made public its \$7.8 billion offer to buy Wyndham, valued at \$49.50 a share in cash and the rest in stock. It amounted to a 30% premium at the time. Wyndham rejected Choice's offer.

The companies were in talks for months before they broke off in September. Choice initially offered Wyndham \$80 a share in April in cash and stock. (The Journal reported in May that Choice sought a combination with Wyndham and that it could choose to take an offer directly to shareholders.)

Pacious said in his latest letter that his company is now proposing a two-year deadline to obtain regulatory approvals,

along with a 6% reverse-termination fee. One of Wyndham's earlier gripes was the amount of time it would take for any transaction to clear regulatory hurdles, which it argued Choice failed to address with a specific deadline.

Wyndham still believes a deal with Choice would create a prolonged period in limbo for employees and franchisees. In its letter, Wyndham said it is seeking a bigger breakup fee than the proposed 6%. The company added that Choice must still address its top concerns, one of which is the amount of debt the deal would require.

Choice and Wyndham both mostly cater to budget-conscious travelers. Choice, whose brands include Quality Inn, Econo Lodge, Clarion and Comfort, has said it wants to expand in the so-called upper-midscale and upscale segments, and combining with Wyndham would help with that effort. Wyndham's brands include Travelodge, Days Inn and La Quinta.

'This type of lopsided risk is a real issue for us,' Wyndham chairman says.

Buy-One, Get-One-Free Deals Now Come With More Strings

By Katie Deighton

Buy-one, get-one-free offers are evolving from one of marketers' simplest and most alluring tools to...something more complicated.

BOGOs, as they are called in the industry, once mostly existed to help companies clear out excess inventory, hit sales targets or go head-to-head with competitors at key moments. But marketers' increasing obsession with data means many of their offers now come with red tape that is designed to either help collect information about their consumers or capitalize on a data-driven insight.

A BOGO-with-strings strategy can also help marketers encourage sales among the growing group of cost-conscious food and restaurant customers without wasting discounts on consumers who don't need them.

The amount of data available to companies today means they can use the humble BOGO to better suit their own goals, said Beth Ann Kaminkow, global chief executive officer of WPP-owned brand marketing agency VMLY&R Commerce.

"They're asking, 'What are the terms that make it make sense for companies?'" she said. "I just think they are getting smarter."

Customers who order a Domino's pizza online under the chain's current "Emergency Pizza" promotion, for example, can't get their promised free second pie at the same time. They have to collect that freebie in a subsequent online order. And they have to belong to the company's loyalty program to participate at all.

The Emergency Pizza campaign has a goal beyond just moving pizzas, said Kate Trumbull, chief brand officer at Domino's. It is also designed to drive memberships in Domino's Rewards. Such programs let businesses collect data on customer spending habits to better tailor their marketing



Domino's promotion offers a second pie in a subsequent order.

and wider business strategies.

Some companies are using BOGOs with conditions attached partly as a way to convey their brand's tone of voice through a form of marketing known as creative commerce, VMLY&R's Kaminkow said. Domino's irreverent, friendly brand voice comes through in branding a free pie as "emergency pizza," for instance, while Georgia-based chicken chain Zaxby's in February encouraged people to "buy a meal and get one free, to share with someone special" in the name of its so-called #Zaxof-Kindness ethos (Zax Rewardz app required).

Other places including Starbucks, Auntie Anne's and Pop-eyes have similarly carried out app-only or rewards program-only BOGO promotions in recent months.

Doing so not only drives loyalty program sign-ups but lets companies personalize future deals and the way those are communicated to new loyalty members, Kaminkow said. Tailored BOGO deals appear less like broad-based discounting and more like a reward or treat, she said.

"Companies are now leveraging all they can from technology to data to creative commerce to offer something that feels special," Kaminkow said. "And they are not doing something that's discounting the brand, or potentially diminishing the value of the

brand." At the heart of a complex BOGO deal is the economic principle of price discrimination, in which sellers try to keep deals and discounts away from "price insensitive" shoppers who would likely pay full price in any instance, said Scott Neslin, a marketing professor at Dartmouth College's Tuck School of Business.

Making customers work a little harder for deals increases the chances that only price-sensitive consumers collect, thereby helping to protect a company's margins, Neslin said.

"The complexity throws up a barrier that only the price sensitives are willing to transcend," he said.

California Pizza Kitchen last month offered a BOGO with a similar twist to Domino's, but tweaked the reward: Customers who ordered a cooked pizza at a restaurant were offered a free "Take and Bake" pizza to cook at home. The free, uncooked pie was only handed out when they returned to the restaurant.

"It's a win for the guest because they have another incentive to visit, and it's a win for CPK because it allows us to showcase our new Take and Bake pizza product...that has extremely positive guest response, but needs awareness," California Pizza Kitchen's chief marketing officer, Scott Hargrove, said.

Who's Who of Distinguished Leaders: 2023 Honorees

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TECHNOLOGY

X Sues Media Watchdog Over Antisemitism Report

By ALYSSA LUKPAT

Elon Musk's social-media company X sued Media Matters for America after the left-leaning media watchdog group reported ads appeared near antisemitic and pro-Nazi content on the platform formerly known as Twitter.

X alleged in its lawsuit filed in federal court Monday that Media Matters was trying to drive away its advertisers. Media Matters in a report last week said X placed ads for certain companies next to posts supporting Nazis and white nationalism.

In the wake of the lawsuit, Texas Attorney General Ken Paxton said his office would open an investigation into Media Matters for "potential fraudulent activity."

In its suit, X said most users wouldn't have seen the ads next to the posts Media Matters found. The watchdog group, X said, only followed a small subset of accounts that belonged either to advertisers or people known to produce "extreme, fringe content," and scrolled until it saw the ads.

Two users saw an Apple ad next to the antisemitic content mentioned in the Media

Matters report, Linda Yaccarino, X's chief executive, said in a post on the platform.

Angelo Carusone, the president of Media Matters, said the organization stood behind its reporting. "This is a frivolous lawsuit meant to bully X's critics into silence," he said in an X post.

Media Matters had no comment about the investigation announced by Paxton.

The X lawsuit was filed in Texas' northern district against Media Matters and the author of the report, Eric Hananoki. He didn't return a request for comment.

X and Musk, its billionaire owner, have generated controversy over antisemitic content on the platform. Musk last week said he agreed with an antisemitic conspiracy theory in an X post, drawing criticism at a time when Jewish Americans are reporting a rise in harassment during the Israel-Hamas war.

Jewish advocacy groups have criticized Musk, who has described himself as a free-speech absolutist, for what they say is a rise in antisemitic posts on X since he took over the platform last year.

Blackstone Nears \$2.5 Billion Deal For Software Firm

By BEN DUMMETT

Blackstone is in advanced talks to buy Civica in a deal valuing the U.K.-based software developer at close to \$2.5 billion including debt, according to people familiar with the matter.

The tie-up, if completed, could be announced as soon as Wednesday. It would mark Blackstone's latest bet in the U.K. following its recent purchases of two hotels—one in Birmingham and another outside of Edinburgh—and a project to build affordable housing across the U.K.

It is also one of at least two multibillion-dollar acquisitions that Blackstone is pursuing in Europe, a sign that deal making by private-equity firms in the region is picking up.

Late Tuesday in Europe, an investor group including Blackstone and Permira, a rival buyout firm, launched a tender offer for Adevin, an Oslo-listed online-classifieds business backed by eBay. The bid values Adevin's stock at about 141 billion Norwegian kroner, or the equivalent of about \$13.2 billion.

Higher interest rates, which raise deal-funding costs, and volatile markets that make it harder for buyers and sellers to agree on the value of businesses have triggered a slump in buyout activity.

Europe has been among the hardest-hit regions with the value of private-equity deals down 57% through the end of September from the year-ago period to a little less than

\$100 billion. By comparison, the decline was 36% in the U.S., according to LSEG, a data provider.

However, interest rates are showing early signs of stabilizing as inflation pressure eases, while equity markets have started to rebound, potentially paving the way for more deal making.

Civica is owned by Partners Group, a Switzerland-based investor overseeing \$142 billion in private-equity, debt, infrastructure and real-estate investments. It bought the business in 2017 for £1.1 billion including debt, or the equivalent of about \$1.4 billion at today's exchange rates, and then took steps to focus the business strictly on software.

Software businesses appeal to buyout firms because companies and public-sector entities increasingly rely on software platforms to operate more efficiently, helping ensure growing demand for their products.

Civica would give Blackstone a global operation that generates recurring revenue from the sale of software used to handle payrolls, medical records and property management, among other services, according to the company's website.

The business services over 6,000 public agencies in education, government and healthcare, including Alaska's Department of Health and Social Services, the Madison Suburban Utility District in Tennessee and the city of Ravenna in Ohio.



The game between the New York Jets and Miami Dolphins will be an opportunity to run 'shoppable ads' for instant purchases.

Amazon Has Black Friday Mix

Continued from page B1

football on Saturday. Rolapp said a Friday game can fill fans' insatiable appetite for the sport over the long holiday weekend when many people have time off work.

When Amazon struck its 11-year deal for "Thursday Night Football" in 2021 at an annual cost of \$1.2 billion, it sought an additional game to make up for not having one on Thanksgiving or in the last week of the season. After its first season in 2022, Amazon and the league agreed to create a Black Friday game.

Amazon is making a football feast out of the game with an extended pregame show and celebrity chef David Chang on hand as well to tell viewers

how to make the most of Thanksgiving leftovers. After the game, Amazon is streaming a Garth Brooks concert.

The shoppable ads slated to run during the Friday NFL game represent a big opportunity for Amazon to reel customers in, said Guru Hariharan, chief executive of CommerceIQ and a former Amazon manager. Brands that sell on Amazon rely on as many "touch points" as possible to familiarize shoppers with their products during the holidays; the new game represents an opportunity to achieve that.

What started out as Cyber Monday—a major online shopping day the Monday after Thanksgiving—has grown into a multiweek online holiday shopping period spurred in large part by Amazon. Amazon for the second year in a row hosted a special sales event for its Prime members in October, in part to encourage shoppers to begin to buy holiday gifts early. The company doesn't disclose how

much it makes from the sales event, but said this year's event outpaced a similar event from a year ago.

Amazon is facing renewed e-commerce competition, particularly from companies with Chinese ties. E-commerce companies Temu and Shein have expanded aggressively in the U.S. and found success with shoppers looking for bargain deals, even if it means waiting a week or more for them to be delivered.

Social-media company TikTok, owned by Beijing-based ByteDance, recently launched an e-commerce platform in the U.S. that directly competes with Amazon. Aside from trying to extend its online store to other platforms, Amazon has responded to the competition by trying to deliver packages even faster and has tried to build up a network of influencers to hawk items.

The new Black Friday game is expected to become a permanent fixture on the NFL schedule as the league works to create more stand-alone national

games—the only matchups on during a given day or time.

For decades, "Monday Night Football" was the only stand-alone game. Now there are national games on Sunday night and Thursday night, and several international games that get stand-alone treatments on Sunday morning. There are also a handful of Saturday stand-alone games late in the season.

To create those new games, the NFL plucks matchups from other rights packages it has sold to broadcasters, primarily Fox and CBS's Sunday afternoon packages.

Amazon's games have so far averaged 12.3 million viewers this season, up 26% from its rookie season, but still below the 16.4 million viewers "Thursday Night Football" averaged when it was on Fox and the NFL Network, according to Nielsen. The league has given Amazon a better lineup of games this season, which has helped bolster ratings. The game on Friday between bitter rivals is likely to have postseason playoff implications.

Ex-CEO of NSO Raises \$33.6 Million For Israeli Startup

By YULIYA CHERNOVA

Shalev Hulio, former chief executive of the company behind the controversial Pegasus spyware, has raised a \$33.6 million second round of funding for his startup, Tel Aviv-based Dream Security, amid the Israel-Hamas war.

"Israel is resilient," said Michael Eisenberg, co-founder and general partner at venture firm Aleph, who co-led the deal with Dovi Frances, founder of Los Angeles-based Group 11. Dream uses artificial-intelligence tools to provide cybersecurity services for critical infrastructure.

Dream Security was valued at \$200 million in the financing, Hulio said. Its other co-founders are Sebastian Kurz, a former chancellor of Austria, and Gil Dolev, whose cyberintelligence company Wayout was acquired by NSO Group, developer of Pegasus.

The investment was signed Nov. 7 near the Gaza border where Hamas attackers had invaded Israel a month earlier. The location and date were chosen for symbolic reasons. In Jewish tradition, 30 days is the period after which mourners start to re-emerge to normal life, Eisenberg said.

Dream has remained operational even as about 10% of the 70-person team, including Hulio, have been deployed with the Israel Defense Forces. Hulio came to the deal signing from an army base.

The deal brings the company funding to almost \$55 million. Dream launched a year ago with a \$21 million pre-seed investment from Group 11 and Aleph, as well as several individual investors.

Dream has developed proprietary large language models—the basis of its AI tools—trained on cybersecurity data and documented incidents. One tool can take a few files about the configuration of a customer network and produce an interactive map that

shows connections, switches, routers, ports and identities of network users. Another tool assesses potential attack paths and suggests ways to reduce the likelihood of successful cyberattacks.

The company has customers in Israel and Europe, Hulio said. European governments and critical-infrastructure custodians have seen increased cyber risk since Russia invaded Ukraine. Similarly, Israel has suffered a rise in cyberattacks since the Hamas invasion on Oct. 7.

During the war, the company has provided services free of charge to several organizations in Israel, including fund managers, a major port and government ministries. A hospital used Dream to scan for vulner-

abilities. Dream also said it identified a server at an Israeli oil and gas facility that was exposed to the internet and running software with a known bug. The Dream tool detected suspicious activity against the server from outside Israel attempting to exploit the bug. The customer addressed the situation.

Hulio said that the team's background in offensive cyber is helpful in its defensive role. He said he is no longer involved in NSO and has sold all of his shares. The Biden administration in 2021 put NSO on a list restricting it from obtaining some U.S. technology, citing malicious use of NSO's spyware by governments.

Hulio said that Pegasus has helped prevent terrorist attacks and infiltrate criminal networks, and continues to be in use in Israel's efforts to recover hostages held in Gaza.

Dream's co-founder Kurz, who is the company's president, is on trial for perjury in Austria over statements to a parliamentary committee. Kurz has denied the charges.

Eisenberg dismissed the controversy around Dream's founders as "politically manufactured."

Nvidia Triples Revenue

Continued from page B1

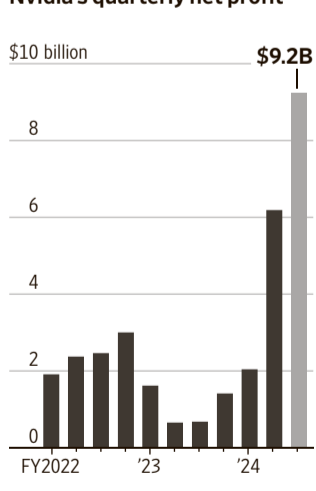
near-term impact on sales, although Kress said in June that restrictions in the long run could lead to a "permanent loss of opportunities" for U.S. chip companies.

Nvidia has responded to successive rounds of U.S. export curbs by making lower-performance versions of its chips catering to the Chinese market.

In October, the U.S. barred Nvidia from selling China-specific chips it developed last year without first obtaining a license from the Commerce Department. That move put in jeopardy about \$5 billion of Chinese orders for chips to be delivered next year.

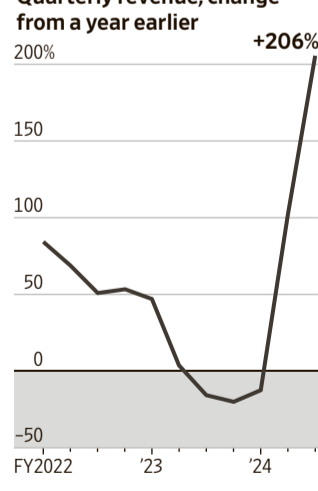
Nvidia is now working on a new lineup of chips for the Chinese market that fall below new performance thresholds that would require U.S. government oversight. In addition, Kress said the company was working with some customers in China and the Middle East to get export licenses from the U.S.

Nvidia's quarterly net profit



Note: Latest fiscal quarter ended Oct. 29.

Quarterly revenue, change from a year earlier



Sources: S&P Capital IQ; the company

China and other export-controlled countries have contributed between 20% and 25% of the company's data-center revenue in the last few quarters, Kress said. She expects sales to those destinations to decline in the current quarter, "though we believe the decline will be more than offset by strong growth in other regions."

Regulators in China had inquired about Nvidia's sales and efforts to supply the Chinese market, Nvidia said in a regulatory filing.

The latest results follow an unprecedented rise in sales. In May, Nvidia projected that sales would be \$11 billion in

its fiscal second quarter, far above Wall Street expectations. Then, in August, the company said sales totaled more than that—\$13 billion—and projected another record quarter ahead. The company crossed a \$1 trillion valuation in June and was worth about \$1.23 trillion at Tuesday's market close.

While sales have rocketed, a large portion of the company's revenue derives from two unnamed end customers, Nvidia said in a regulatory filing. The end customers represented 28% of revenue in the fiscal third quarter, the company said. That would equate to around \$5 billion of sales.

Nvidia started out as a computer-graphics chip company in the 1990s and grew into a leading designer of hardware that made video games look crisper and run more smoothly. Over the past decade and a half, Huang, the CEO, has sought new applications for those chips' circuitry, leading to their adoption by cryptocurrency miners and AI researchers.

The company has done well even as many other chip makers wade through a postpandemic downturn in purchases of personal computers and smartphones that has only recently begun to reverse.

Even with its challengers, Nvidia is expected to have more than 85% of the market for generative-AI chips even next year, Raymond James analyst Srin Pajjuri said in a note on Monday.

Nvidia's data-center division has become by far its largest segment amid the boom in generative AI systems, which are built in massive server farms filled with the company's chips. Its gaming segment, which had until recent years been its largest, reached \$2.86 billion in sales for the company's latest quarter, up from \$1.57 billion a year earlier. Nvidia's chips are prized by PC gamers and feature in Nintendo's Switch game consoles.

THE PROPERTY REPORT

Office Stocks Surge Despite Challenges

By PETER GRANT

Shares of battered office landlords had their biggest one-day rally in three years last week, after inflation data came in lower than anticipated and expectations rose that the Federal Reserve was done raising interest rates.

Shares of office real-estate investment trusts soared an average of 11.5% on Nov. 14, according to real-estate analytics firm Green Street. That is the largest daily increase since November 2020, when an even larger rally was sparked by the announcement of a Covid-19 vaccine.

Some of the most prominent office landlords did even better. **SL Green Realty**, the largest office-building owner in New York, was up 17.4%. **Vornado Realty Trust** shares soared 15.5% that day.

But most office stocks failed to hold all those gains. The surge in share prices reflected a number of factors, but none that fundamentally changed the long-term outlook for the sector, analysts said.

One reason for the rally: Office owners are highly leveraged, which looks less burdensome after bond yields fell alongside the lower inflation numbers. Many office shares were trading around multiyear lows, giving them room to bounce. Technical trading issues such as short covering played a role, too, analysts said.

Office landlords still face

profound challenges as hybrid work becomes more ingrained and companies cut back on their workspace. Those issues won't be solved by interest rates and inflation returning to more moderate levels.

The national vacancy rate rose to a record 13.5% in the third quarter of this year, up from 9.4% at the end of 2019, according to data firm CoStar Group. A record 2.5% of the office space in the market is available for sublease, CoStar said.

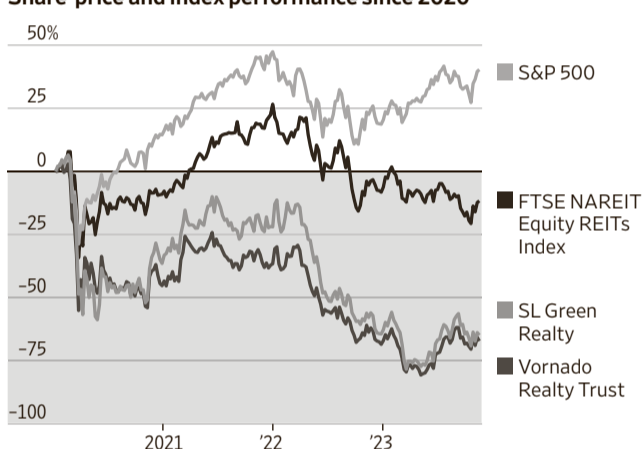
"There's a long road to recovery," said Alec Overby, senior analyst with Cohen & Steers, an investment manager and REIT investor with \$47 billion in global real-estate assets under management.

REITs overall outperformed the broader market because owners of all property types, including hotels, malls, apartment buildings and warehouses, tend to be more highly leveraged than other companies and benefit more when rates fall.

When interest rates fall, property values typically rise as yield-seeking investors choose real estate over bonds.

But office REIT shares outperformed the rest, in part because their shares have fallen the furthest. Even after Nov. 14's rally, office REIT shares were down about 65%, including dividends, since the beginning of the pandemic, compared with down 7.15% for the equity REIT sector, Green Street said.

Share-price and index performance since 2020



Source: FactSet

Houses Too Costly to Buy Underpin Jump in Rents

Single-family-home tenants have faced large increases in the third quarter

By WILL PARKER

Big public companies that rent out single-family homes are beating the rest of the rental market this year, thanks to tenants who are paying large rent increases on the sorts of homes they increasingly can't afford to buy.

Landlords **Tricon Residential**, **Invitation Homes** and **AMH**, which together own about 180,000 rental homes, each posted rent increases greater than 6% for the third quarter over the same period a year prior.

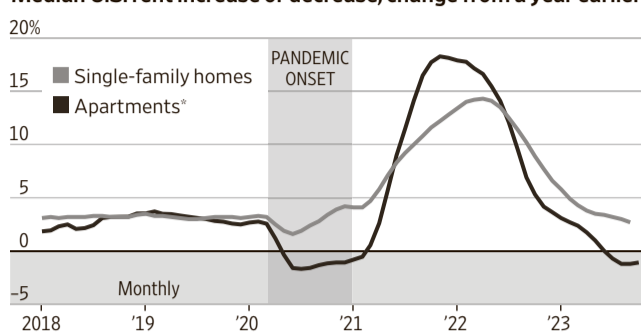
That was about twice as much as the average increase for rental homes in September, compared with the same month last year, according to separate indexes from data firm CoreLogic and online-listing company Zillow.

Tricon Chief Executive Gary Berman attributed his firm's gains in part to record-high home prices that are steering more would-be single-family home buyers toward rental homes. "In such a distorted environment for home buyers, the case for rental is more compelling than ever," he told investors and analysts earlier this month.

Tenants in single-family homes move less often than apartment renters and may be more willing to absorb rent increases if their families feel settled into a neighborhood and school system.

Apartment rents shot up about 15% in 2021 and continued rising at an above-typical pace in 2022. That growth has been moderating and has even turned negative compared with last year, according to some metrics, as record new apartment construction has helped slow apartment-rent

Median U.S. rent increase or decrease, change from a year earlier



Burns Affordability Index*

The percentage of median income needed to make home and mortgage payments is at its highest level since at least 1985.



*Estimates

†Housing cost-to-income ratio is calculated by dividing the market's median monthly housing costs by 125% of the median income. Housing cost assumes the purchase of a home equal to the market's median-priced existing home with a 10% down payment and a 30-year, fixed-rate mortgage.

Sources: CoreLogic (single-family homes); Apartment List (apartments); John Burns Research & Consulting (index)

advances in many parts of the country.

Mid-America Apartment Communities, a publicly traded apartment landlord, reported a 2.2% decline in new-lease rents in the third quarter, compared with the same quarter a year ago.

Rent growth for rental homes has slowed since hitting a peak in 2022, but it is proving more resilient. Houses for rent are benefiting from the least affordable home-sales market in many decades, a result of sale prices reaching new highs and mortgage rates hovering near a two-decade high.

The average mortgage payment is now 52% higher than the average monthly rent check, according to a recent analysis by real-estate brokerage CBRE. Affordability, measured as a ratio of income to home-purchase costs, is at the

worst level for buyers since at least 1985, according to John Burns Research & Consulting.

Renters of houses tend to be wealthier than apartment renters and are more likely to eventually own a home, analysts said. But there are fewer of these renters willing or able to make the switch to ownership at today's prices and mortgage rates, giving rental-home landlords an upper hand.

Housing analysts said the largest single-family landlords can collect outside rent increases because of the types of neighborhoods where they choose to invest.

That is usually in places with above-average job growth and school quality, where tenants are the most likely to absorb higher rents, instead of paying high moving costs, said Haendel St. Juste, an analyst at Mizuho. Land-

lords gain more market knowledge about rents when they buy up a large share of houses in a given neighborhood, said Michael Goldsmith, a housing stock analyst at UBS.

Rebecca Aponte, a psychologist in Atascadero, Calif., said she and her college-professor husband would like to buy, but for now are content to continue renting a townhouse for \$2,500 a month.

The monthly mortgage payment on the kind of home they have viewed in neighboring San Luis Obispo would total more than twice their rent, Aponte said, and would be a few hundred square feet smaller.

"It's just gonna take a really long time for the right thing to actually convince me financially that buying is a good move," she said.

Despite these trends, stock investors aren't all impressed with single-family landlords this year. Tricon and Invitation Homes' shares have underperformed the S&P 500 year to date, though AMH has beaten it.

Short-term bearish sentiment on the single-family industry is tied to higher interest rates, which have kept these and other companies from purchasing many homes for the past 18 months. Investors purchased 30% fewer homes in the third quarter than during the same period a year ago, according to Redfin.

Some investors and analysts think property taxes will also become a bigger headwind soon, as local tax assessments catch up to the record increase in home values.

But shares of large apartment landlords have fared even worse since midyear, when rental growth started turning negative. Stock prices for Equity Residential and Camden Property Trust are down about 9% and 17% over the past six months, respectively.

Landlords Can't Get Loans In Struggling Office Sector

By KONRAD PUTZIER

The office sector's credit crunch is intensifying. By one measure, it's now worse than during the 2008-09 global financial crisis.

Only one out of every three securitized office mortgages that expired during the first nine months of 2023 was paid off by the end of September, according to Moody's Analytics.

That is the smallest share for the first nine months of any year since at least 2008 and well below the nadir reached in 2009, when 47% of these loans got paid off. That share is well below the rate before the pandemic, when more than eight out of every 10 maturing securitized office mortgages were paid back in some years.

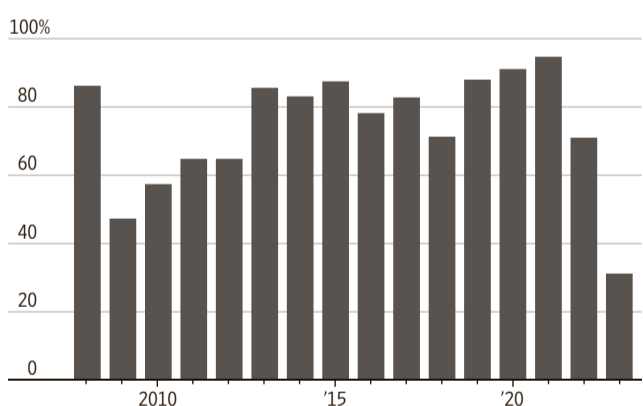
While the numbers cover only office mortgages packaged into bonds—so-called commercial mortgage-backed securities—they reflect a broader freeze in the lending market for office buildings.

Many office owners can't pay back their old loans because they can't get new mortgages. Remote work and rising vacancies hit building profits, making it harder to pay interest. Higher interest rates have pushed debt costs up and building values down. That combination is fueling a rise in defaults. The share of office CMBS loans that are delinquent tripled over the past year to 5.75%, according to Trepp. It doesn't help that many banks no longer issue new office loans and that many insurers and debt funds have become more cautious.

"People just don't want to touch it," said Alex Killick, managing director at CWC Capital, a company that handles troubled CMBS loans.

The office sector relies on a steady stream of debt. Landlords typically buy buildings with big mortgages, and when they mature they pay them off by taking out new loans or by

Share of maturing office commercial mortgage-backed securities loans that got paid off by September of each year



Note: The numbers include only loans maturing in the first nine months of each year and exclude loans with extension options. Source: Moody's Analytics

selling. That worked well when buildings were full and loans cheap and plentiful: In the first nine months of 2019, for example, 88% of CMBS office loans were paid off when they matured, according to Moody's Analytics. As interest rates and vacancies rose, that share dropped to 71% in the first nine months of 2022 and to just 31.2% this year.

Many banks are trying to reduce their exposure to the struggling office sector, and the easiest way to do that is to not issue any new loans. Insurers also lend less, and borrowing from bond markets means accepting much smaller loans at much higher rates, leaving landlords with too little money to Trepp. It doesn't help that many banks no longer issue new office loans and that many insurers and debt funds have become more cautious.

About half the CMBS office loans that didn't get paid off in the first nine months of this year ended up in default, but the other half got extended or otherwise modified, according to Moody's. Often, lenders don't want to take over struggling buildings and are willing to extend loans for a while at higher rates as long as landlords throw in cash to pay them down.

Killick said CWC Capital recently extended a Denver office loan after the landlord agreed to set aside more cash to pay for building out floors and other lease-related expenses. But in many other cases, the lender and borrower don't reach a deal.

In 2018, **Kushner Cos.** and **RFR Realty** borrowed \$480 million against four Brooklyn office buildings, including \$180 million in CMBS debt. The most senior part of the mortgage had an interest rate of just 4%, according to the bond prospectus, and the buildings were 94% occupied.

By 2023, occupancy had slipped to around 78%, partly because co-working company WeWork moved out, according to data from Trepp. When the balloon mortgage came due in September, the owners didn't pay it off and defaulted.

"The borrower engaged various lenders to secure financing but was unable to obtain any loan commitments," the company handling the loan on behalf of bondholders wrote in a commentary. When the loan was issued in 2018, the buildings were valued at \$640 million, according to Trepp. An appraiser recently cut the value to \$207 million.

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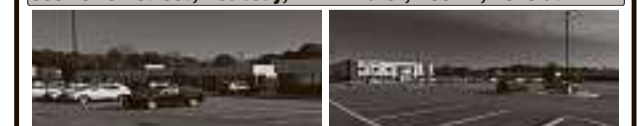
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Mortgagee's Sale of Real Estate at Public Auction
PEABODY • 4.86+/- ACRES SHOPPING PLAZA
535 Lowell Street, Peabody, MA • Thurs., Dec 14, 2023 at 11AM



Approx. 4.86 acres of land improved by a two building approx. 54,442 sf multi-tenant shopping center w/ approx. 10 tenant spaces. Potential for additional freestanding retail store to be built. Major Anchor Tenant: In The Game Entertainment. Terms of Sale: A deposit of \$100,000 by certified or bank check required at the time & place of sale & increase of deposit to 5% of the bid price within 7 business days of the sale & balance due within 30 days. All other terms announced at sale. Neither Auctioneer nor Mortgagee nor Attorney make any representations or warranties as to the accuracy of the information contained herein. Perry Krumsiek LLP, Boston, MA, Attorney for the Mortgagee.

SALE TO BE HELD ON THE PREMISES
Deposit by cash, certified or bank check required at time and place of sale and balance 30 days (unless otherwise specified). All other terms announced at sale. Neither Auctioneer, Mortgagee nor Attorney make any representations as to the accuracy of the information contained herein.

THE WALL STREET JOURNAL

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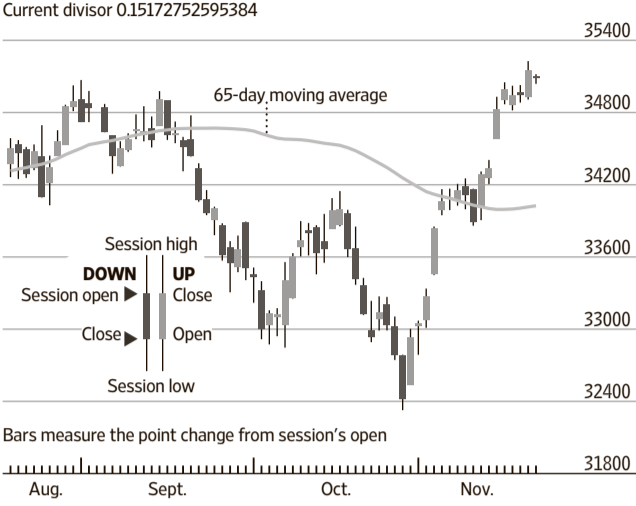
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

35088.29 ▼62.75, or 0.18%
 High, low, open and close for each trading day of the past three months.

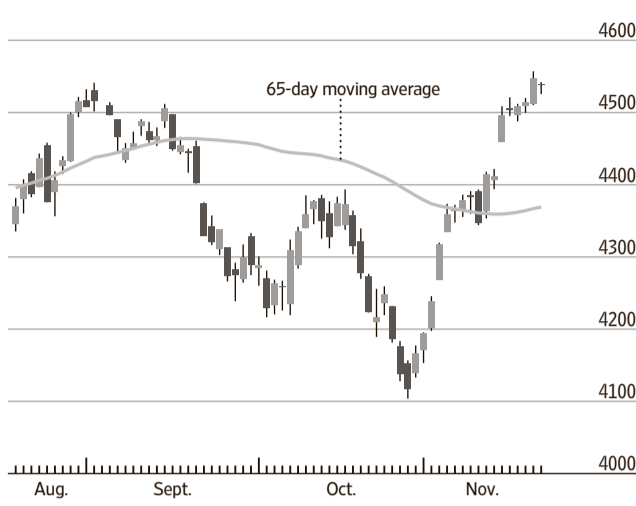
Last Year ago
 Trailing P/E ratio 25.52 21.20
 P/E estimate * 19.18 18.36
 Dividend yield 2.09 2.01
 All-time high 36799.65, 01/04/22



S&P 500 Index

4538.19 ▼9.19, or 0.20%
 High, low, open and close for each trading day of the past three months.

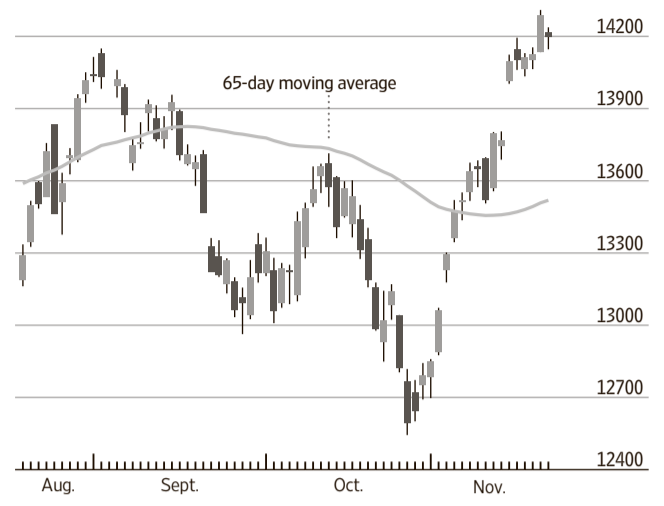
Last Year ago
 Trailing P/E ratio * 19.69 19.22
 P/E estimate * 20.17 17.75
 Dividend yield * 1.70 1.68
 All-time high 4796.56, 01/03/22



Nasdaq Composite Index

14199.98 ▼84.55, or 0.59%
 High, low, open and close for each trading day of the past three months.

Last Year ago
 Trailing P/E ratio * 29.27 24.37
 P/E estimate * 27.19 22.54
 Dividend yield * 0.82 0.94
 All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD	% chg 3-yr. ann.
Dow Jones										
Industrial Average	35118.04	35038.44	35088.29	-62.75	-0.18	35630.68	31819.14	2.9	5.9	6.2
Transportation Avg	15038.94	14877.27	14997.40	15.11	0.10	16695.32	13298.36	4.6	12.0	7.0
Utility Average	863.31	853.26	860.52	0.51	0.06	1002.11	783.08	-9.7	-11.0	-0.5
Total Stock Market	45073.32	44917.32	45023.36	-133.43	-0.30	45969.67	37910.34	12.0	16.9	6.9
Barron's 400	987.77	980.65	980.79	-6.98	-0.71	1036.97	881.58	0.3	6.6	7.3
Nasdaq Stock Market										
Nasdaq Composite	14237.50	14146.31	14199.98	-84.55	-0.59	14358.02	10213.29	27.1	35.7	6.2
Nasdaq-100	15968.09	15866.82	15933.62	-93.44	-0.58	16027.06	10679.34	35.9	45.6	10.2
S&P										
500 Index	4542.14	4525.51	4538.19	-9.19	-0.20	4588.96	3783.22	13.4	18.2	8.5
MidCap 400	2542.20	2533.23	2534.25	-12.63	-0.50	2728.44	2326.82	-0.5	4.3	5.7
SmallCap 600	1170.25	1161.40	1161.64	-14.38	-1.22	1315.82	1068.80	-5.4	0.4	4.4
Other Indexes										
Russell 2000	1799.33	1783.26	1783.26	-23.82	-1.32	2003.18	1636.94	-4.1	1.3	-0.04
NYSE Composite	15893.01	15848.24	15861.57	-20.06	-0.13	16427.29	14599.05	2.5	4.5	4.7
Value Line	543.07	538.95	539.03	-4.04	-0.74	606.49	498.09	-3.7	0.5	0.6
NYSE Arca Biotech	4817.10	4782.45	4783.70	-23.47	-0.49	5644.50	4544.40	-8.0	-9.4	-3.9
NYSE Arca Pharma	882.67	878.75	879.52	0.35	0.04	925.61	791.91	4.5	1.3	9.6
KBW Bank	83.03	82.14	82.24	-1.02	-1.22	115.10	71.71	-23.3	-18.5	-2.3
PHLX ^S Gold/Silver	117.26	114.78	115.48	2.40	2.13	144.37	103.31	-2.3	-4.4	-5.6
PHLX ^S Oil Service	83.65	82.80	83.10	-1.07	-1.27	98.76	69.29	-3.1	-0.9	30.2
PHLX ^S Semiconductor	3774.53	3714.76	3732.79	-73.01	-1.92	3861.63	2453.49	35.4	47.4	13.5
Cboe Volatility	14.31	13.13	13.35	-0.06	-0.45	26.52	12.82	-37.3	-38.4	-17.4

^SNasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
NVIDIA	NVDA	8,787.5	495.45	-3.99	-0.80	509.36	468.00
Bank of America	BAC	7,377.3	29.68	0.02	0.07	29.75	29.60
Bk of NY Mellon	BK	6,371.1	46.60	-0.33	-0.70	47.30	46.60
Palantir Technologies	PLTR	4,019.3	19.53	-0.27	-1.36	20.08	19.14
Barrick Gold	GOLD	3,891.6	16.22	0.03	0.19	16.23	16.18
Direction Dly Semi 3 Bear	SOXS	3,804.7	8.50	0.07	0.83	8.78	8.34
ProSh UltraPro Shrt QQQ	SQQQ	3,619.0	16.06	0.07	0.44	16.21	15.89
Direction Dly SCOND 3 BL	SOXL	3,584.7	22.71	-0.13	-0.57	23.08	21.91

Percentage gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	High	Low	% chg
Genmab ADR	GMAB	94.0	32.55	1.55	5.00	32.93	31.00
Evolus	EOLS	137.2	9.89	0.47	4.99	9.89	9.39
Oscar Health	OSCR	175.4	8.40	0.28	3.45	8.40	8.08
Samsara	IOT	116.1	27.25	0.86	3.26	27.25	26.38
Scotts Miracle-Gro	SMG	149.1	56.90	1.60	2.89	56.90	54.71
...And losers							
Guess	GES	186.3	20.05	-3.67	-15.47	23.72	19.88
Angham	ANGH	2,414.2	2.70	-0.41	-13.18	3.35	2.62
Emeren Group ADR	SOL	210.9	2.31	-0.31	-11.83	2.63	2.25
DLocal	DLO	244.3	16.69	-2.11	-11.22	19.05	15.05
Urban Outfitters	URBN	246.1	34.16	-2.15	-5.92	37.91	34.16

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	781,008,104	9,361,384
Adv. volume*	249,746,533	3,526,259
Decl. volume*	524,150,405	5,419,973
Issues traded	2,922	302
Advancers	943	142
Declines	1,884	147
Unchanged	95	13
New highs	18	2
New lows	8	2
Closing Arms*	1.08	1.62
Block trades*	3,707	123
	Nasdaq	NYSE Arca
Total volume*	4,128,609,850	263,518,120
Adv. volume*	1,326,044,812	96,237,966
Decl. volume*	2,755,382,523	160,390,366
Issues traded	4,271	1,699
Advancers	1,242	536
Declines	2,885	1,142
Unchanged	144	21
New highs	30	16
New lows	54	4
Closing Arms*	0.89	0.72
Block trades*	25,816	1,297

*Primary market NYSE, NYSE American, NYSE Arca only. (TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	689.60	-0.80	-0.12	13.9
	MSCI ACWI ex-USA	300.24	0.14	0.05	7.1
	MSCI World	2999.87	-5.01	-0.17	15.3
	MSCI Emerging Markets	988.47	3.06	0.31	3.4
Americas	MSCI AC Americas	1718.17	-3.96	-0.23	17.9
Canada	S&P/TSX Comp	20109.97	-136.50	-0.67	3.7
Latin Amer.	MSCI EM Latin America	2467.30	-20.16	-0.81	15.9
Brazil	BOVESPA	125626.03	-331.03	-0.26	14.5
Chile	S&P IPSA	3255.44	-28.96	-0.88	2.6
Mexico	S&P/BMV IPC	52504.29	-180.81	-0.34	8.3
EMEA	STOXX Europe 600	455.85	-0.41	-0.09	7.3
Eurozone	Euro STOXX	453.42	-1.59	-0.35	10.6
Belgium	Bel-20	3515.63	-19.14	-0.54	-5.0
Denmark	OMX Copenhagen 20	2221.82	-14.54	-0.65	21.1
France	CAC 40	7229.45	-17.48	-0.24	11.7
Germany	DAX	15900.53	-0.80	-0.01	14.2
Israel	Tel Aviv	1749.09	13.61	0.78	-2.7
Italy	FTSE MIB	29153.42	-388.48	-1.32	23.0
Netherlands	AEX	758.56	-0.91	-0.12	10.1
Norway	Oslo Bors All-Share	1508.54	-20.00	-1.31	10.7
South Africa	FTSE/JSE All-Share	74270.74	-50.74	-0.07	1.7
Spain	IBEX 35	9827.50	-11.50	-0.12	19.4
Sweden	OMX Stockholm	821.53	-5.56	-0.67	5.1
Switzerland	Swiss Market	10782.23	41.96	0.39	0.5
Turkey	BIST 100	8046.62	100.26	1.26	46.1
U.K.	FTSE 100	7481.99	-14.37	-0.19	0.4
U.K.	FTSE 250	18347.63	-251.42	-1.35	-2.7
Asia-Pacific	MSCI AC Asia Pacific	162.45	0.55	0.34	4.3
Australia	S&P/ASX 200	7078.20	19.78	0.28	0.6
China	Shanghai Composite	3067.93	-0.39	-0.01	-0.7
Hong Kong	Hang Seng	17733.89	-44.18	-0.25	-10.4
India	S&P BSE Sensex	65930.77	275.62	0.42	8.4
Japan	NIKKEI 225	33354.14	-33.89	-0.10	27.8
Singapore	Straits Times	3096.34	-15.24	-0.49	-4.8
South Korea	KOSPI	2510.42	19.22	0.77	12.3
Taiwan	TAIEX	17416.70	206.23	1.20	23.2
Thailand	SET	1423.61	4.17	0.29	-14.7

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	High	Low	% chg
Mountain Crest IV Cl A	MCAF	10.59	3.59	51.29	12.50	5.59	6.0
Symbotic	SYM	52.08	14.92	40.15	64.14	10.05	383.6
Direct Digital	DRCT	8.44	2.13	33.76	9.04	1.96	219.7
Jin Medical International	ZJYL	22.69	5.69	33.47	29.82	4.84	...
Safe & Green Development	SGD	3.77	0.94	33.22	10.46	0.38	...
Immuneering	IMRX	7.00	1.42	25.45	14.29	3.70	7.7
Ryvil	RYVL	3.12	0.60	23.81	17.50	1.57	-59.1
WaveDancer	WAVD	3.50	0.65	22.81	14.30	1.10	-38.8
Tigo Energy	TYGO	3.24	0.59	22.26	27.00	1.80	-68.2
ADDvantage Techs	AEY	3.13	0.55	21.32	18.80	2.10	-82.6
Burlington Stores	BURL	165.06	28.35	20.74	239.94	115.66	-13.1
Reading Int'l B	RDIB	12.70	2.15	20.38	25.90	9.25	-33.9
Leap Therapeutics	LPTX	2.44	0.37	17.87	10.20	1.24	-56.4
Dycom Industries	DY	101.68	15.03	17.35	115.53	77.33	12.7
Shengfeng Development	SFWL	13.34	1.82	15.80	17.60	2.94	...

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low	% chg
LQR House	LQR	170,826	1570.4	0.05	-18.57	7.25	0.05	
Tesla	TSLA	121,537	0.0	241.20	2.38	299.29	101.81	
ProSh UltraPro Shrt QQQ	SQQQ	107,545	-19.3	15.99				

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures					
	Open	High	Low	Settle	Chg
Copper-High (COMX) -25,000 lbs.; \$ per lb.					
Nov	3.8105	3.8105	3.7980	3.8145	0.0020
March'24	3.8350	3.8600	3.8240	3.8490	0.0080
Gold (COMX) -100 troy oz.; \$ per troy oz.					
Nov	1990.70	2005.50	1988.50	1999.30	21.60
Dec	1980.00	2009.80	1979.90	2001.60	21.30
Jan'24	1994.10	2019.50	1993.20	2012.00	21.30
Feb	2000.10	2030.00	1999.90	2021.80	21.40
April	2020.20	2049.10	2020.20	2041.00	21.40
June	2041.10	2068.80	2041.10	2060.90	21.50
Palladium (NYM) -50 troy oz.; \$ per troy oz.					
Nov	1093.10	3.20			1
March'24	1089.00	1104.50	1070.00	1098.40	3.20
Platinum (NYM) -50 troy oz.; \$ per troy oz.					
Nov	940.00	18.50	115		
Jan'24	925.20	947.80	922.20	945.90	18.50
Silver (COMX) -5,000 troy oz.; \$ per troy oz.					
Nov	23.65	23.810	23.480	23.843	0.264
March'24	23.825	24.430	23.820	24.221	0.262
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.					
Nov	77.65	77.92	76.92	77.77	-0.06
Jan	77.69	78.04	77.04	77.92	0.02
March	77.59	77.98	77.02	77.88	0.05
April	77.40	77.82	76.92	77.74	0.06
June	77.00	77.32	76.49	77.26	0.07
Dec	74.65	75.05	74.39	74.98	...
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.					
Dec	2.8502	2.9389	2.8223	2.9249	0.0754
Jan'24	2.7882	2.8660	2.7617	2.8522	0.0645
Gasoline-NY RB08 (NYM) -42,000 gal.; \$ per gal.					
Dec	2.2178	2.2378	2.1921	2.2338	0.0718
Jan'24	2.1944	2.2112	2.1689	2.2080	0.0108
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.					
Dec	2.886	2.921	2.841	2.846	-0.036
Jan'24	3.047	3.084	2.986	2.993	-0.057
Feb	3.004	3.034	2.941	2.947	-0.061
March	2.849	2.875	2.790	2.800	-0.054
April	2.768	2.785	2.714	2.721	-0.046
May	2.820	2.834	2.773	2.785	-0.035

Agriculture Futures					
	Open	High	Low	Settle	Chg
Corn (CBT) -5,000 bu.; cents per bu.					
Dec	469.25	475.00	468.00	470.00	50
March'24	487.50	493.25	486.00	489.00	1.50
Oats (CBT) -5,000 bu.; cents per bu.					
Dec	350.00	358.50	345.25	358.00	10.75
March'24	366.50	375.75	360.75	375.25	12.00
Soybeans (CBT) -5,000 bu.; cents per bu.					
Jan	1365.50	1389.25	1364.00	1377.25	10.00
March	1382.00	1404.00	1380.25	1393.00	9.75
Soybean Meal (CBT) -100 tons; \$ per ton.					
Dec	460.30	467.50	454.50	459.20	-1.00
Jan'24	443.00	450.50	437.70	442.00	-1.30
Soybean Oil (CBT) -60,000 lbs.; cents per lb.					
Dec	53.11	54.34	52.55	54.19	1.08

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

Tuesday, November 21, 2023

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Commodity	Tuesday	Tuesday	Tuesday
Energy			
Coal,C.Aplc.1,2500Btu.1,2502-rw	73.450		
Coal,PwdrRvrBsn8800Btu.0,8502-rw	13.950		
Metals			
Gold, per troy oz			
Engelhard industrial	2002.00		
Handy & Harman base	2006.60		
Handy & Harman fabricated	2227.33		
LBMA Gold Price AM	*1976.05		
LBMA Gold Price PM	*1968.70		
Kruggerand,wholesale-e	2079.58		
Maple Leaf-e	2099.58		
American Eagle-e	2099.58		
Mexican peso-e	2418.92		
Austria crown-e	1963.01		
Austria phil-e	2099.58		
Silver, troy oz.			
Engelhard industrial	24.2500		
Handy & Harman base	23.8750		
Handy & Harman fabricated	29.8440		
LBMA spot price	*18.7500		
(U.S.\$ equivalent)	*23.3850		
Coins,wholesale \$1,000 face-a	20039		
Other metals			
LBMA Platinum Price PM	*899.0		
Platinum,Engelhard industrial	938.0		
Palladium,Engelhard industrial	1090.0		
Aluminum,LME,\$ per metric ton	*2192.0		
Fibers and Textiles			
Burlap,10-oz,40-inch NY yd-n,w	0.7225		
Jonathan,11/16 std lw-mdMphs-u	0.7719		
Cottonlook 'A' Index-t	*91.40		
Hides,hvy native steers piece fob-u	n.a.		
Wool,64s, staple, Terr del-u,w	n.a.		
Grains and Feeds			
Bran,wheat middlings, KC-u,w	138		
Corn,No.2 yellow,Cent IL-bpu	4.4500		
Corn gluten feed,Midwest-u,w	165.0		
Corn gluten meal,Midwest-u,w	595.3		
Cottonseed meal-u,w	350		
Hominy feed,Cent IL-u,w	146		
Meat-bonemeal 50% pro Mnpls-u,w	388		
Oats,No.2 milling,Mnpls-u	4.4800		
Rice, Long Grain Milled, No. 2 AR-u,w	35.88		
Sorghum,(Milo) No.2 Gulf-u	n.a.		
Soybean Meal,Cent IL,rail,ton48%-u,w	469.30		
Soybeans,No.1 yllw IL-bpu	13.3700		
Wheat,Sprng14%-pro Mnpls-u	9.3750		
Fats and Oils			
Degummed corn oil, crude wt.d avg-u,w	n.a.		
Grease,choice white,Chicago-h	0.4500		
Lard,Chicago-u	n.a.		
Soybean oil,crude,Cent IL-u,w	0.5451		
Tallow,bleach,Chicago-h	0.5100		
Tallow edible,Chicago-u	n.a.		

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=SNL Energy; S=Platts-TSI; T=Cottlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 11/20

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Largest 100 exchange-traded funds, latest session					
Tuesday, November 21, 2023					
ETF	Symbol	Closing Price	Chg	YTD (%)	Chg YTD (%)
CnsmrDiscSelSector	XLY	167.57	-0.26	29.7	
Cnst StaplesSPDR	XLP	69.65	0.30	-6.6	
DimenUSCoreEq2	DFAC	27.27	-0.44	12.3	
EnSelSectorSPDR	XLE	84.62	-0.22	-3.3	
FinSelSectorSPDR	XLF	35.13	-0.06	-2.7	
HealthCareSelSector	XHM	129.81	0.60	-4.4	
IndUSSectorSPDR	XLI	105.85	-0.08	7.8	
InvsNasdaq100	QQQM	159.83	-0.58	45.9	
InvsQQQ	QQQ	388.47	-0.58	45.9	
InvsCS&P500EW	RSP	145.80	-0.18	3.2	
ISHCoredivGrowth	DGRO	51.00	-0.18	2.0	
ISHCoresMCI	IEFA	66.99	-0.39	8.7	
ISHCoresMSCIEA	IEMG	49.64	-0.60	6.3	
ISHCoresMSCIEnt	IXUS	62.34	-0.48	7.7	
ISHCoresSP500	IHV	455.37	-0.23	18.5	
ISHCoresS&P MC	IVV	253.12	-0.48	4.6	
ISHCoresS&P SC	IUR	95.40	-1.19	0.8	
ISHCoresTotaUS	ITOT	99.38	-0.31	-1.2	
ISHCoresTotalUSDBd	ISUB	44.34	0.09	17.3	
ISHCoresUSAggBd	AGG	95.50	0.10	-1.5	
ISHEdgeMSCIMinUSA	USMV	75.24	0.31	4.4	
ISHEdgeMSCIUSAQual	QUAL	140.76	-0.18	23.5	
ISHGoldTr	IAU	37.83	1.07	9.4	
ISHBoxxSIGCpBd	IBO	104.84	0.03	-0.6	
ISHMSCI	LDD	90.28	-0.23	-2.7	
ISHMSCIACWI	ACWI	97.37	-0.27	14.7	
ISHMSCIEAFE	EFA	71.84	-0.39	4.4	
ISHMSCIEM	EFEM	39.60	-0.63	9.5	
ISHMSCIEAFEValue	EFV	50.03	-0.40	9.0	
ISHNatIMuniBd	MUB	105.40	0.21	-0.1	
ISH1-5YIGCorpBd	IGSB	50.32	0.10	1.0	
ETF	Symbol	Closing Price	Chg	YTD (%)	Chg YTD (%)
iSh1-3YTreasBd	SHY	81.34	0.06	0.2	
iShRussMkt	IWR	71.14	-0.29	5.5	
iShRuss1000	IWB	248.57	-0.28	18.1	
iShRuss1000Grw	IWF	290.01	-0.30	35.4	
iShRuss1000Val	IWD	154.98	-0.14	2.2	
iShRussell2000	IWM	177.02	-1.29	1.4	
iShS&P500Grw	IYW	72.58	-0.08	24.1	
iShS&P500Value	IVE	163.06	-0.38	12.4	
iShSelectDiv	DVY	109.73	-0.46	-9.0	
iSh7-10YTreasBd	IEF	92.78	0.13	-3.1	
iShShortTreasBd	SHV	110.43	0.04	0.5	
iShSPBondsETF	TIP	104.55	-0.21	-1.8	
iSh2+YTreasBd	TLT	90.55	-0.04	-9.0	
iShUSTreasuryBd	GOWT	22.30	0.09	-1.8	
iSh3M-TreasBd	SGOV	100.59	0.03	0.4	
JPMEquityPrem	JEPI	54.43	0.31	-0.1	
JPMUSShinc	JPST	50.22	0.02	0.2	
PacerUSCashCovs100	ICVT	49.50	-0.50	7.0	
ProShUTPrQQQ	TQQQ	43.89	-1.81	153.7	
SPDRBiog-3MTB	BIL	91.71	0.03	0.3	
SPDRDJIATr	DIA	350.82	-0.20	5.9	
SPDR Gold	GLD	185.35	1.08	9.3	
SPDRPDIvDexUS	SPDW	32.26	-0.43	8.7	
SPDRSP500Value	SPYV	43.77	-0.32	12.5	
SPDRSP500	SPY	53.32	-0.17	18.5	
SPDRS&P500Growth	SPYG	62.88	-0.08	24.1	
SPDRS&P500	SPY	463.27	-0.22	18.5	
SchwabIntEquity	SCHF	35.41	-0.42	9.9	
SchwabUSBrkMkt	SCHB	52.99	-0.30	17.4	
SchwabUS Div	SCHD	71.30	-0.27	-5.6	
SchwabUSLC	SCHX	53.57	-0.22	18.6	
SchwabUSLC Grw	SCHG	79.47	-0.25	43.0	
SPDRS&PMidCpTr	MDY	463.50	-0.50	4.7	
ETF	Symbol	Closing Price	Chg	YTD (%)	Chg YTD (%)
SPDR S&P Div	SDY	118.18	0.12	-5.5	
TechSelectSector	XLK	183.95	-0.81	47.8	
VangdInfoTech	VGT	458.58	-0.83	43.6	
VangdSC Val	VBR	162.25	-0.83	2.2	
VangdExtMkt	VXF	145.97	-0.80	9.9	
VangdF500Grw	VIG	162.92	-0.01	7.3	
VangdF7SEAWxUS	VEU	53.96	-0.48	7.6	
VangdF7SEDeVxMk	VEA	45.52	-0.39	8.5	
VangdF7SE50M	VWO	40.58	-0.59	4.1	
VangdF7SE Europe	VGK	60.92	-0.42	9.9	
VangdGrowth	VUG	297.54	-0.30	39.6	
VangdHiTcr	VHT	235.81	0.51	-4.9	
VangdHiDiv	VYM	105.29	-0.20	-2.7	
VangdIntermBd	BIV	73.51	0.08	-1.1	
VangdIntcrCorpBd	VCIT	77.71	0.09	0.3	
VangdIntermTrea	VFIT	57.76	0.16	-1.2	
VangdLC	VV	207.91	-0.28	19.4	
VangdMegaGrwth	MGK	24			

BANKING & FINANCE

Accounting Giants Differ in Leader Picks

By MARK MAURER

Two of the world's largest accounting firms, Ernst & Young and PricewaterhouseCoopers, picked global chairs with starkly different backgrounds but tailored to the specific problems they are facing, from governance issues to slowing revenue growth.

EY picked Janet Truncale, 53 years old, as head of its Americas financial-services business as its new global chair and chief executive last week. Truncale, who rose from being an EY intern to her appointment as the first woman to run a Big Four firm, is a certified public accountant by training with core skills in auditing, accounting and consulting, which will be key to moving the firm beyond the abandoned split of its advisory and audit arms into separate businesses.

Mohamed Kande at PwC charted a different path—as an electrical engineer-turned-consultant—to become PwC's global advisory head and the first consultant to be global chair, an appointment he received on Oct. 30. A naturalized American who grew up in

Africa's Ivory Coast, Kande, 56, would be the first Black leader to helm a Big Four firm, pending member-firm approval.

Both Kande and Truncale are set to start their new jobs on the same day, July 1, an unusual footnote that marks two major leadership changes among the Big Four. PwC and EY's fiscal years are aligned, unlike the other firms. The appointments represent progress in leadership diversity, following decades of the Big Four primarily having been overseen by white men.

The dual appointments link the white-shoe accounting firms as the auditing profession faces a deep shortage of workers and questions linger over the optimal operational structure. EY sought a split, in part, to help stave off conflicts of interest between consulting and auditing work. Audit firms are prohibited by the Securities and Exchange Commission from performing services for clients that could impair their objectivity.

Regulators' and investors' concerns over Big Four audit quality have only risen as the firms expanded their consult-



Janet Truncale will run EY; Mohamed Kande was picked by PwC.

ing practices over the last two decades. All but Deloitte spun them off and regrouped them.

EY and PwC are both grappling with slowing revenue growth and governance issues. The global chair is tasked with setting a consistent strategy and principles across sprawling operations, while navigating challenges and new opportunities for change. Truncale and Kande, who have had different journeys to the top, have sizable tasks ahead and some of the same challenges, with the global professional-



Janet Truncale will run EY; Mohamed Kande was picked by PwC.

services industry watching closely.

"Both PwC and EY tried to pick leaders that would fit the needs of the moment," said Tasadduq Shervani, associate professor of marketing at Southern Methodist University. "At PwC, it's gaining revenue growth momentum, and at EY, it is bringing the firm back together after the Everest event and charting a course forward."

PwC's selection of a consultant may signify that auditing isn't as central to the growth

strategy as it used to be, while EY's move demonstrates an appreciation for both the audit and consulting sides following the failed plan known as Project Everest to split them into separate companies, academics said.

"PwC clearly is taking a different approach acknowledging the growth of consulting in its business," said Mark O'Connor, chief executive at Monadnock Research, a research firm tracking the consulting industry.

Truncale, who has experience in audit and consulting, will have to bring balance and to a divided set of partners, while Kande's consulting background could give that business line a boost.

PwC said its global board undertakes a thorough succession planning, assessment and ratification process to appoint the network chair. The firm has said it doesn't plan to comment on the outcome until the process is concluded later this year. It declined to make Kande available for an interview.

EY declined to comment and to make Truncale available. The share of auditing ser-

vices in Big Four global revenue has been on a decline. It dropped to 30.6% at EY and 35.3% at PwC for the year ended June 30, down from 42.4% and 46%, respectively, a decade earlier. EY's audit revenue, as of this year, is no longer the firm's largest business line based on dollar volume after years of surpassing that of the advisory line.

Several accounting firms have trimmed their U.S. consulting ranks over the past year as more businesses scale back on third-party help amid a slowing economy. The state of consulting demand tends to weaken or surge depending on the economy, whereas audit is a generally steady business line due to public companies' reporting requirements.

Truncale wasn't part of the executive team behind the failed split, which could aid her in uniting a divided workforce, people familiar with the matter said.

PwC, meanwhile, is looking to boost revenue after reporting growth that lagged behind its peers, EY and Deloitte, over the past year.

—Alexander Saedy contributed to this article.

Biggest 1,000 Stocks

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MARKETS

Technology Stocks Drive Down Indexes

Yield on 10-year Treasury note declines to 4.417% after Fed minutes

By ERIC WALLERSTEIN

Artificial intelligence powered the stock market for much of the year. Now it is testing stocks' November rally.

The S&P 500 and Dow industrials each slipped 0.2%. The tech-heavy Nasdaq Composite led the losses, sliding 0.6%.

TUESDAY'S MARKETS

This year's stock-market gains were largely fueled by the AI boom, but that stalled this summer as Treasury yields surged. The script has flipped back to big-tech stock domination in recent weeks. Cooling inflation raised hopes that the Federal Reserve is through with its rate-hiking

campaign, weighing on Treasury yields.

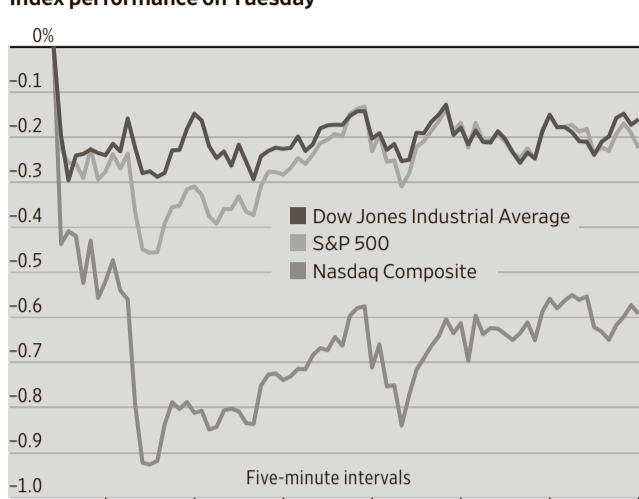
"That was the starter gun for this end-of-year sprint," said Sam Stovall, chief investment strategist at CFRA. "The market finally said OK, the Fed is done raising rates."

The benchmark 10-year yield finished Tuesday at 4.417%, down from 4.421% on Monday. It remains well below its peak of 5% a month ago. Minutes from the Fed's most recent meeting showed officials expect policy to remain restrictive for some time.

Nvidia shares fell 0.9% before its after-market earnings report. Shares continued to fall in after-hours trading after the report, in which the chip maker reported higher earnings and revenue.

Investors also watched the drama unfold at OpenAI, contemplating the implications for Microsoft, which lost 1.2% on the day. The tech sector has

Index performance on Tuesday



Source: FactSet

broadly proved resilient to higher interest rates, but its strength doesn't augur another dot-com bubble, Stovall said. H Consumers are becoming

money-conscious now that inflation fatigue is setting in, evidenced by earnings reports among retailers.

"The consumer is basically

running on fumes right now," said Megan Horneman, chief investment officer at Verden Capital Advisors. "Even if inflation is slowing, it's still high, and that's a problem for a lot of people in this country."

Best Buy shares fell 0.7% after the retailer cut its full-year sales outlook, saying consumers are hunting for deals and demand has been hard to predict. Lowe's dropped 3.1% after slashing its outlook for the year. Core shoppers pulled back on big-ticket purchases, the company reported.

Kohl's shares fell 8.6% after reporting sales that missed Wall Street estimates. Chief Executive Tom Kingsbury said Kohl's is aggressively discounting to win market share this holiday season.

It wasn't all doom and gloom among retailers. Dick's Sporting Goods rose 2.2% after the sporting-goods seller lifted its full-year earnings forecast. Shares of

Burlington Stores jumped 21% after beating analysts' expectations, setting its best single-day performance since going public in 2013.

At midday Wednesday, Japan's Nikkei 225 was up 0.6%. S&P 500 futures were flat.

AUCTION RESULTS

Here are the results of Tuesday'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.

NINE-YEAR, EIGHT-MONTH TIPS

Applications	\$34,909,827,600
Accepted bids	\$15,172,784,500
* noncompetitively	\$51,911,400
Auction price (rate)	94.285157 (2.180%)

Interest rate	1.37%
Bids at clearing yield accepted	39.79%
Cusip number	91282GHP9

The Treasury inflation-protected securities, dated Nov. 30, 2023, mature on July 15, 2033.

ONE-YEAR, 11-MONTH FRNS

Applications	\$73,736,281,100
Accepted bids	\$26,000,061,100
* noncompetitively	\$22,281,100
Spread	0.17%
Bids at clearing yield accepted	0.52%
Cusip number	91282JD4

The floating-rate notes, dated Nov. 24, 2023, mature on Oct. 31, 2025.

HSBC Battles \$15 Billion Problem in China

By JOSH MITCHELL

HSBC Holdings has a \$15 billion headache in China—a big stake in a local lender that it can't easily sell and that could require a big write-down.

Long after most other Western banking giants have exited similar positions, HSBC has held on to its roughly 19% position in Bank of Communications, an investment that dates to 2004. HSBC, Europe's largest bank by market value, has said the stake is strategically important for its ambitions to grow in Asia.

But over the years, a gulf has opened up between HSBC's valuation of the shareholding and the lower value implied by BoCom's stock price. In August, HSBC put its internal valuation at \$23.9 billion, or about \$14.5 billion above the level suggested by the shares.

In recent months, two smaller institutions, London-based Standard Chartered and Canada's Bank of Nova Scotia, have written down their own stakes in Chinese lenders.

The valuation of BoCom is a "long-festering problem" for HSBC, research provider Autonomous said recently. "We do suspect that one day HSBC will have to take the plunge on impairing the BoCom stake," analyst Manus Costello wrote in an October note to clients.

The questions over BoCom, including whether HSBC could contemplate a sale, aren't just about arcane accounting issues. They also reflect HSBC's unique position as a huge Western bank that has staked much of its future on growing in mainland China and in Asia.

"HSBC is desperately trying to straddle between the Chinese political system and the U.S. dollar-based political system," said Andrew Collier, managing director of Orient Capital Research in Hong Kong.

The bank, which has more than \$3 trillion in assets, already earns most of its income in Asia. It has a dominant presence in Hong Kong and a major footprint in mainland China, with particular ambitions in insurance and managing wealth. For years, HSBC has been paring back in North America and Europe to focus more on Asia, despite heightened geopolitical tensions between China and the West.

Against that backdrop, several analysts said that HSBC, practically speaking, is limited in what it could do with the stake in BoCom—China's



HSBC has held on to its roughly 19% position in Bank of Communications, an investment that dates to 2004.

sixth-largest bank by assets, according to Moody's Investors Service. To expand in China, HSBC needs Chinese government approval for a series of licenses. Disposal would risk angering authorities and disrupting those plans, they said.

"To sell assets in China would be an indication that they had no faith in the future of the Chinese economy and that they're placing their bets with the West, which would not go over well" in China, Collier said.

If HSBC impaired the stake, that would hit earnings, according to Costello. A write-down to the level implied by the stock price would cut HSBC's tangible book value by 7%, Costello said.

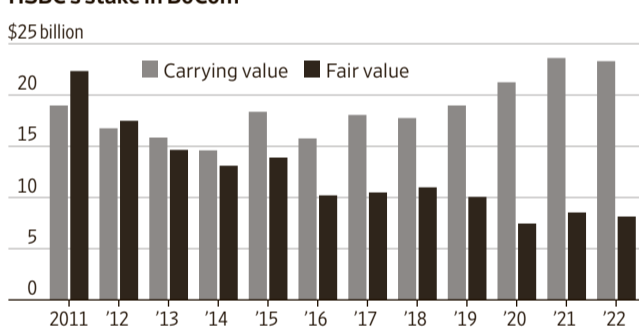
HSBC said its valuation of BoCom is in line with accounting rules and is based on a detailed analysis of historical earnings and long-term projections for cash flows, inflation and interest rates. It said management doesn't have discretion in choosing whether to take an impairment.

"There is a rigorous accounting process and we will just follow the process," HSBC Chief Financial Officer Georges Elhedery told analysts on an October call.

A big write-down, if it occurred, would be a black eye for HSBC and would affect headline profit. But it wouldn't affect some of the measures that bank investors care most about.

That is partly because complex banking rules require HSBC to deduct more than \$16

HSBC's stake in BoCom*



Net interest margins, quarterly



*Data as of year-end

Sources: the company (stake); Wind (margins)

billion from its total stash of core equity Tier 1 capital, a key financial buffer, because of the stake.

Any write-down would cut that deduction by a commensurate amount. That means the bank's core Tier 1 capital ratio, an important measure of financial strength, would hold steady, Elhedery told investors in October. He said the bank's dividend-paying ability would also hold up.

HSBC first invested in Shanghai-based BoCom in 2004, paying \$1.75 billion for its stake. It bought another roughly \$1.7 billion in BoCom

shares in 2012, a move that held its stake steady when the Chinese bank raised fresh capital.

By holding on, HSBC has diverged from most other big international banks. Institutions such as Bank of America, Citigroup and Goldman Sachs previously owned stakes in Chinese lenders but sold those positions after the global financial crisis.

The investments had become less attractive under postcrisis rules requiring banks to set aside more equity for minority investments in other financial institutions.

The investments also failed to give the U.S. banks greater access to China's economy, analysts said at the time.

HSBC is BoCom's second-largest shareholder after the Chinese government, and holds two board seats. The two banks also have a "resource-sharing agreement," under which HSBC has provided staffers to assist BoCom, HSBC disclosures show.

Over the past two years, it has received \$1.44 billion in dividends.

Chinese banks such as BoCom have been squeezed by lower interest rates on loans and record-high savings levels, after years of pandemic restrictions hurt consumer confidence and led many households to hoard cash.

BoCom's profit fell almost 3% in the latest quarter. Its net interest margin, or the gap between what it earns from lending and what it pays for funding, stood at 1.3% in the first nine months of this year, down 0.2 percentage point from a year earlier.

For banks such as HSBC and Standard Chartered, "how easy is it saying you're dumping a Chinese bank?" asked Daniel Tabbush, a Thailand-based banking analyst and consultant.

"I think it's literally impossible to do. I think the geopolitical backlash would be too devastating. Besides, it's sending the completely opposite signal of what these banks have been telling us for years."

—Elaine Yu contributed to this article.

Battery Metal Prices Fall

Continued from page B1 won't be a smooth ride.

Mines can take years between discovery of a metal and production, meaning the slowdowns could result in material shortages in coming years and leave carmakers scrambling for scarce supplies.

Already, mining projects have struggled to gain trac-

tion after facing local opposition, environmental concerns, red tape and other obstacles.

Livent, a Philadelphia-based lithium producer, recently posted disappointing quarterly earnings and said it was delaying an Argentine project expansion after facing construction challenges. Chief Executive Paul Graves said lithium projects around the world are being challenged by low prices.

"We continue to see production-expansion delays globally," he said on an earnings call.

Albemarle, the world's largest lithium miner, also raised concerns that supplies won't meet demand toward

the end of the decade because mining companies don't have the incentive to start projects. Earlier this year, Jervois Global suspended operations at its Idaho cobalt mine after prices for the metal collapsed.

For now, lithium supply and demand are relatively balanced. But by 2030, demand for the metal is expected to more than triple to 3.1 million metric tons and outpace supply by nearly 400,000 tons, according to Benchmark estimates. Cobalt and nickel are also expected to be in short supply.

Not all mining companies are worried about falling prices, given the volatile na-

ture of commodity prices. Surging prices a couple of years ago caused producers to flood the market with supply, leading to a short-term glut in some materials that subsequently pushed prices down.

Jonathan Evans, CEO of Lithium Americas, which is developing a lithium mine in Nevada with GM's backing, expects prices to rebound as demand inevitably increases. "If you think the world's going to stay in its current state, that's not going to happen," he said.

The Biden administration is working to ease pressures, too. It recently announced up to \$3.5 billion would be available from the 2021 infrastruc-

ture law to boost production of batteries and battery materials. Evans said Lithium Americas is in talks for a low-rate loan from the Energy Department, which has a program that helps clean-energy companies avoid the higher rates banks might charge.

Exxon Mobil said last week it started to drill for lithium in Arkansas, a project seen as a long-term bet on EV demand.

Watch a Video



Scan this code for a video of Joanna Stern's test of public EV chargers in LA.

Kinterra Gets Funds To Back Battery Metals

By LUIS GARCIA

Recently formed Kinterra Capital amassed \$565 million for its debut fund to back miners and processors of metals used in electric-vehicle batteries, as the Canadian private-equity firm seeks to benefit from government efforts in Western nations to bolster local suppliers of clean-energy materials.

The Toronto firm said it initially sought \$500 million for its Kinterra Battery Metals Mining Fund, which it began raising early last year.

Kinterra started investing from the fund last year as well, including taking private Australian nickel miner Cannon Resources and this year backing the White Pine North copper project in Michigan, according to co-managing partners Cheryl Brandon and Kamal Toor. They started Kinterra in 2021 after working together as founding partners of Waterton Global Resource Management, a mining-focused private-equity firm in Toronto.

Kinterra plans to invest in infrastructure operators that convert battery-related minerals into chemicals for EV batteries, a segment largely dominated by China, Brandon said. She pointed to Kinterra's investment in a nickel project in Quebec with the goal of supplying mixed hydroxide precipitate, a substance used by battery makers.

"If you look at the vast majority of the current capacity to convert critical minerals into chemicals for batteries, approximately 80% of that capacity sits primarily in China," Brandon said. "Our strategy benefits from significant government programs that have been put in place with the sole purpose of repatriating that portion and other portions of the battery supply chain."

As an example, she mentioned the tax credits that the U.S. provides to EV buyers when the batteries include a certain portion of critical minerals from U.S. or other acceptable sources.

Kinterra plans to make most of its investments in North America and Australia, where the government created incentives for EV buyers and battery makers, but might look at deals in South America on a case-by-case basis, Toor said.

He added that Kinterra seeks partnerships with battery makers that want to secure sources of materials.

The rising need for metals used in car batteries and in renewable energy equipment—such as copper, cobalt, lithium and nickel—is driving investment appetite for fund strategies dedicated to mining and refining, even as overall private-equity fundraising has slowed, advisers to fund managers and investors say.

Still, private equity's presence in the sector remains small, according to the consultants.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

GM Driverless Taxis Need to Slow Down

More-cautious approach can build trust, but risks commercial promise that kept Cruise on the road financially

Step on the accelerator with driverless vehicles and you scare off regulators and the public, but hit the brakes and you lose financial backers. It won't be an easy balance for Cruise to strike as it looks for a route out of a crisis.

The autonomous-taxi venture 80% owned by **General Motors** lost both its co-founders since Sunday, including Chief Executive Officer Kyle Vogt. The resignations, which capped a tumultuous few weeks since the suspension of Cruise's autonomous-driving permit by the California Department of Motor Vehicles, might make it easier to convince regulators the business can make a fresh start.

The DMV suspension followed a nasty accident in early October. A woman hit by a human-driven car was thrown into the path of a Cruise self-driving one. After braking, the Cruise vehicle attempted to pull over, dragging the victim 20 yards under the wheels. While no showcase for human driving, the incident undermines Cruise's claims that its technology is safer.

Beyond that, the DMV accused Cruise of covering it up by initially withholding the part of the video after the vehicle braked. Cruise said it did share the full video. Whatever the truth, a problem that might have been solved with a software patch will now need a new CEO to solve it.

The only response can be to slow down and rebuild trust, but that isn't an easy strategy for Cruise to follow. There is a reason it has long appeared more aggres-



A Cruise taxi in San Francisco in August. The company's autonomous-driving permit in California was suspended.

sive than its peers, in its communications and its willingness to deploy its technology.

In 2021, at the height of growth-stock mania, GM laid out a plan to increase revenue from "software and new businesses" to \$80 billion by 2030—an average annual growth rate of roughly 50%. Cruise was the linchpin of that outside ambition. Then-CEO Dan Ammann said it could have \$50 billion in revenue by the end of the decade.

At the time, Cruise was under pressure to offer autonomous

rides without a backup driver—a key operational milestone—to unlock a \$1.35 billion investment from SoftBank's Vision Fund. It achieved the goal in January 2022 by offering rides at night. As it turned out, SoftBank didn't want to invest more money, so GM ended up buying out its stake and coughing up the \$1.35 billion.

The point is Cruise always had reasons to hurry—more so than industry pioneer Waymo, which is majority-owned by Alphabet. Big tech companies face more pressure to clamp down on unprofit-

able bets than they used to, and Waymo laid off staff this year. Still, Alphabet, which is expected to produce a net income of about \$73 billion this year, can afford to keep the autonomous dream alive more easily than GM, which should make little more than \$10 billion.

Uber used to be in a hurry with driverless vehicles, but after a fatal accident in 2018, it sold off its technology. At the other end of the spectrum, another robotaxi venture called Argo AI was never one to move fast or shout loudly, and

its reward last year was to be closed by its shareholders, Ford and Volkswagen.

GM has affirmed its commitment to Cruise, but keeping the funding going won't be easy, particularly as auto-maker profits are expected to dwindle in the coming years. Without Cruise, the auto maker would have made \$4.3 billion of adjusted operating income in the third quarter, rather than the \$3.6 billion it reported. Now the timetable for any potential return on that investment will have to be pushed out.

If GM were to pull the plug, investors might celebrate the boost to earnings forecasts. But the car maker would lose a key part of its growth strategy and tech-heavy pitch to investors. Seemingly encouraged by GM, stock analysts liked to play with the possibility that an initial public offering of Cruise, which had a valuation of \$30 billion in early 2021, could highlight the value locked inside the car maker, whose market value is now just \$41 billion.

As the value of Cruise evaporates, it is a small blessing for GM that investors never really believed these sum-of-the-parts valuation arguments. Over the past month, its stock has outperformed Ford's, despite a succession of damaging headlines about Cruise, because GM reported better third-quarter results than its key peer. However the drama at Cruise plays out, it won't primarily be on the stock market.

—Stephen Wilmot

Argentina Dollarization May Work on Yahoo

Argentina's president-elect is right that the country needs dollars. But his plan for getting them may be the wrong one.

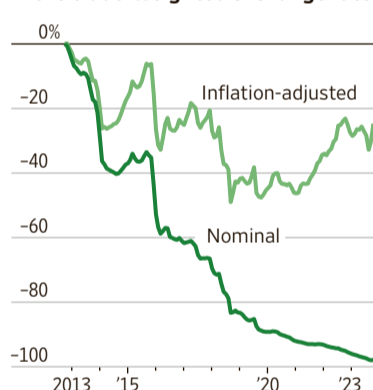
Javier Milei's victory over Economy Minister Sergio Massa in Sunday's election showed how eager Argentines are to embrace change. The economy is in tatters, with inflation running at 143%. Milei, an outsider who became popular on YouTube and TikTok, promised to "chain saw" public spending, eschew China-friendly overtures and, most eye-catching, "burn down" the central bank and adopt the U.S. dollar as the national currency.

Dollarization's appeal is obvious. Argentine factories don't have enough dollars to buy key imports, and have had to slash production and boost trade finance. The government owes \$67 billion to overseas bondholders and \$36 billion to the International Monetary Fund. With foreign reserves spent, it borrowed yuan from China to service repayments.

The IMF's prescriptions failed. While depreciating the peso to boost exports and curtail imports works in theory, the inflation created by the surge in imported costs erased any gains in practice. The peso nominally has fallen by 92% since May 2018, but in inflation-adjusted terms it appreciated 12%.

In emerging nations, most inflation comes from foreign exchange. Hyperinflation then erodes countries' ability to raise taxes and leads to deficits and money printing. The IMF's package of overhauls is focused on addressing these issues, but they are closer to being symp-

Argentine peso, cumulative change in the trade-weighted exchange rate



Source: Bank for International Settlements

toms than causes of the disease.

To cure it, the exchange rate must be stabilized. Dollarizing would certainly do the trick: Inflation in Ecuador, El Salvador and Panama, which all use the greenback, is at manageable levels.

Yet choosing the wrong conversion rate can be fatal. Also, the dollars needed to swap for all peso holdings are likely north of \$9 billion, Capital Economics estimated in August, based on the black-market rate for the peso. Borrowing this money when the country can't pay back the hard currency it already owes seems unfeasible.

And, as Greece discovered, giving up monetary sovereignty can make economic crises more devastating. Default becomes more likely. Argentina's hard peg to the dollar between 1991 and 2002 highlighted this.

Argentina's Congress may end up watering down Milei's policies



Javier Milei holds up a mock-up dollar bill with his depiction on it.

to look more like those of pro-market leader Mauricio Macri, who ruled between 2015 and 2019 and threw his support behind Milei. Milei confirmed on Monday his intention to close the central bank, but said he agrees with Macri on 90% of issues, implying the former president's party will play a role in the new government.

But this isn't very comforting. Macri's solution to sourcing dollars was to borrow them without restraint from foreign investors, which triggered a crisis when the economy turned down in 2018. He called the IMF instead of defaulting. Milei will need to renegotiate the IMF loan and do yet another bond restructuring, which the market has been pricing in for a while.

Investors will keep getting their fingers burned on Argentina until supply-side measures create a sustainable stream of dollars.

So far, the most that pro-market governments and the IMF seem to want to do is get rid of capital restrictions and the country's system of several exchange rates tailored for specific sectors. While less than ideal, this exists for a reason. Argentina, as economist Marcelo Diamand described back in 1969, suffers from an "unbalanced productive structure."

It is the only nation in the world where agriculture is dozens of times more productive per capita than industry, World Bank data show.

The off-the-charts fertility of the Pampas region brings in dollars, but that pushes the peso too high for the less-efficient manufacturing sector. A dependency on exports of soybeans, corn and wheat then makes the economy vulnerable to volatile global prices and droughts. These torpedoed the balance of payments back in 2018 and again this year.

Exploiting the Vaca Muerta shale formation may help, but Argentina needs to close the productivity gap through the kind of export-led industrial policies that worked in South Korea and Vietnam. Populist recipes failed to deliver these, and so will Milei's.

Dollarization misses the point: If a nation can bring in enough dollars to make it sustainable, it is better off not dollarizing in the first place.

—Jon Sindreu

Best Buy Works To Pad Its Bottom Line

Electronics are still a tough sell at Best Buy, but the company is making the most of what it can sell.

The retailer reported on Tuesday that U.S. comparable sales fell 7.3% in its quarter ended Oct. 28 compared with a year earlier, worse than Wall Street expectations of a 5.8% decline.

Net income was down 5% year on year, better than expectations of an 8% decline, but trends in the quarter were bad enough that Best Buy lowered its guidance for the full year on the top and bottom lines.

Best Buy shares closed down slightly on Tuesday.

Best Buy Chief Executive Officer Corie Barry said on the call that there are a number of "stacked issues" for consumer electronic demand, starting with a pull-forward effect over the pandemic.

Sustained inflation on necessities—such as food, fuel and lodging—is another headwind, and so is the shift to spending on services such as trips.

It isn't just the demand side. Barry said there has been a lack of innovation in consumer electronics because the industry has been focused more on producing as much as possible to meet demand.

Generative A.I. is set to lead to some "interesting products," Barry said, though she couldn't share specific details just yet.

Despite the challenging backdrop, Best Buy has beat Wall Street expectations on its bottom line for six consecutive quarters.

Last quarter's better-than-expected profitability was thanks to growth in paid members in the retailer's membership programs, better product margins and tight labor-cost management.

Notably, Best Buy has dramatically reduced its workforce over the pandemic and implemented a model where employees can easily shift between roles and even store locations depending on needs.

That should provide some level of comfort for investors in Best Buy.

Though the retailer can't control the speed of innovation or the trajectory of consumer health, the company has proven that it can generate decent profits in any kind of environment.

—Jinjo Lee

Buffett Is Going Big—Not at Home, in Japan

Japanese stocks are hovering around 33-year highs. Foreign inflows lured by better earnings and corporate-governance reform have been a key driver.

Breadcrumbs dropped by the oracle of Omaha are another. Warren Buffett, whose **Berkshire Hathaway** moved aggressively into Japanese shares in recent years, may be about to push further into the market.

The Nikkei 225 index on Monday touched its highest level since March 1990—when Japan's asset bubble was starting to deflate. The benchmark gained 28% this year, making Japan one of the best performing stock markets in the world. The S&P 500 is up 18%. But due to the 11% slide in the Japanese yen, Japanese stocks may be doing slightly worse than U.S. stocks in

dollar terms. At around a 14% return in dollar terms, Japan's market is handily outperforming many major markets, most notably China: The MSCI China Index fell 9% in 2023.

The latest move from Buffett stirred speculation that he might be planning to further up his sizable bet on Japanese equities. Berkshire Hathaway raised the equivalent of \$827 million from bonds denominated in Japanese yen on Friday, spurring expectations that he could put more money into the country.

Berkshire raised its stake in five Japanese trading houses around the time of its previous yen bond issue in April. The company has tapped the market quite frequently since issuing its first yen bond in 2019. Berkshire first disclosed its Japanese investments in 2020. As

of September, the company had about \$7.6 billion in yen debt.

Mr. Buffett is probably trying to hedge Berkshire's currency risk and take advantage of low interest rates in Japan. The yields on Berkshire's new yen bonds ranged from 0.96% for its three-year tranche to 2.5% for the 35-year tranche. The five Japanese trading houses in which Berkshire invested feature dividend yields of about 3% to 4%.

Part of that new issuance may go toward repaying Berkshire's yen debt maturing in September. But that would seem to indicate that the investor plans on staying in the country's markets for a long time.

Moreover, many of the bull arguments for Japan look quite solid. For the September quarter, net profits reported by companies listed in the first section of the

Tokyo Stock Exchange, excluding SoftBank, were 10% higher than consensus estimates, according to Goldman Sachs. SoftBank notched a surprise loss due to its technology investments abroad. Japanese companies continue to unwind their cross-shareholdings and return more cash to shareholders.

Japan's Topix index trades at 14 times forward earnings, according to S&P Global Intelligence. That's an increase from about 12 times at the beginning of the year, but roughly in line with its 10-year average—against around 19 for the S&P 500.

If Japanese companies continue to improve margins and governance, Buffett—and other investors—will probably be happy to stay there for the long haul.

—Jacky Wong

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