

What's News

Business & Finance

- ◆ **Tesla's global deliveries** rebounded in the third quarter, reversing earlier declines that had stoked concerns about the company's ability to grow its car business. **A1**
- ◆ **Major U.S. stock indexes** closed near flat, with the S&P 500, Dow and Nasdaq rising 0.01%, 0.09% and 0.08%, respectively. **B10**
- ◆ **Humana warned** that a steep drop in the federal government's quality ratings of its Medicare plans could hit its results in 2026. **B1**
- ◆ **The Saudi oil minister** said crude prices could fall to as low as \$50 a barrel if OPEC+ members don't stick to agreed-on production limits, delegates to the cartel said. **B1**
- ◆ **OpenAI raised funds** in a round that nearly doubled its valuation to \$157 billion, a total that puts it on par with the market caps of publicly traded giants like Goldman Sachs. **B1**
- ◆ **JPMorgan plans** to open nearly 100 new branches in low-income areas around the U.S., including in inner cities and rural towns. **B1**
- ◆ **LVMH has a 10-year** sponsorship deal with Formula One that will put the luxury group's brands front and center of the international motor-racing circuit. **B1**
- ◆ **Levi Strauss cut** its revenue outlook for the year and is again exploring the potential sale of Dockers, the latest move by CEO Michelle Gass to center the company on its namesake brand. **B3**
- ◆ **Korea Zinc teamed up** with Bain Capital to thwart what the smelting company called a hostile takeover by South Korean investment firm MBK. **B6**

World-Wide

- ◆ **With two of Iran's** most powerful proxies, Hezbollah and Hamas, fighting for their lives, Tehran has lost a central pillar of its deterrence strategy, giving Israel an opening to strike what it sees as its most dangerous foe. **A1, A7**
- ◆ **An Israeli assessment** of the damage caused by Iran's missile barrage a day earlier indicated mostly minor damage to civilian infrastructure in the country's center and to a few military bases. **A6**
- ◆ **Eight soldiers were killed** in the first casualties of Israel's ground campaign in Lebanon, the Israeli military said, as troops there engaged in close fighting with Hezbollah. **A6**
- ◆ **Special counsel** Jack Smith, seeking to kick-start the prosecution of Trump on election-interference charges, laid out a road map for allegations that the former president "resorted to crimes" to stay in power after losing the 2020 election. **A3**
- ◆ **Tesla CEO Elon Musk** quietly poured tens of millions of dollars into Republican causes far earlier than previously known. **A1**
- ◆ **The official who** would replace New York Mayor Eric Adams if he resigns took political donations from a businessman accused of orchestrating illegal donations to Adams. **A2**
- ◆ **Gurbir Grewal, who** oversaw a period of stepped-up enforcement against Wall Street and the cryptocurrency industry, is leaving the SEC, the agency said. **A3**
- ◆ **Ukraine pulled troops** out of the eastern coal-mining town of Vuhledar, as mounting Russian assaults put severe strain on its battlefield. **A16**

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Birthday Spectacle Draws Gandhi Admirers



LEGACY: A child attired like Mahatma Gandhi, the nonviolent leader known as the father of the Indian nation, participated in a celebration in Bangalore on Wednesday for the 155th anniversary of Gandhi's birth, an annual national holiday.

Musk Quietly Poured Millions Into GOP Causes Since 2022

Elon Musk's financial support for Republican causes has been much more extensive and started earlier than previ-

ously known.

By Dana Mattioli,
Joe Palazzolo and
Khadeeja Safdar

The Tesla CEO quietly gave tens of millions of dollars to groups with ties to Trump aide Stephen Miller and supporters of Florida Gov. Ron DeSantis's presidential bid, according to people familiar with the matter.

The financial contributions, which haven't previously been

reported, show how Musk, who seemed to undergo a rapid political transformation this year, was a major force in funding Republican initiatives and candidates well before starting a super political-action committee in support of former President Donald Trump.

They also make him one of the biggest donors to conservative causes, which in combination with his large social-media following makes him one of the most influential figures in U.S. politics. His track record thus far in backing winners, however, is mixed at best.

In the fall of 2022, more than \$50 million of Musk's

money funded a series of advertising campaigns by a group called Citizens for Sanity, according to people familiar with his involvement and tax filings for the group.

The bulk of the ads ran in battleground states days before the midterm elections and attacked Democrats on controversial issues such as medical care for transgender children and illegal immigration.

Citizens for Sanity was incorporated in Delaware in June 2022, with salaried employees from Miller's non-profit legal group listed as its directors and officers.

Miller, a senior aide in Trump's White House, was an architect of the previous administration's restrictive immigration policies and a leading backer of its socially conservative initiatives.

The following year, Musk gave \$10 million in support of DeSantis as he ran for president, people familiar with his donation said.

The money was routed through a group called Faithful & Strong Policies, according to the people familiar with

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Tesla's Deliveries Rebounded In Third Quarter

By BECKY PETERSON

Tesla's global deliveries rebounded in the third quarter, reversing from earlier declines this year that had stoked concerns on Wall Street about the company's ability to grow its car business.

The world's most-valuable automaker delivered a total of 462,890 vehicles during the July-to-September period, roughly in line with analysts' expectations. The result was a 6.4% increase over the third quarter of last year, when its sales were affected by factory upgrades, which paused production.

The company's quarterly sales were in part lifted by strong performance in China and financing deals offered during the period to counter the impact of high interest rates globally.

The total for the first nine months is still trailing last year's performance, putting pressure on Tesla to deliver an even higher number of vehicles in the fourth quarter to beat results in 2023.

Wednesday's stock finished Tesla's trading down 3.5%, following the deliveries release. The automaker's shares have bounced back in recent months, after tumbling in the first part of 2024 due to declining sales. The stock is now up 0.2% this year as of Wednesday's close.

The company plans to re-

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PERSONAL JOURNAL
Not everyone will be a winner in Southwest's plan to shake up its seating. **A9**



BUSINESS & FINANCE
The 78-year-old union chief leading the strike by dockworkers at U.S. seaports. **B1**

A Mystery Mansion, a Family Feud And a Locked-Away Klimt

Sumptuous Palais Stoclet closed to visitors years ago, but a new law aims to allow access

By DANIEL MICHAELS

BRUSSELS—As university professor David Lo Buglio toiled in his office, poring over building archives, menacing demands to stop work kept arriving. The architect's transgression: creating a digital model of a local mansion.

"I was watching the unopened letters from lawyers piling up," said Denis Derycke, Lo Buglio's fellow design laboratory coordinator at the state-funded Free University of Brussels.

The missives came from attorneys for descendants of



Klimt's 'Embrace'

Adolphe Stoclet, an industrial magnate who around 1910 built a sumptuous mansion decorated with multicolor marble and an original Gustav Klimt frieze enveloping the dining room. Lo Buglio and his team were violating the family's privacy and intellectual property rights, the lawyers said.

Never mind that nobody has lived in the Palais Stoclet for a generation. Even though all of Lo Buglio's work was based on public records, Stoclet's heirs sued to block the government-sponsored project.

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Disaster Threatens Asheville's Success

Mountain mecca's residents are left wondering how to rebuild the economy

By RACHEL WOLFE AND VALERIE BAUERLEIN

ASHEVILLE, N.C.—This city has been booming for a decade, drawing new residents with its beautiful views, artsy vibe and mild weather. The pandemic brought new possibilities for remote work and supercharged population growth. Craft breweries, vintage stores and other small businesses flourished, adding to Asheville's appeal.

Now another unexpected phenomenon has thrown off its status as one of America's most desirable mountain meccas. Floodwaters and heavy wind from Hurricane Helene destroyed the arts district, decimated historic Biltmore Village and trapped some people, including retirees, in their own homes. After nearly a week, there is still no running water, scant power and spotty cell service.

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Fashion Industry Faces Sales Slide, Upheaval

By CHAVIE LIEBER

The fashion industry was already reeling when the announcement arrived on Wednesday: Hedi Slimane, the creative director of the French luxury giant LVMH's Celine, was leaving.

Slimane, 56 years old, transformed Celine during his nearly seven-year tenure, scrapping the minimalist look his predecessor had popularized in favor of a 1960s rock aesthetic. The brand was already big when he got there, and the changes were risky. But somehow, he made it even bigger.

Now, everyone in fashion wants to know where he's headed. After all, plenty of brands could use all the help they can get as the industry

faces a sales downturn. The fashion industry is in trouble. And Slimane's exit marks the latest in a flurry of high-profile departures. One of the biggest and most coveted design jobs in fashion, at Chanel, has been vacant since the summer.

As brands have increased the prices of luxury goods, spending has cooled, including in the Chinese market that has long fueled sales. Companies looking to lure back customers are tapping big design talent to reinvigorate their offerings.

The economic pressures and accompanying leadership changes have created a sense of upheaval in an industry that hopes customers are focused on the latest runway

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Israel Sees Opening To Target Tehran

Crushing blows to Hamas, Hezbollah remove proxy cover for Iranian regime

By YAROSLAV TROFIMOV

DUBAI—With two of Iran's most powerful proxies—Hezbollah and Hamas—fighting for their lives, Tehran has lost a central pillar of its deterrence strategy, giving Israel an opening to strike what it sees as its most dangerous foe.

On Tuesday, Iran unleashed one of the biggest ballistic-missile barrages in the history of warfare, aimed at targets across Israel. It said it was retaliating for Israel's killing of the two militant groups' leaders, Hassan Nasrallah of Hezbollah and Ismail Haniyeh of Hamas.

Israel has promised a forceful response. Prime Minister Benjamin Netanyahu of Israel said Tehran had made "a great error and will pay for it." When and how Israel will strike back remains unclear—as is the question of whether it would choose to target Tehran's nuclear program.

Ironically, it was the threat of reprisals by Hezbollah and, to a lesser extent, Hamas, that was supposed to help dissuade Israel from any direct attack on Iran. Now, however, Israel's success in degrading the two militant organizations, both considered terrorist groups by the U.S., has set the stage for a potentially bigger hit.

"Hezbollah and Hamas are paralyzed temporarily and Iran is exposed," former Prime Minister Naftali Bennett of Israel said. "Right now, they're naked, they don't have the ability to protect themselves. Israel has the greatest opportunity."

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- ◆ **Iran's attack inflicted minimal damage.....** A6
- ◆ **Eight soldiers killed in south Lebanon fighting... A6**
- ◆ **Israeli response will set course.....** A7



U.S. NEWS

Adams Donor Gave to NYC Public Advocate

Jumaane Williams, next in line for mayor, got \$5,000 for his re-election campaign

By JAMES FANELLI

New York City Public Advocate Jumaane Williams, the elected official who would replace Mayor Eric Adams if he resigns, accepted political contributions from a businessman who is accused of orchestrating illegal donations to Adams.

Earlier this year, Williams's re-election campaign received a total of \$5,000 in donations from Brooklyn construction contractor Tolib Mansurov and two of his company's employees, city campaign-finance records show.

A federal indictment unsealed last week against Adams alleges Mansurov illegally reimbursed four of his employees who each donated \$2,000 to Adams's 2021 mayoral campaign. Mansurov, who also directly contributed \$2,000 to the mayor's 2021 campaign, later received favors from Adams, prosecutors said.

The contractor, an Uzbek American, got help from Adams and his assistants in arranging events celebrating the national heritage of his ethnic community, according to prosecutors. The mayor also

helped to resolve a stop-work order that the city Buildings Department had imposed on one of Mansurov's building projects, according to the indictment. Additionally, records show Mansurov donated \$1,000 to Adams's re-election campaign last year.

Mansurov is referred to only as Businessman-4 in the Adams indictment and hasn't been charged with wrongdoing. He didn't respond to requests for comment. State and city campaign-finance records show he has donated only to the campaigns of Adams and Williams.

A spokesman for Williams said the public advocate met Mansurov as part of his engagement with the Uzbek community.

"We were unaware of his donations to the mayor and have no specific reason to believe the contribution to the public advocate was improper, but the campaign will closely review the donation to ensure both ethical and legal compliance," the spokesman said.

A spokesman for the Manhattan U.S. attorney's office, which brought the case against Adams, declined to comment.

Adams, a Democrat, was charged last week with bribery, fraud and campaign-finance violations. He is the first sitting New York City mayor in modern times to be



New York Public Advocate Jumaane Williams in 2022.

indicted. Prosecutors allege he funneled illegal donations into his campaign coffers. Adams also accepted tens of thousands of dollars in free travel, hotel stays and other benefits from Turkish nationals without properly disclosing the perks, they said.

At a court hearing Wednesday, a prosecutor said that Adams could face additional charges and that more defendants would likely be charged in connection with the alleged schemes. He said the continu-

ing investigation was moving quickly but he couldn't specify when it would conclude.

The mayor has pleaded not guilty to the charges. He has called the allegations lies and launched an aggressive push to have the bribery charge dismissed. Some fellow Democrats and political rivals have urged him to resign; the mayor has said he won't step down.

A lawyer for Adams pushed for a quick trial, asking the court Wednesday that the proceedings be completed by

March. With that schedule, a verdict would come before the deadline for Adams to be certified for the ballot for the mayoral primary, the lawyer said. The prosecution asked for a trial in May.

U.S. District Judge Dale Ho said he would set a trial date at a later hearing but acknowledged that the timing was a concern for Adams and the public. "I'm going to do my best to keep the case moving forward," he said.

Williams was elected public advocate in 2019. The seat comes with few powers but serves as a watchdog who can raise concerns about city problems. Under the city charter, if the mayor steps down or is removed, Williams would become acting mayor until an election could be held. Williams has called the Adams indictment a painful time for the city and questioned whether the mayor can lead effectively while fighting the charges.

Mansurov, the Brooklyn contractor, donated to Williams when he ran for governor in the Democratic primary two years ago. Records show he made two contributions to Williams's gubernatorial campaign totaling \$10,000. Williams lost the primary in June 2022 to Gov. Kathy Hochul.

In January of this year, Mansurov donated \$2,100 to Williams's re-election cam-

aign for public advocate. On the same day, two employees at Mansurov's company, United Elite Group, donated a total of \$2,900 to Williams. The public advocate's campaign also collected an additional \$750 in public funds for the three donations as part of a city program that matches contributions up to a certain amount, records show.

In March, Williams co-hosted a Ramadan Iftar event with the Silk Road Foundation, a nonprofit in which Mansurov serves as the executive director. The foundation's mission is to provide support and services to Central Asian migrants, according to its website.

The public advocate personally thanked Mansurov in a speech at the event, which took place in the lobby of a state courthouse in lower Manhattan. The public advocate later posted about the event on social-media platform X and linked to a video of the celebration on his office's YouTube channel.

A spokesman for Williams said the Ramadan Iftar is an annual event that the public advocate's office has held since 2022 to uplift the holy month in the Muslim community. Silk Road helped provide supplies for a meal to serve to attending constituents, the spokesman said.

U.S. WATCH



SKY SPECTACLE: Northern lights appeared over the Chugach Mountains Wednesday in Alaska.

LOS ANGELES
Doctor Tied to Actor Perry Pleads Guilty

A San Diego doctor charged in connection with Matthew Perry's fatal overdose pleaded guilty Wednesday to conspiring to distribute the surgical anesthetic ketamine.

Dr. Mark Chavez, 54, entered the plea in federal court in Los Angeles, becoming the third person to admit guilt in the aftermath of the "Friends" star's death last year.

Prosecutors offered lesser charges to Chavez and two others in exchange for their cooperation as they go after two targets they deem more responsible for the overdose death: another doctor and an alleged dealer that they say was known as "ketamine queen" of Los Angeles.

His lawyer Matthew Binninger said after Chavez's first court appearance on Aug. 30 that he is "incredibly remorseful" and is "trying to do everything in his power to right the wrong that happened here."

Chavez admitted in his plea agreement that he obtained ketamine from his former clinic and from a wholesale distributor where he submitted a fraudulent prescription.

Perry was found dead by his assistant on Oct. 28, 2023. The medical examiner ruled that ketamine was the primary cause of death. The actor had been using the drug through his regular doctor in a legal but off-label treatment for depression.

—Associated Press

CALIFORNIA, OREGON
Dam Removal Project Finished

The largest dam removal project in U.S. history was completed Wednesday, marking a major victory for tribes in the region who fought for decades to free hundreds of miles of the Klamath River near the California-Oregon border.

Through protests, testimony and lawsuits, local tribes showcased the environmental devastation due to the four towering hydroelectric dams, especially to salmon, which are culturally and spiritually significant to tribes in the region.

PacifiCorp built the dams to generate electricity between 1918 and 1962. But the structures halted the natural flow of the waterway that was once known as the third-largest salmon-producing river on the West Coast, disrupting the life cycle of the region's salmon. At the same time, the dams only produced a fraction of PacifiCorp's energy at full capacity—enough to power about 70,000 homes. They also didn't provide irrigation, drinking water or flood control, according to Klamath River Renewal Corporation.

Since the dams were breached, anadromous fish regained access to their habitat, water temperature decreased and its quality improved, explained Michael Belchik, senior water-policy analyst for the Yurok Tribe.

—Associated Press

MARYLAND
Settlement on Police Hiring Is Approved

Maryland officials approved a \$2.75 million settlement Wednesday to resolve a federal investigation into discriminatory hiring practices affecting Black and female applicants to the Maryland State Police.

The settlement, approved by the Maryland Board of Public Works, will include changes to the ways applicants are tested.

Gov. Wes Moore, a Democrat who chairs the three-member board, said the federal investigation began in 2022 before he took office last year. "Over the past 19 months, we have worked in complete partnership with the Department of Justice to bring this matter to a close and also to establish a plan forward that will ensure that this will not happen again," Moore said.

The Justice Department alleged that the state police used a written test that discriminated against Black candidates and a physical fitness test that discriminated against female applicants.

The agreement must still be approved by a federal judge.

Col. Roland Butler, superintendent of the Maryland State Police, told the Board of Public Works that the discriminatory practices against 48 people were found to be unintentional, but that discrimination of any form "has no place in the Maryland State Police."

—Associated Press

Tesla Logs Increase in Deliveries

Continued from Page One
port third-quarter earnings on Oct. 23.

The electric-vehicle pioneer has struggled with a pullback in demand for its models, some of which haven't been fully redesigned in years.

Competition also is stiffening in the EV space, with rival automakers releasing a barrage of new battery-powered offerings, many of which are already selling with steep discounts as unsold inventory has stacked up.

U.S. auto sales overall fell slightly in the third quarter as elevated sticker prices and affordability challenges weighed on consumer demand.

On Wednesday, Jeep maker Stellantis reported a 20% drop in its U.S. sales, a much steeper decline than the broader industry, while Ford Motor posted a 1% rise in quarterly results.

Tesla's year got off to a difficult start. In the first quarter, it posted its first year-over-year decline in deliveries since 2020. Its performance continued to slide in the second quarter, with the automaker reporting a 6.5% drop in global deliveries for the first half of 2024.

As Tesla's sales have faltered, Chief Executive Elon Musk has sought to refocus investor attention on the company's big bets in robotics and artificial intelligence, technologies he has claimed could one day boost the automaker's

market value to as high as \$30 trillion.

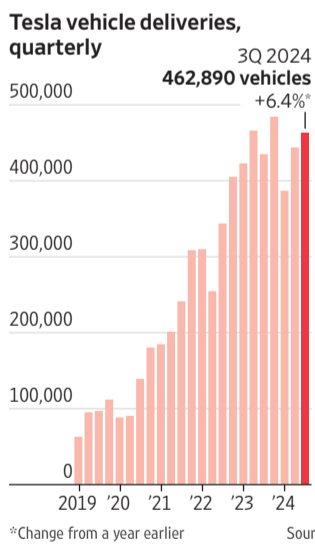
On Oct. 10, Tesla is scheduled to unveil a prototype of a fully autonomous robotaxi—a model that Musk has talked about for years—and provide more details about a forthcoming ride-hailing service.

The company has said it plans to spend \$10 billion on artificial-intelligence research this year across projects that include its Dojo supercomputer and development of its Optimus humanoid robot.

Such investments are largely funded by Tesla's car business, which in recent quarters has faced several challenges. More broadly, demand for electric vehicles has slumped in the U.S., after a sharp uptick in sales during the pandemic.

Tesla also is facing tougher competition in China, where homegrown rivals, such as BYD, have tightened their grip on the country's electric-vehicle market.

Tesla started delivering its newest model, the Cybertruck, in late 2023. Currently, the



CORRECTIONS & AMPLIFICATIONS

The S&P 500 rose 49% from the end of 2022 through Tuesday. In some editions Wednesday, a Business & Finance article about Charles Schwab said the S&P 500 rose more than 19% over that period.

Amit Patel is serving a 6½-

year federal prison term after pleading guilty to embezzling from the Jacksonville Jaguars. A Business & Finance article on Wednesday about Patel's lawsuit against FanDuel incorrectly said he is serving a 6½-month federal prison term.

The "Who's No. 1?" table

of top banks in LSEG rankings across M&A, equity capital markets, debt capital markets and loans was labeled incorrectly in one instance as Dealogic's rankings within the Third-Quarter Markets Digest in Wednesday's Business & Finance section.

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THE WALL STREET JOURNAL
(USPS 664-880) (Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)

Editorial and publication headquarters: 1211 Avenue of the Americas, New York, N.Y. 10036
Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, N.Y., and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.

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U.S. NEWS

Filing Lays Out Trump's Acts In Jan. 6 Case

By C. RYAN BARBER
AND SADIE GURMAN

Special counsel Jack Smith, seeking to kick-start the federal prosecution of Donald Trump on election-interference charges, laid out a 165-page road map for allegations that the former president "resorted to crimes" to remain in power after losing the 2020 election.

The filing, unsealed Wednesday in a Washington, D.C., trial court, amounted to a defense of the case even after a recent Supreme Court ruling that conferred broad immunity on presidents for official acts at the core of their constitutional powers. Smith's team asserts that Trump's "scheme was fundamentally a private one," leaving him open for prosecution.

The Republican presidential nominee has pleaded not guilty and accused Smith of ignoring the high court. A Trump campaign spokesman, Steven Cheung, called the court filing "falsehood-ridden" and part of "a partisan, Un-constitutional Witch Hunt that should be dismissed entirely."

The counsel's filing includes details about Trump's conduct attributed to his aides.

Flying aboard Marine One after Election Day, Trump told his family that "it doesn't matter if you won or lost the election. You still have to fight like hell," according to a White House aide who overheard the remarks on the president's helicopter, the counsel said.

The aide, identified as an assistant to the president and director of Oval Office operations, "happened to overhear this comment, but wasn't participating in the conversation," prosecutors said.

"The statement is plainly private," prosecutors wrote, in defense of using such evidence at trial. "It was exclusively about the election and the defendant's determination, as a candidate, to remain in power whether he won or lost."

In December 2020, Trump amplified a false claim that election workers at the State Farm Arena in Atlanta had committed misconduct by counting "suitcases" of fraudulent votes. The claim was disproved publicly and directly to Trump, prosecutors said. But

still the president pushed fraud claims and urged the Georgia attorney general to look at them again "because we're running out of time," the filing says.

On the day of Trump's call with the state attorney general, his campaign staff acknowledged that the fraud claim involving State Farm Arena was baseless, the counsel's brief says. And they emailed one another about the fact that television networks might decline to run campaign advertisements promoting it.

"When our research and campaign legal team can't back up any of the claims made by our Elite Strike Force Legal Team, you can see why we're 0-32 on our cases," one campaign adviser wrote, according to Smith's brief. "I'll obviously hustle to help on all fronts, but it's tough to own any of this when it's all just conspiracy s— beamed down from the mothership."

Trump's Twitter post on Jan. 6 attacking Vice President Mike Pence for refusing to block President Biden's win spurred Capitol rioters to threaten Pence, prosecutors said. An aide rushed into Trump's dining room to inform him that Pence had been taken to a secure location, hoping that Trump would take action to ensure the vice president's safety. Trump instead only looked at the aide and said, "So what?" according to evidence cited in Smith's filing.

Prosecutors said that exchange further revealed "the private nature of his desperate conduct as a candidate, rather than a President."

Many people in Trump's orbit tried to persuade him that he had lost and that his baseless claims of fraud wouldn't hold up in court, according to the filing.

In one newly disclosed conversation, one of Trump's lawyers told him there was no way those arguments would prevail. Trump said, "The details don't matter," the filing says.

Around the same time, Pence said he "softly suggested" that Trump "recognize that the process is over" even if he was unwilling to concede. He encouraged Trump instead to run again in 2024, the filing says.

"I don't know," Trump replied, according to the filing. "2024 is so far off."

The alleged plot to overturn the election 'was fundamentally a private one.'

In Flood-Ravaged Southeast, Cleanup Begins



HUGE TASK: Sabra English salvaged important papers on Wednesday from her father's home, which was badly flooded when powerful storm Helene hit, in Barnardville, N.C. The death toll from the hurricane has surpassed 180.

SEC Enforcement Head Who Took On Wall Street and Crypto Will Leave Post

By DYLAN TOKAR

Gurbir Grewal, who oversaw a stepped-up period of enforcement against Wall Street and the fast-growing cryptocurrency industry, is departing the U.S. Securities and Exchange Commission, the agency said Wednesday.

Grewal, a former New Jersey attorney general, was little-known on Wall Street when he was appointed in 2021 to serve as director of the agency's enforcement division. There, he became known for advocating for bigger fines against securities-law violators and for taking a tough stance on cryptocurrency, which he cast as a new form of the same activity the SEC had regulated for decades.

"The technology is actually beside the point. We have to regulate markets and protect investors based on current realities and existing risks," Grewal said at a law school symposium in July.

Grewal frequently said he sought to restore trust in Wall Street and in the government. Past enforcement efforts didn't effectively deter wrongdoing and led many Americans to feel that regulators and law enforcers didn't punish big firms with the same force they applied to



Gurbir Grewal

smaller ones, he said.

Under Grewal, the SEC brought more than 2,400 enforcement actions and imposed over \$20 billion in fines and disgorgement, the SEC said. It also barred more than 340 people from Wall Street, and awarded more than \$1 billion to whistleblowers.

Grewal will depart the SEC on Oct. 11. The division's deputy director, Sanjay Wadhwa, will serve as acting director, the SEC said Wednesday. Grewal plans to enter private practice, a person familiar with the matter said.

"We have been incredibly fortunate that such an accom-

plished public servant, Gurbir Grewal, came to the SEC to lead the Division of Enforcement for the last three years," SEC Chair Gary Gensler said.

One area of focus under Grewal was Wall Street's record-keeping practices. The SEC has levied billions of dollars in fines against institutions ranging from the U.S.'s biggest banks to private-equity firms, credit-ratings firms and smaller Wall Street players.

The actions targeted traders' use of messaging apps such as WhatsApp and iMessage. Securities laws require firms to preserve and monitor their employees' written communications. Failing to oversee the growing use of so-called off-channel communications methods by traders undermined the SEC's own oversight, regulators said.

Grewal was also tasked with implementing the position that his boss, Gensler, took on regulating the cryptocurrency industry, which has experienced both booms and intense turmoil under the SEC chair's watch. U.S. securities laws can be applied to regulate the sale and exchange of cryptocurrencies in many cases, Gensler has argued.

The SEC in 2023 sued Binance, the cryptocurrency trad-

ing giant that came under fire for serving U.S. customers without complying with rules for businesses that transmit money or offer securities. It has continued to pursue its securities-law claims, long after federal prosecutors last year struck a deal under which Binance pleaded guilty to anti-money-laundering violations, paid \$4.3 billion in fines, and agreed to have its founder, Changpeng Zhao, step down.

The SEC has also brought actions against a range of other cryptocurrency firms, including Coinbase, the largest U.S. exchange, and Ripple Labs, issuer of the digital coin XRP.

Gensler's aggressive stance on cryptocurrency has made him a pariah of the industry, which has accused the SEC under his leadership of quashing innovation and inappropriately using the nation's securities laws in the absence of bespoke regulation. In speeches, Grewal has defended his boss's approach. "It often seems critics are upset because we're not giving crypto a pass from the application of well-established regulations and precedents," he said in 2022 at an SEC conference.

—Dave Michaels and Mengqi Sun
contributed to this article.

Colleges See the Virtues of Interim Leadership

By MELISSA KORN

A slew of college-president jobs are held by temporary leaders this fall. It is partly by design.

The leaders of Columbia University, Cornell University, the University of Pennsylvania and more than three dozen other schools around the country currently have the "interim" qualifier attached to their titles.

It is a sign of the tumultuous state of American higher education, where student protests, donor discontent, political scrutiny and distrust from the general public have left presidents with a thankless—and very insecure—job. These interim presidents are being tasked with calming stormy campuses and priming the school to attract top-notch candidates for the official role down the line.

They have popped up in the corporate realm, too, including recently at craft chain Joann, BP and Petco Health and Wellness.

School trustees say they are leery about committing too quickly to long-term leaders, particularly in light of the political upheaval of the past school year. Interim presidents also hold appeal because they aren't necessarily gunning for the job on a permanent basis, say search-firm executives and trustees. That frees them up to make difficult or unpopular decisions, like cutting budgets.



Harvard is one of a number of colleges that have named interim presidents, though it later removed the interim title.

For interim presidents, the temporary job can lead to a permanent leadership position—at that school, or elsewhere. Others simply go back to their old job after the temporary position.

When Ann Kirschner was interim president of the City University of New York's Hunter College from July 2023 until this past August, she saw it as a capstone to her career.

The fact that she wasn't trying to prove herself for another top job meant she wasn't scared of pushing for a culture change among administrators. "College presidents find themselves in a self-protective crouch," she said. "That's not a position for the best creative

thinking," said Kirschner, who had worked in the private sector and as dean of CUNY's Macaulay Honors College.

College presidents, under mounting pressure from numerous constituents, don't last as long as they used to. Claudine Gay led Harvard University for six months. Minouche Shafik was president of Columbia for 13 months before abruptly resigning in August. Liz Magill lasted about 18 months at Penn.

College presidents had been in their positions for an average of 5.9 years in 2022, according to a survey conducted by the American Council on Education, a higher-education industry group. That is down

from 6.5 years in 2016 and 8.5 years in 2006.

Unlike companies, university boards generally can't unilaterally tap a successor ahead of time, or right after a hasty departure. A shared governance model means faculty, staff and students expect to provide input, a process that often takes months.

"Interims are like going to the junior prom with a friend," said Richard Chait, professor emeritus of education at the Harvard Graduate School of Education. "It's pretty safe, it's predictable, there's not going to be much drama. And it buys time to scan the field for senior prom."

Meanwhile, schools are keeping interims on for longer. Board leaders say they can't halt major initiatives like new research centers, rebalancing budgets or grappling with changes to student-athlete compensation. Plus a longer timeline can embolden interim leaders to really dig in.

Harvard appointed Alan Garber interim president in January, then stripped the interim title in August—while also declaring he would rap up his term at the end of the 2026-2027 school year.

The move underscored "our belief that this is a time not merely for steady stewardship but for active, engaged leadership," Penny Pritzker, senior fellow of the Harvard Corporation, the school's top governing body, said at the time.

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U.S. NEWS

Musk Gave Millions to GOP Causes

Continued from Page One
the matter. Musk's contribution to DeSantis's presidential efforts hasn't previously been reported.

More than half of the money ended up in the coffers of a pro-DeSantis political-action committee called Never Back Down. DeSantis dropped out of the race in January.

Representatives for Musk and DeSantis didn't immediately respond to requests for comment.

Republican consultants and lawyers helped keep Musk's fingerprints off the transactions. He used a limited-liability company to send money to groups that are known for the section of Internal Revenue Service code they fall under: 501(c)(4). Sometimes called "social welfare organizations," or "dark money" groups, they are exempt from disclosing donors and can raise unlimited amounts of money from people and companies.

They are required to report grants they make, allowing The Wall Street Journal to track money through a series of such groups that people familiar with the matter said was Musk's. When discussing Musk's contributions to Citizens for Sanity, people involved in the transactions often communicated on the encrypted messaging app Signal, one of those people said.

Musk's track record in politics so far is spotty. The Journal recently reported that the billionaire secretly invested hundreds of thousands of dollars into attack ads targeting the liberal district attorney in Austin, Texas, who easily won his primary in March despite Musk's efforts to unseat him. DeSantis exited the presidential race before the first primary, misreading Trump's durability. And most of the ads placed by Citizens for Sanity aired in battleground states in the run-up to bad midterm elections for Republicans.

'I lost my son'

For Musk, transgender issues are deeply personal. His transgender daughter publicly cut ties with him in April 2022, months before he sent money to Miller's group.

Then 18 years old, she said in a California court petition to change her name that she no longer wished to be related to Musk "in any way, shape or form."

People close to Musk said his estrangement from his daughter, which he blames on "woke" indoctrination, led to his political awakening as a Republican.



Stephen Miller, left, and Elon Musk, second from right, at a White House event for business leaders in 2017, above; Florida Gov. Ron DeSantis in June 2023 at a New Hampshire campaign event during his presidential run, below.

In an interview with psychologist Jordan Peterson earlier this year, Musk said he signed documents approving puberty blockers for his child, then a minor, during the pandemic without fully understanding the ramifications.

"And so, I lost my son, essentially," he said. "So I vowed to destroy the woke mind virus after that, and we're making some progress."

Musk's daughter has said on her Threads account that she has no regrets about transitioning. "I absolutely knew what I was getting into and medical transitioning helped stop any further irreversible damage that male puberty could cause," she said in a July post.

She has described Musk as an absentee father who mocked her femininity and queerness. "I want to make one thing absolutely clear," she said. "I disowned him, not the other way around."

ACLU answer

Miller's American First Legal has made common cause with Musk. The group has accused the Federal Trade Commission of partisan retaliation against Musk and Twitter after he acquired the social-media company, which he has since renamed X.

The legal group filed ethics and inspector general complaints against the FTC and sued the agency last year for records about its efforts to collect information from the social media site that ramped up once Musk took over the company. The lawsuit is ongoing.

Miller founded America First Legal in 2021 to challenge Biden administration initiatives at odds with Trump-era priorities. The nonprofit legal group, which



Miller has billed as the answer to the American Civil Liberties Union, has also filed complaints against companies challenging diversity initiatives and against school districts over transgender policies.

Citizens for Sanity, where Musk's money landed, was made up of employees of America First Legal. The group's 2022 tax filing lists its president as Gene Hamilton, who is the executive director of America First Legal. The group's secretary and treasurer also are employees of America First Legal.

The group raised more than \$90 million in the second half of 2022, tax filings show, the bulk of it coming

from two other groups that don't have to disclose donors: Building America's Future and Freedom's Future Fund, both linked to Republican consultants Phil Cox and Generra Peck, according to people familiar with the matter.

Musk's donation to the group was routed through another group called Building America's Future, according to people familiar with the matter. BAF had been a pro-business group, supporting protections for companies against coronary virus-related lawsuits and opposing tax increases. In 2020, the group listed Peck as its president and raised \$300,000.

BAF replaced its board of directors around the time

The Tesla CEO is one of the most influential figures in U.S. politics.

Musk became a donor, according to its 2022 tax filing. It collected more than \$53 million that year, nearly five times as much as it raised in 2021. BAF sent \$43 million of its treasure to Citizens for Sanity, the 2022 filing shows. It was Musk's money, according to the people familiar with the matter.

An offshoot of BAF called Freedom's Future Fund, formed in Delaware in January 2022, raised another \$34 million that year, according to corporate and tax filings. The group sent about \$28 million to Citizens for Sanity, before dissolving in December 2022, Delaware corporate documents show.

Citizens for Sanity spent nearly all of its cash in a matter of months on advertisements that aired around the 2022 midterm elections. They accused Democrats of promoting sex-reassignment surgeries for children and portrayed illegal immigrants as causing crime waves and draining economic resources.

Some ads targeted specific Democratic elected officials such as President Biden, Sen. Mark Kelly (D., Ariz.) and Sen. Raphael Warnock (D., Ga.). Others showed images of other Democratic officials such as Former House Speaker Nancy Pelosi (D., Calif.) and Senate Majority Leader Chuck Schumer (D., N.Y.) as being complicit in the policies the ads attacked.

Musk, who has said he historically voted for Democratic leaders until more recently, has identified undocumented immigration as one of his major concerns with the trajectory of the country in private meetings, according to people in attendance. Miller helped set the agenda for much of Trump's first-term immigration policy, which focused on building a wall on the South-

ern border to prevent waves of immigration, and the travel ban from seven predominantly Muslim countries.

DeSantis bond

Trump was not Musk's first choice for presidential candidate. In 2023, Musk became interested in supporting DeSantis's presidential bid. That spring, technology investor David Sacks brokered an introduction of the Florida governor and Musk, following a fundraiser at his home, according to people familiar with the meeting.

During the late evening meeting, Musk and DeSantis found common ground on their stances against diversity, equity and inclusion initiatives, which conflicted with their view of a meritocracy. Both the governor and the billionaire shared an "anti-woke" mentality, and Musk told DeSantis he was interested in backing him financially, with a major contribution, the people said.

In June, Musk followed through with contributions totalling \$10 million to Faithful & Strong Policies, according to the people familiar with the matter, which made Musk one DeSantis's largest financial backers.

More than half of Musk's contribution was later transferred to a DeSantis super-political-action committee called Never Back Down, according to the people familiar with the matter. Never Back Down received \$5.5 million from Faithful & Strong Policies in two installments in June 2023, Federal Election Commission records show.

The contributions were in part secured by Peck, the Republican political consultant and DeSantis's former campaign manager.

This spring, Musk went all in on support for Trump. In prior years, Musk had criticized Trump saying he "doesn't seem to have the sort of character that reflects well on the United States" in 2016, and that Trump should "hang up his hat & sail into the sunset" in 2022.

Even as he was contemplating forming a super political action committee to reelect the former president, he told confidantes that he wasn't a giant Trump fan. But in an April meeting at his Austin apartment, Musk said he believed Trump would be stronger on combating crime and government spending, two areas he cared about, according to one person familiar with the meeting.

In May, Musk launched the America PAC with a goal of turning out 800,000 low-propensity voters for Trump in several swing states. Musk told some initial donors that he would fund the majority of the group's expenditures.

—Rebecca Ballhaus and Andrea Fuller contributed to this article.

Designers' Exits Hit Fashion

Continued from Page One
fashions, not the fashion labels' balance sheets.

Amid the industry's efforts to enliven the look of sagging luxury brands, Valentino, owned by Mayhoola for Investments, a holding company owned by the Qatari royal family, and Kering, hired Alessandro Michele. The renowned Italian designer brought whimsy to Gucci and helped to more than double its sales in his first few years. Michele joined Valentino as its creative director in March, replacing veteran designer Pierpaolo Piccioli. His first runway collection for Valentino, shown in Paris over the weekend, had echoes of the ruffled dresses and retro prints he once paraded down Gucci's runway.

Gucci, meanwhile, has seen a sales downturn. During the second quarter of 2024, revenue at the brand was down by 20%. The brand tapped Sabato De Sarno, a little-known designer who'd previously worked at Valentino, to lead its creative in January 2023.

When Slimane was hired at Celine in 2018, he was considered a controversial choice for the LVMH brand. His predecessor, Phoebe Philo, had earned a devoted fan base of professional women for her

minimalist power dressing. Coming from Saint Laurent, Slimane was known for a radically different style: slim-fit denim, leather jackets and sexy miniskirts.

Against some expectations, Slimane made Celine an even bigger business. It launched menswear and beauty under his leadership, and LVMH's profits soared. Though the luxury conglomerate doesn't break out earnings by brand, HSBC estimated that Celine's sales totaled €2.6 billion in 2023, or about \$2.8 billion at current exchange, making it LVMH's third-biggest fashion brand, after Louis Vuitton and Dior.

"Under his creative and artistic direction, Celine has experienced exceptional growth and established itself as an iconic French couture house," Celine said in a statement on Wednesday.

Though creative appointments can help revive a brand, they aren't a guaranteed bulwark against market headwinds. High interest rates, inflation and a cool-down from consumers in China have led to shrinking profits.

But a creative shift tends to be a brand's first line of defense. Two of fashion's biggest names have recently been brought into houses that have been struggling.

Sarah Burton, who took over for Alexander McQueen

after the designer died in 2010, stepped down from the brand in 2023 and was appointed creative director at Givency in September. Haider Ackermann, a French designer whose fans include Timothée Chalamet, was appointed creative director at Tom Ford, replacing Peter Hawkins, who exited the role after less than a year. Neither designer has debuted a collection yet.

But luxury's biggest brand in creative limbo is undeniably Chanel. Privately held by Alain and Gérard Wertheimer through Chanel Limited, the company has lacked a lead designer since June, when Virginie Viard stepped down. She had been picked by the late Karl Lagerfeld to succeed him as artistic director. Chanel's spring 2025 collection, shown in Paris on Oct. 1, was designed by a collective team of designers.

Among the many industry heavyweights whose names have been floated to fill Viard's seat is Slimane, who just revealed a very Chanel-like final Celine collection of pleated skirts, houndstooth suiting and branded accessories during Paris Fashion Week. A representative for Chanel declined to comment.

Taking over for Slimane at Celine in early 2025 is Michael Rider, a 42-year-old American designer, the brand announced Wednesday. Rider was previ-

ously the creative director of Polo Ralph Lauren, and had worked as Celine's design director with Philo.

"Michael's vision, creative talent, together with his genuine nature and strong connection to Celine's heritage make him a natural choice to continue to build a long-lasting success for the Maison," Séverine Merle, CEO of Celine, said in a statement.

Luxury's musical chairs have extended to the C-suite, too. In July, after revenue dropped more than 20%, Burberry replaced CEO Jonathan Akeroyd with Joshua Schulman, who was previously CEO at Michael Kors and Coach. In September, Dior hired Benedetta Petruzzo, the CEO of Prada sister label Miu Miu, as its managing director.

The downturn hasn't hit every brand. Prada, Hermès and Brunello Cucinelli reported sales growth in July. But Burberry, Hugo Boss and Cartier owner Richemont all took a hit. LVMH also reported slowing sales in July.


Some labels, such as Burberry, have lowered prices to appeal to more middle-class shoppers, while others are introducing smaller styles at more affordable prices.

A fresh creative vision could help reinvigorate demand, said Bernstein luxury analyst Luca Solca. "Luxury is mostly about product. And product comes from creativity," Solca said. "Having fresh ideas in the creative department should be very important in boosting desirability and ultimately revenue growth."

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U.S. NEWS

Vance's Pitch Is Made Easier With No Trump

BY MOLLY BALL

Without Donald Trump there as an easy target, Democrats' argument is much harder to make.

That was the most obvious conclusion from Tuesday's vice-presidential debate between Republican JD Vance and Democrat Tim Walz.

With deftness, discipline and finesse, Vance, the Ohio senator, prosecuted the case against the current administration while calling back to a not-always-recognizable vision of Trump's term in office—and his exit from it—as a time of comparative peace and prosperity.

Walz, the Minnesota governor, seemed nervous and struggled to make clear arguments in defense of his ticket-mate, Vice President Kamala Harris.

The battle of the Midwestern dads was largely a friendly and substantive affair, with the candidates treating each other respectfully and saving their harshest attacks for the respective nominees for president. "I believe Sen. Vance wants to solve this," Walz said in an answer on immigration. "But by standing with Donald Trump and not working together to find a solution...we dehumanize and villainize other human beings."

The cordial tone was perhaps to be expected from Walz, who has carved a persona as a regular small-town guy since his surprise ascension to the national stage. His flustered demeanor and difficulty explaining his biographical misstatements were perhaps in keeping with a politician whose plain-spokenness is meant to be part of his charm.

But the collegiality was a departure for Vance, who has leaned into the attack-dog role and been rewarded with the lowest popularity of any vice-presidential nominee in the modern era. Rather than inveigh against the left, he made a swing-voter-friendly pitch for the stable leadership and healthy families that he said a second Trump administration would bring. "Honestly, Tim, I think you've got a tough job here," Vance said. "You've got to pretend that Donald Trump didn't deliver lower inflation, which, of course, he did. And then you've simultaneously got to defend Kamala Harris's atrocious economic record."

It was an undercard face-off with unusually high stakes. Though running-mate debates are rarely decisive, this year's election is so close in so many states that anything could tip the balance. Given the reservations undecided voters have about both tickets—polls show Trump is widely seen as erratic, while Harris remains something of an unknown quantity—the understudies had an opportunity to fill in the gaps. And with no further debates scheduled, this could be the last time the two campaigns engage each other directly—the last word the two campaigns will exchange before the election is over.

Stressful backdrop

The debate unfolded against a backdrop of domestic and international calamity that highlighted the election's importance. Iran fired a barrage of ballistic missiles at Israel in a significant escalation of the region's widening conflict. Meanwhile, hundreds of thousands were still stranded and with-



A watch party in New York for Tuesday's vice-presidential debate between JD Vance and Tim Walz.

out power in the Southern states ravaged by Hurricane Helene, while a nascent dockworkers' strike threatened to snarl the economy.

Walz said the chaos overseas showed a need for steady leadership, not the "fickle" governance of Trump, whose pullout from the Iran nuclear deal he said had destabilized the Mideast. Vance blamed the current administration, saying despite his reputation for chaos, "Donald Trump actually delivered stability in the world, and he did it by establishing effective deterrence."

Both candidates seemed to agree on the need for solutions to climate change. But while Walz attacked Trump for calling global warming a "hoax," Vance argued that increased American energy production and less trade with China would make for a cleaner world. In a pattern that became familiar as the night wore on, he agreed with his rival's diagnosis of the problem,

then pivoted to argue that the current Democratic administration—which he termed the "Kamala Harris administration"—had failed to solve it but that Trump's policies would.

"Some of it, I'll be honest with you, it even sounds pretty good," Vance said of Harris's proposals. "Here's what you won't hear, is that Kamala Harris has already done it. Because she's been the vice president for 3½ years, she had the opportunity to enact all of these great policies."

Walz didn't have much of a response. At times he defended the Biden administration's record; at others he argued Trump was to blame. Walz also couldn't explain having been in Hong Kong during the 1989 Tiananmen Square protests, chalking it up to being a "knucklehead at times."

The candidates found many areas of agreement in principle: on the need to bring back U.S. manufacturing, the need for bipartisan solutions to gun

violence, the importance of building more housing, the unaffordability of child care. Even on the contentious issue of abortion, Vance conceded that Republicans have lost voters' trust, and both men said women should have options. But Walz drew the line at Vance's contention that different states should make different policies: "How can we as a nation say that your life and your rights, as basic as the right to control your own body, is determined on geography?"

Straining credulity

Some of Vance's descriptions of Trump strained credulity. He tried to claim that Trump had "salvaged Obamacare" when in fact as president he tried and failed to repeal the Affordable Care Act. His attempt to elucidate Trump's recent statement that tariff policy would alleviate the high cost of child care was hardly more convincing than Trump's original rambling answer. "He did his job, which is govern in a bipartisan way and get results, not just complain about problems, but actually solve them," Vance said—a description of the Trump presidency

few who lived through it would recognize.

Walz's strongest moment came near the end, when he brought up the Jan. 6, 2021, riot, "the first time in American history that a president or anyone tried to overturn a fair election and the peaceful transfer of power." When Vance tried to draw a parallel with Democrats' blaming Russian collusion for handing the 2016 election to Trump, Walz pressed him to answer whether Trump lost the 2020 election.

"Tim, I'm focused on the future," Vance said.

"That is a damning non-answer," Walz replied.

But overall Vance proved a glib and effective messenger, and his seeming ease at making the case for an imaginary version of Trump highlighted how successful a candidate without Trump's temperamental liabilities might be. "I'm going to thank Sen. Vance," Walz said. "I think this is the conversation [voters] want to hear, and I think there's a lot of agreement." Alas, in the current campaign, it isn't the conversation the candidates for president are actually having.

The debate was an undercard face-off with unusually high stakes.

Walz Vows to 'Be Clearer' Following His Misstatements

BY JOHN MCCORMICK

Minnesota Gov. Tim Walz said Wednesday that "I need to be clearer" after a series of misstatements and exaggerations about his experiences and biography have created a distraction for Democrats weeks before the election.

The vice-presidential nominee suffered his worst moment in Tuesday's debate with Republican VP nominee Ohio Sen. JD Vance when he tried to explain years of repeated false statements about being in Hong Kong during the Tiananmen Square protests in China. Walz also has gotten into trouble for past claims including about his National Guard retirement rank and a 2018 comment about "weapons of war that I carried in war" when he was never deployed in a combat zone.

Such exaggerations are known in Minnesota as "fish tales"—embellishments often with a basis in fact—and they generally haven't hurt Walz within the friendlier confines of state-level politics. But on the national stage they can be damaging. Those involving Walz reveal the growing pains he has experienced since his selection as Vice President Kamala Harris's running mate.

"The national spotlight was sure to expose Walz's weakness of exaggerating or being less than honest," said Blois Olson, a nonpartisan political analyst who publishes a newsletter on Minnesota politics and has known Walz since 2006.

Olson said Walz and his team have prevented media interviews that are likely to yield follow-up questions or challenges. "The rule of thumb for Minnesota media and observers is just because he says it convincingly it doesn't mean it's true," he said. "It's his Achilles' heel, and at some point he can't keep running the same way."

On Wednesday, Walz sought to play down any inac-



Minnesota Gov. Tim Walz

curacies by presenting himself as an everyday guy, despite more than a decade in Congress and being elected statewide twice. "I speak like everybody else speaks," he said during brief comments to reporters in Pennsylvania. "I need to be clearer, I will tell you that."

A person familiar with Walz's speaking history said the governor's gaffes aren't necessarily nefarious or embellishing in nature and are more a result of his casual speaking style.

Walz, 60 years old, isn't alone among politicians making exaggerations. President Biden has a history of telling anecdotes that don't match the historical record. Former President Donald Trump makes claims in nearly every public appearance that don't align with the facts. And Vance has repeatedly made unfounded claims of Haitian immigrants eating pets in Springfield, Ohio.

While Walz is expected to do some national media interviews in the coming days, he mostly has been shielded from questions from national reporters on the campaign trail. The same is largely true for Harris and Biden, when he was still expected to be the Democratic nominee.

On the debate stage, Walz was forced to acknowledge he had made inaccurate statements about his Asian travel as a younger man.

News stories this week,

first reported by Minnesota Public Radio and APM Reports, suggested inaccuracies in his claims of being in Hong Kong for a teaching position in 1989 during the Tiananmen Square pro-democracy protests in Beijing.

News stories at the time placed him in his home state of Nebraska and planning to travel to Asia in August 1989, two months after the protests in China. The Nebraska articles were discovered by the conservative Washington Free Beacon.

"I got there that summer and misspoke," Walz said, when pressed by the moderators. "I was in Hong Kong and China during the democracy protests, went in, and from that I learned a lot."

On Wednesday, Walz sought to further clarify his history with Asian travel. "I have my dates wrong," he told reporters in Pennsylvania. "I was in Hong Kong and China in 1989. That move from Hong Kong into China, it was profound for me. That was the summer of democracy."

A campaign spokesperson said: "As the governor has said, he sometimes misspeaks. He speaks like a normal person and speaks passionately about issues he cares deeply about including democracy and stopping gun violence in our schools."

Last month, there were also revisions to how Walz described the form of fertility treatment he and his wife, Gwen, used to help conceive their two children. The governor had previously claimed his family had used in vitro fertilization, or IVF.

That wasn't correct. Gwen Walz subsequently said she used intrauterine insemination, or IUI, which wouldn't be affected by an IVF ban that has been debated because it doesn't create embryos. The Harris-Walz campaign said at the time that the governor's past statements used "commonly understood shorthand for fertility treatments."

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WORLD NEWS

Iran's Attack Inflicted Minimal Damage

Israeli military says it intercepted most of the missiles, but several got through

By DOV LIEBER AND RORY JONES

TEL AVIV—An initial Israeli assessment Wednesday of the damage from roughly 180 missiles fired a day earlier by Iran indicated largely minor damage to dozens of houses and other civilian infrastructure in the country's densely populated center and to a few military bases. The aerial attack has escalated a yearlong conflict in the Middle East.

Israel said its air defenses intercepted most of the missiles alongside a coalition of U.S.-led allies, including the U.K., but several projectiles penetrated the country's vaunted aerial-defense system.

A missile hit a road outside the headquarters of Israel's foreign intelligence service, Mossad, near Tel Aviv, and a projectile exploded near a school in a town in central Israel, causing extensive damage to the building and a large crater outside, according to videos online and the Israeli military. A missile blast damaged roughly 100 houses in Hod Hasharon, a town north of Tel Aviv, the municipality said. Photos showed windows and doors blown in and cars smashed.

"This was a very powerful impact with a huge risk of claiming human lives," the municipality said.



A missile blast damaged roughly 100 houses in Hod Hasharon, a town north of Tel Aviv.

Iran also targeted several Israeli military bases in the attack, hitting the Negev Desert, causing minor damage, according to U.S. officials. Videos online showed missiles raining down near the base, with some visibly exploding.

Two fallen Iranian missiles also were located in an area near the Dead Sea, not far from the city of Dimona, where Israel's nuclear facilities are. It wasn't clear if they were shot down or fell in those areas without interception.

Israel's military declined to comment Wednesday on the damage to the Nevatim air

base and other locations, saying it didn't want to give information to Iran that would help it understand the effectiveness of its barrage.

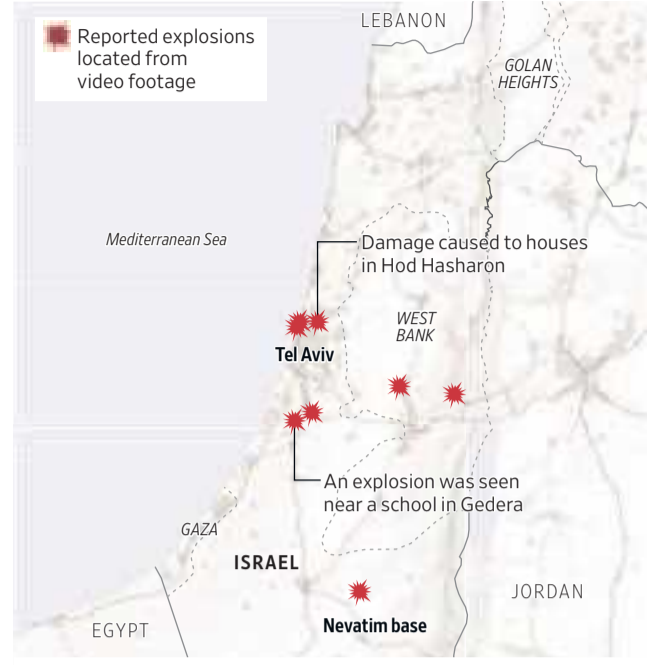
Iran's attack caused limited damage across the country, the Israeli military chief, Herzi Halevi, said later Wednesday. Israel's air-defense systems and the diligence of civilians, who heeded demands to stay in shelters, saved lives, he said while speaking at the Tel Nof air base in the central Israel.

The base, which was targeted in the attack, is functioning normally, Halevi said. Earlier, the military said its air force is fully operational

and ready to launch counterstrikes against Iran. No planes were damaged by the missiles, said an Israeli security official.

Prime Minister Benjamin Netanyahu said Israel would respond to Iran's attack, calling it "a big mistake."

The White House said Wednesday that President Biden had spoken with leaders of other countries in the Group of Seven about coordinating a response to Iran's attack on Israel, which it said would include new sanctions. Biden was asked by reporters whether the U.S. would support Israeli strikes against sites linked to Iran's nuclear



Note: Approximate locations

Source: staff reports

program, and he said, "The answer is no."

"All seven of us agree that they have a right to respond but they should respond in proportion," he said, adding that he probably would speak with Netanyahu "relatively soon."

Despite the widespread assault, health authorities in Israel reported no deaths and minor injuries. A Palestinian from the Israeli-controlled West Bank town of Jericho was killed after being struck by shrapnel.

"There has always been a huge technological and military imbalance between Iran and Israel and the ongoing

conflict is underlining how much this tips in Israel's favor," said Lina Khatib, an associate fellow at Chatham House, a think tank in London. "But Iran is also calibrating its response to Israel in an attempt at saving face while avoiding provoking an Israeli attack on Iran's vital resources."

The U.S. had warned that Iran was preparing to launch a ballistic-missile attack against Israel, following weeks of Israeli airstrikes inside Lebanon that have killed senior officials in Hezbollah—a militia backed by Iran—including leader Hassan Nasrallah.

Eight Soldiers Killed in South Lebanon Fighting

By JARED MALSIN AND STEPHEN KALIN

BEIRUT—Eight soldiers were killed in the first casualties of Israel's ground campaign in Lebanon, the Israeli military said Wednesday, as it sent additional troops to bolster forces engaged in close fighting with the militant group Hezbollah.

Hezbollah said for the first time Wednesday that it was fighting Israeli forces inside Lebanon. Hezbollah spokesman Mohammed Afif said fighters were resisting the Israeli offensive. "We're standing fast," he said. "This is the start of a long battle."

Israel launched its ground operation in Lebanon this week aiming to roll back Hezbollah from its northern border.

The Israeli military on Wednesday named eight soldiers who died in combat in

Lebanon. The deaths point to the dangers of Israel's land operation in Lebanon, where it faces Hezbollah on terrain where the militants twice fought the Israeli military to a standstill in recent decades. Israel also is fighting in the Gaza Strip, where the military says 346 Israeli soldiers have been killed since the war started after the Hamas-led Oct. 7 attacks.

At least 1,030 people were killed in Lebanon in September after Israel intensified its attacks, according to the Lebanese health ministry. The ministry said 46 people were killed in airstrikes Wednesday.

Overnight, the Israeli military said that it had conducted a precision strike in Beirut, the capital of Lebanon, and witnesses said there were strikes on two different apartments on the same floor of a building. Six people were

killed in the strike, according to Lebanon's health ministry. The Israeli military also released a notice warning residents of Beirut's southern suburbs to stay away from certain locations that it said were linked to the Hezbollah militant group and that it said it would be targeting soon.

The mounting death toll has intensified the stress on institutions in Lebanon, a country that is in the grip of an economic crisis and has few resources to cope with the conflict. The war has strained hospitals, authorities say.

The move to put Israeli troops on the ground followed weeks of intelligence operations, targeted killings of Hezbollah leaders including top official Hassan Nasrallah, raids and heavy bombing.

The violence continued to spread, with Iran launching a



A Lebanese man stands amid the rubble of a building in Beirut that was hit by Israeli forces.

ballistic missile attack on Israel on Tuesday, in part in retaliation for Nasrallah's killing.

Israel's military said it is increasing the number of troops carrying out raids on Hezbollah targets in southern Lebanon. The 36th Division, as well as two armored and infantry

brigades, will join the operation, which began Monday.

The formal move across the border followed months of secret raids in Lebanon by Israeli troops. Hezbollah began firing rockets across the border shortly after Oct. 7 Hamas attacks on Israel, which killed

1,200 and set off the Gaza war. Israel is under pressure to suppress the attacks so residents evacuated from the north can return to their homes.

Afif said the group's military capabilities, including command and control, remained intact.

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Damage To Proxies Hurts Iran

Continued from Page One
tunity in 50 years to change the face of the Middle East."

Hamas has been eviscerated as a fighting force by a nearly yearlong Israeli campaign in Gaza, prompted by the militant group's Oct. 7 attack on southern Israel that authorities said killed around 1,200 people. Tens of thousands of Palestinians have been killed by the Israeli military in Gaza since then.

And Hezbollah, which for much of the past year has pelted northern Israel with projectiles from its vast arsenal of Iranian-supplied rockets and missiles, is in disarray after a series of Israeli blows that have decapitated its leadership and destroyed a significant part of its weapons stockpile.

Large-scale Israeli retaliation for Tuesday's attack would be a stark difference from its response after a similar Iranian salvo in April, when almost all the Iranian missiles and drones were shot down, with the help of the U.S., Western allies and Arab partners.

At the time, Netanyahu reluctantly acquiesced to President Biden's urge to "take the win" and refrain from major military action. Biden on Wednesday called for a "pro-



A woman in Tehran on Wednesday held an image of slain Hezbollah leader Hassan Nasrallah during an anti-Israeli rally.

portionate" Israeli response, saying he wouldn't support any strike on nuclear sites in Iran, which has been stockpiling uranium enriched to near weapons-grade levels.

Bennett is among those calling on Israeli leaders to look to deliver a devastating blow to Iran by targeting its nuclear facilities, its oil industry and its leadership.

"Iran has not learned a simple lesson—those who attack the State of Israel pay a heavy price," Defense Minister Yoav Gallant of Israel warned.

Iran unleashed its ballistic missiles—which are much harder to intercept than the cruise missiles and the drones that made up much of April's attack—after Israel killed much of Hezbollah's senior leadership and as Israeli

ground forces started pushing across the border to dismantle Hezbollah fortifications in southern Lebanon.

There were no initial reports of widespread damage to vital installations and no Israeli civilians died in Tuesday's Iranian attack. Israel said no aircraft were damaged at its air bases targeted by Iran.

Such an outcome could suggest a more-tailored retaliation that would likely focus on

Iran's air defense and missile batteries, said Michael Knights, a senior fellow at the Washington Institute for Near East Policy.

Hezbollah is far more intimately linked to Tehran than Hamas. In fact, the airstrike that killed Nasrallah in southern Beirut also killed the dep-

uty commander of Iran's Islamic Revolutionary Guard Corps, Abbas Nilforoushan. Iran's ambassador to Beirut was injured days earlier, when Israel triggered explosions in pagers used by Hezbollah.

The Sept. 27 assassination of Nasrallah presented Iran with two choices. One was to just sit it out—a course that would have meant a major loss of face with Iran's other proxies.

The decision it made—to launch Tuesday's missile strike on Tel Aviv and Israeli air bases—means Iran is now facing potentially devastating blows to its own military or civilian infrastructure, opening an escalation spiral against a more powerful foe.

The recent blows dealt to Iran and its allies have instilled a spirit of giddiness among some Israeli officials and policymakers, creating a temptation not just to revamp Lebanon's political makeup, but maybe even to spur regime change within Iran—which maintained good relations with Israel before the 1979 Islamic revolution.

Nadim Houry, executive director of the Arab Reform Initiative think-tank, warned of the risks of such overreach.

"The danger right now is the temptation of thinking 'This is a historical moment, let's remake the Middle East,'" Houry said. "It's something that has tended in the past to be a foolish and extremely tragic endeavor, one that becomes more complicated and tragic with each round."

WORLD NEWS

Israeli Response Will Set Course

U.S. wants measured reaction to Iran strike, but has limited ability to pressure its ally

By MICHAEL R. GORDON
AND SUNE ENGEL RASMUSSEN

As Israel weighs how to respond to Tehran's latest missile barrage, it could take a page from its previous playbook when, after days of deliberation, its military targeted a single Iranian military site.

Few expect Israel's response to be as narrow this time, posing a fresh test as the Biden administration seeks to avoid a new spiral of escalation.

"The U.S. already lacks sufficient diplomatic leverage to compel a cease-fire in Gaza and Lebanon," said Jonathan Panikoff, a former U.S. intelligence officer now with the Atlantic Council, a Washington-based think tank.

Now that Iran has launched more than 180 ballistic missiles at Israel, which appears determined to carry out a robust response, "The challenge of avoiding a regional war is at its most difficult point since Oct. 7," Panikoff added.

So far, the Biden administration has been trying to damp Israel's ardor to hit back too forcefully by emphasizing that Iran's missile attack was once again thwarted by Israeli and U.S. missile defenses.

While acknowledging Iran's missile barrage represented "a significant escalation," national-security adviser Jake Sullivan emphasized that it "appears to have been defeated and ineffective."

The Biden administration has vowed that the U.S. will ensure that Iran faces "severe consequences" regardless of how Iran responds—a step U.S. officials have yet to spell out but which some analysts said could mean stepped-up sanctions enforcement.

Yet none of that appears likely to stay Israel's hand—a point Prime Minister Benjamin Netanyahu underscored on Tuesday when he declared that Iran had "made a big mistake" and "will pay for it."

Unlike with Iran's prior missile attack, Israel doesn't need to fear that a strike against Iran would spark a major clash



People examined apparent remains of a ballistic missile in the desert on Wednesday after an attack by Iran on Israel.

with Hezbollah. Israel's recent air and ground offensive against Hezbollah, and its outsize missile force, has greatly diminished its capabilities.

One contingency Israel needs to game out is Iran's response. Tehran has said its Tuesday missile barrage was retaliation for the killing of Hassan Nasrallah, the Hezbollah leader, and has threatened "crushing attacks" if Israel strikes back.

After Iran's missile and drone attack in April left Israel virtually unscathed, President Biden pressed Netanyahu to limit its retaliation.

Israel appeared to listen and targeted the radar for an S-300 antimissile system near Isfahan that was protecting a nearby airfield and was thought by military analysts to be part of the defense for the Natanz nuclear facility.

Israel's response isn't expected to be as constrained this time, though some former officials expect it to show some restraint in taking military action against Iran.

An Israeli attack against Iran's nuclear facilities or oil infrastructure, some analysts said, would greatly raise the stakes.

Such an airstrike could provoke Tehran to launch a larger missile barrage, orchestrate terrorist attacks against Israeli interests abroad and step up its nuclear program, hastening Iran's path to a bomb.

"Israel will seek to reinforce the idea that its technological superiority and military skill allow it to strike any target in Iran," said Norman Roule, who served as the top U.S. intelligence officer on Iran from 2008 to 2017. But Israel is likely to avoid striking targets that could spark a full-scale war with Iran, Roule said.

"A war with Iran would require the political, economic and military support, if not participation by the United States," he added. "Israel no doubt recognizes that Washington has no interest in engaging in such a conflict."

Iran, for its part, was looking for a way to lash out at its foe

without igniting the full-fledged regional war it has sought to avoid for four decades.

The presence on Israel's border of Hezbollah, a U.S.-designated terrorist organization, has widely been seen as Iran's primary insurance policy against an Israeli attack at its nuclear facilities or its leadership in Tehran.

Now, with Hezbollah reeling from a devastating Israeli military campaign, Iran sought to find a way to show it was still serious about protecting its "axis of resistance" without inviting retaliation that could jeopardize its own security, analysts said.

"Iran's leadership has increasingly been facing a lose-lose proposition: Watch its allies and interests severely weakened and do nothing, or retaliate, as it now has, and roll the dice on the consequences," said Ali Vaez, director of the Iran Project at the International Crisis Group.

Having watched Israel pummel Hezbollah, Tehran might have opted for a "calculated provocation" rather than standing down, said Walter Posch, a senior researcher with the National Defense Academy in Vienna. "In the end, decision makers in Tehran settled

for the idea that restraint would not help to avoid a bigger confrontation anyway."

In planning its attack, Tehran has had to reckon with how deeply Israeli intelligence has penetrated Iranian security and that of some of its regional allies. That could explain why Iran's barrage wasn't accompanied by missile or drone attacks by the Houthis, Hamas, Hezbollah or Iraqi militias, which would have required advance coordination and potentially tipped off Israel's spies.

Afshon Ostovar, an expert on Iran's military at the Naval Postgraduate School in Monterey, Calif., questioned whether Iran's attack served much of a purpose beyond the "faint hope" that it might deter Israel from attacking Iranian forces and its regional allies.

"This was revenge. Plain and simple," he said. "Iran has played itself into a corner."

—Shayndi Raice
contributed to this article.

Watch a Video



Scan this code to see how Iran's attack on Israel could lead to a wider conflict.

'This was revenge. Plain and simple...Iran has played itself into a corner.'

China's Patriotic Rhetoric Takes Increasingly Violent Turn

By WENXIN FAN

China's Communist Party has for years stoked patriotism in the state media and the country's classrooms, driving nationalist fervor that at times spun out of control.

Now, three stabbing attacks in four months that targeted Japanese and Americans have exposed a dark side of that campaign, what many in China describe as "hate education."

In one of the past year's viral videos, a desk-pounding schoolteacher lectures to her students about China's "blood feud" with Japan, admonishing them to never forget the atrocities conducted by the Japanese army in World War II. State media praised her, and other teachers reposted her video.

Recent rancor aimed at foreign rivals has been tolerated and in some cases promoted by Chinese authorities in schools and social media—where censors can suppress unwelcome views and allow others to flourish. That approach runs counter to Beijing's mission to restore global connections that helped power economic growth in the past.

"Hate is inside China's education" in schools, media and patriotic movies, said Wang Ke, a retired Kobe University professor who has studied nationalism in China and modern Japan. "The Communist Party has been licking historical wounds, consciously not letting it heal."

Public pleas for compassion have been routinely stifled. After the stabbing death of a 10-year-old Japanese boy on his way to school in the southern Chinese city of Shenzhen—on the Sept. 18 anniversary of Japan's 1931 invasion of Manchuria—two Beijing law professors posted a warning against the spread of hatred.

"Do not indulge in violence in the name of patriotism,"



A woman placed flowers outside Shenzhen Japanese School after a boy was stabbed to death.

Chen Bi and Zhao Hong wrote on their personal blog on WeChat, China's ubiquitous social-media platform. "If history is remembered through hate, what follows will be more killings and harm."

Their commentary was removed from online platforms after many readers reposted it. The Cyberspace Administration of China didn't respond to a request for comment.

"China does not teach its people to hate Japan," Chinese Foreign Ministry spokesman Lin Jian said several days after the 10-year-old's death. "We believe that to learn from history is not for perpetuating hatred but for avoiding the tragedy of war from repeating itself."

Textbooks in China have long highlighted Japanese wartime atrocities and portrayed the U.S. as its ideological rival.

As pronounced by leader Xi Jinping, vigilance against the West is a necessity. China's adversaries "have put more effort into winning the hearts of our youngsters than in anything

else," he said in a newly released speech to a national education conference six years ago.

In recent years, China has revised textbooks used in schools across the country to support Xi's leadership and his emphasis on national security, alongside sustained themes such as placing support for the Communist Party at the heart of Chinese patriotism.

Lessons in Chinese schools reinforce official positions on topics such as border conflicts with India and Beijing's proclaimed sovereignty in the South China Sea.

Revised textbooks also retain themes about China's war with the U.S. on the Korean Peninsula and heroic tales of fighting the Japanese.

The recent outburst of anti-Japan sentiment intensified last year after Beijing vilified Tokyo for releasing water from the Fukushima Daiichi nuclear power plant into the Pacific Ocean, though the releases had been approved by the International Atomic Energy Agency.

Shortly after, at a middle-school play in the northern Chinese city of Zaozhuang, students drew applause when they re-enacted the 2022 assassination of former Japanese Prime Minister Shinzo Abe and unfurled a banner criticizing the Fukushima water releases, state media reported.

Local education authorities later said the performance wasn't "entirely appropriate," but that the students should be tolerated for their mistakes because of their age.

Public debate on China's internet wavered between those who said that the students were righteous in expressing anti-Japanese attitudes and those who expressed concern that an act of political violence was being taken too lightly.

In the months that followed, Japanese schools in China emerged as a target on social media, a message that turned deadly this year. The stabbing in September was preceded in June by an attack by a Chinese man with a knife on a Japanese

woman and her child at a school-bus stop in Suzhou, a city in eastern China with a large Japanese population. The two were injured; the bus attendant, a Chinese woman, fought the man and was killed.

A few weeks earlier, four instructors affiliated with an American college were stabbed by a Chinese man while walking in a park in Jilin, a northern Chinese city. China's Foreign Ministry said the incident wouldn't affect "the normal development of people-to-people and cultural exchanges between China and the U.S."

Chinese authorities have revealed little about the attackers in the three stabbing attacks, which they described as isolated incidents.

Following the killing in Shenzhen of the 10-year-old boy, Japanese officials requested that China remove extreme anti-Japan content from the internet. Most Chinese platforms had started to do that after the stabbing in Suzhou in June, but anti-Japan content never

BOE Warns Instability Threatens Markets

By PAUL HANNON

Financial markets remain vulnerable to a sharp correction, the Bank of England warned Wednesday as a twice-yearly survey found that geopolitical developments are seen as the greatest threat to stability.

The BOE's Financial Policy Committee has warned that valuations of many financial assets, particularly equities, are "stretched" and could fall sharply in response to economic or geopolitical shocks.

In a survey conducted in late July and early August, the BOE found that 93% of the 55 banks and other financial services firms that responded placed geopolitical risk as the leading threat to the stability of the financial system. That was the highest proportion in the history of the survey, which goes back to 2008.

However, BOE policymakers were concerned that those perceptions of risk didn't appear to be reflected in the pricing of financial assets.

Oil prices rose and equity prices fell Tuesday as Iran launched at least 180 ballistic missiles at Israel, which appears determined to carry out a robust response, opening the way to a new spiral of escalation.

The BOE said some concentrated trades added to the vulnerability of the financial system to shocks. In its Sept. 19 meeting, the FPC noted that hedge funds have built net short positions in U.S. Treasury futures of \$1 trillion, a record high.

The FPC worried that a sudden unwinding of those positions could disrupt the market for U.S. government bonds, which is the cornerstone of the global financial system.

"It was important for financial institutions to be prepared for...severe but plausible stresses," the BOE said.

The BOE also highlighted the threat posed by high levels of government debt around the world in the wake of the Covid-19 pandemic and the surge in energy and food prices that followed Russia's invasion of Ukraine.

Some Try to Defuse the Hate

In the days after the death of the Japanese 10-year-old, a letter that appeared to be from the boy's father began to circulate online. He and his wife, who is Chinese, refused to hold grudges, it said.

Their son, it said, loved to draw, was passionate about insects, and had "a heart more tender than anyone else's." The letter was spread quickly across many of China's social-media platforms, shared by readers who described it as an antidote to toxic nationalism.

Within days, the letter

had all but disappeared from the Chinese internet, a result only possible with an order from China's internet regulator.

A week after the stabbing, a group of Chinese activists launched a memorial campaign for the Japanese boy, calling on people worldwide to take a stand. Posters, circulating in Chinese, Japanese and English on Instagram and other overseas platforms, said, "Say No to Hate Crime."

The organizers also asked people to do something the boy enjoyed: Draw an insect.

slowed, and many of the most prominent social-media voices promoting extreme nationalism remain untouched.

One commentator, an official "propaganda ambassador" of Guangdong province, compared the Shenzhen attack to a 1937 incident that triggered the second Sino-Japanese war—suggesting Japan was using the attack as an excuse to inflame conflict with China.

The commentator, Gu Yan Mu Chan, later echoed the official media argument, saying the killing was a result of anti-China attitudes in Japan, which she said had never come clean of its historic sin.

The growth of hateful content online in China has accelerated, experts said, in part because of platforms' technological limitations, but also because moderators can be reluctant to remove content that draws audience traffic.

"The platforms aren't innocent," a former content manager of a Chinese video-sharing site said.

FROM PAGE ONE

Asheville's Economic Disaster

Continued from Page One

Residents are left wondering whether the local economy can rebuild and continue to thrive. Almost half of small businesses never reopen after a disaster, according to the Federal Emergency Management Agency.

On Tuesday, Megan Parker and Erin Stefanacci crossed six sets of train tracks on foot to assess the damage to their 6-month-old Flow at Foundy yoga studio. They did their best to sidestep the stray vinyl records and Honduran cigars that had been flooded out of nearby shops. There were no buildings left intact in the arts district, a former industrial park that stretches several blocks along the French Broad River.

When they reached the studio, Parker began to cry. They had moved furniture and equipment to their second-floor loft when the rain started, but the water went up to the roof. A wine barrel from the winery several blocks away was lodged in the rafters, alongside a yoga mat. An entire tree trunk had been washed through the front door.

"What do you try to save? Nothing is left," said Stefanacci, 37. They had invested \$120,000 in the studio and completed the three months' worth of renovations themselves. They opted against flood insurance after receiving a quote for \$6,000 a year, figuring the worst-case scenario would be replacing drywall from a few feet of water.

"We made what we thought was a data-driven decision," said Parker, 32. "We thought we'd be able to afford to replace the damage."

'Wouldn't expect it'

Helene has killed at least 149 people across six states in the Southeastern U.S. Western North Carolina, where the latest death toll is more than 40 and rescue crews are still searching for the missing, bore the worst of the storm. The ferocity and speed of the devastation came as a surprise to the many who had moved here expressly because it seemed to be a respite from extreme weather in other parts of the nation.

"This is what you see in Florida," said Al Plasterek, 77, a retired medical transcriptionist who had moved from Florida in search of a lower cost of living and milder weather. "You wouldn't expect it here."

The scale of the wreckage suggests that it might be "one of the worst flooding disasters in United States history," according to Jonathan Porter, chief meteorologist at AccuWeather.

"Heartbreaking doesn't even describe it," said Jordan Moodie, the gallery manager at Foundation Studios, an 8,000-square-foot space in the River Arts District where just a week ago, around 100 artists sold their work. Now it is rubble, strewn with shredded canvases. "It's beyond anything I could have imagined in my wildest nightmares."

Superlative city

The greater Asheville area has racked up all manner of superlatives in recent years: best U.S. city for beer lovers; highest ratio of people moving in compared with those moving out; top-five retirement destination. James Beard Award-winning restaurants sat a stone's throw from the brewpub for Wicked Weed Brewing, a craft-beer darling snapped up by Ab InBev in 2017.

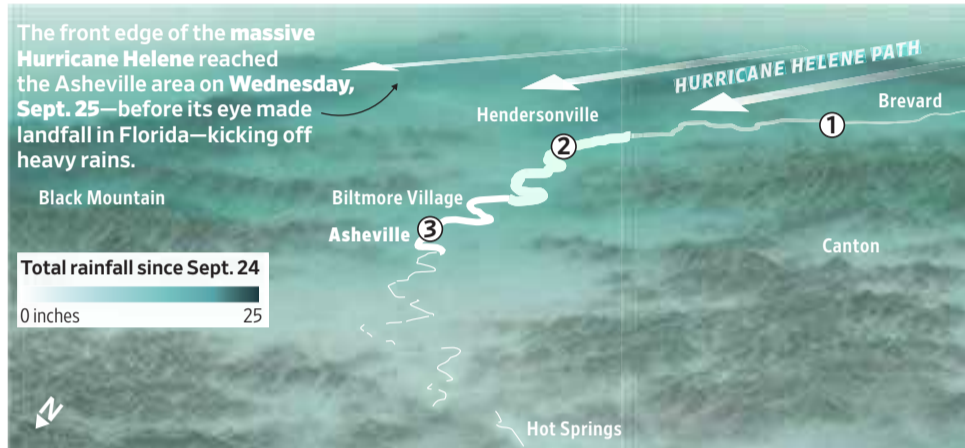
This year, wages had risen 7%, compared with 3.8% statewide. New residential permits rose 66% in July from a year earlier, according to a report prepared by the Asheville Area Chamber of Commerce and Western Carolina University.

This weekend would typically kick off peak leaf season, with phalanxes of Harley-Davidson Road Kings and Fat Boys winding their way along the Blue Ridge Parkway, followed by minivans headed to one of a dozen national and state parks. Now parts of the parkway are impassable and most hotels and Airbnbs are shut down.

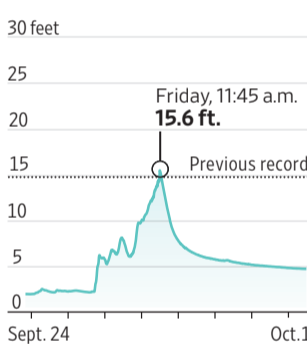


Above, an aerial view of the damage to the Biltmore Village area of Asheville, N.C., on Tuesday. Middle right, artist Spencer Beals was in a studio when water started seeping through the floor. Below right, workers attempted to repair an electrical pole in the River Arts District.

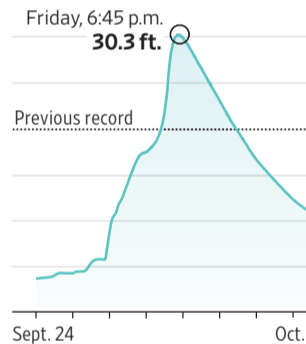
Asheville, N.C., sits in a valley along the French Broad River, which is fed from the mountains and creeks throughout the area.



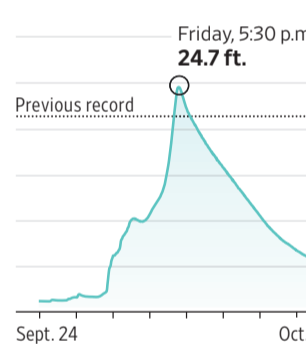
① On Friday, Sept. 27, with the heart of the storm approaching after two days of steady rain, the water level in the upper reaches of the river hit a record height of more than 15 feet.



② As the river's water funneled down into the valley and merged with creeks and other runoff from the mountains, the water level near Hendersonville soared past its own record on Friday.



③ Water levels reached a peak at 5:30 p.m. Friday in Asheville and Biltmore Village. The overtopped river caused widespread flooding and damage throughout the city.



Sources: NOAA; USGS; European Space Agency

CARL CHURCHILL, TAYLOR UMLAUF and JOSH ULICK, print design by CAMILLE BRESSANGE/WSJ

Tourism represents 15% of local employment in the metro area. Visitors spent \$3 billion last year in Buncombe County, where the city of Asheville is located, according to the county's Tourism Development Authority.

The Biltmore estate, an 8,000-acre property boasting the nation's largest private residence and the most visited winery, is closed, with at least a week's worth of reservations canceled at its signature hotel. Tickets to tour the estate during the Christmas season in November and December, when it's bedecked for the holidays, were already on sale for \$125 to \$425 though the Biltmore website. It has no timeline yet for reopening.

The Asheville region encompasses dozens of small towns, many of which were completely devastated.

Many of the artists and workers who fuel the regional economy had been priced out of the city proper, living in outer ring towns like Black Mountain and Swannanoa. Alfredo Ruiz and Sonia Rojas rode out the storm in the beauty salon they own, Corte & Cut. They watched a neighbor's house float an entire city block. The road across the street collapsed off the side of the mountain.

The couple, who moved to the area from Mexico 30 years ago, have three sons who were born here. "We've never, never seen something like this, never thought something like this would happen here," said Alfredo Ruiz, 52.

Emma Allen, 41, moved back home to Asheville from New York City in 2017 after starting skin-care company Everyday Oil, and has graduated

the business from her kitchen to a 14,000-square-foot space in nearby Black Mountain, where she employs six full-time and has millions of dollars in annual revenue.

Like a lot of small-business owners, she beefed up inventory during the pandemic to guard against supply-chain challenges—in her case, acquiring caps and bottles. On Friday, the warehouse flooded, destroying an estimated hundreds of thousands of dollars' worth of inventory and equipment. Her liability insurance doesn't cover flood damage.

Her staff has spent the past four days going through every box and separating out what's been damaged. They haven't shipped any products since the storm and don't know when they will be able to.

"I'm really just coming to terms with how bad this is,"



she said. "I think we all are." She had thought of Asheville as immune to extreme weather. "I think that's part of what drew so many people here during the pandemic," she said. "I don't know what happens now."

'A horror movie'

Many of the thousands of retirees in the Asheville area have been out of touch with far-flung family members for days. Jessica Munday, a 52-year-old marketing executive in suburban Charleston, S.C., was so worried about her parents that she packed her car with supplies and drove five hours up the mountain on Saturday after calls to them failed to go through.

"I have never ever seen anything like what I saw," she said. The lakes and rivers

were filled with debris; there was a car overturned in a friend's backyard, and it didn't even belong to her friend. "Living in Charleston, I've seen many a hurricane and tropical storm and the devastation of natural disasters," she said. "But this was something out of a horror movie."

Spencer Beals, a watercolor artist-in-residence at Foundation Studios, was at the studio on Thursday night during the storm. He lives in his van, so he parked at the top of the hill that morning and skateboarded in to help protect the artwork should the worst happen. He was there all day Thursday working on a collaboration with an environmental nonprofit for an event to protect endangered red wolves.

That night, he set watch alarms to wake himself every hour. By 8 a.m., the water had started creeping up the foundation. Beals started chucking artwork on top of any available raised surface. By 9, water was seeping through the floor. He started to panic when, at first, he couldn't push open the door against two feet of water.

After getting the door open, he waded through chest-deep water to the train tracks, dodging trash cans and tree branches. His paintings, thousands of dollars worth of prints and art supplies, and his sketchbook are all gone.

"I just lost my whole creative practice. I lost all my original work," the 25-year-old said. With one exception: He kayaked back through 8 feet of standing water the next night to rescue the wolf painting.

He spoke of the devastation throughout the town.

"There's just a lot of crying. It's all small businesses down there," he said. "Every single one that's flooded, that's their life, and it was beautiful, and it's so sad to stand up on the hill overlooking it and watch it all float away."



Jenny Ferrell cried as she hugged Jordan Moodie, a gallery manager, in Asheville's River Arts District.



CARRY ON
DAWN
GILBERTSON

Dallas

Give Southwest Airlines credit. The lighthearted airline that cracks in-flight jokes can make even the most dramatic changes seem like a win for all travelers.

The airline paraded people through a shiny new Boeing 737 MAX 8 decked out with rows of cushy extra-legroom and “preferred” seat sections, in-seat power and bigger overhead bins at its investor day last week. The goal: To hype its switch to assigned seats late next year after decades of open seating. A company TikTok gushed that the airline was in its “glow up” era.

Make no mistake, though: Not everyone wins in this makeover.

Southwest is on a desperate hunt for new revenue. Longtime fans and the new customers it hopes to attract will pay for the upgrades one way or another. Southwest executives said “moneitize” 11 times during their presentations Thursday. “Premium” came up 34 times.

You may be wondering: Haven’t all of Southwest’s major competitors carved up their cabins for years? You’re right. But Southwest has long prided itself on being egalitarian.

That ends when assigned seats are sold beginning late next year for travel beginning in 2026. Fliers will still be able to check two bags free, but a good number of seats will be subject to those dreaded seat fees—and not just those with extra legroom.

I’ve flown Southwest since they used those reusable plastic boarding passes now in the Smithsonian, and have covered them almost as long. Southwest didn’t reveal every detail of its transformation, including just how much extra you’ll pay for a better seat. The airline did spill enough, though, to spark some hot takes.

THE WINNERS

Frequent fliers: Southwest’s top frequent fliers, who have the airline’s A-list Preferred status, will get the extra legroom seats and preferred seats free at booking (when available). Additional perks are possible, too. They already receive free priority boarding, Wi-Fi and alcoholic beverages. A-list Preferred members—along with the lower-tier A-list members—today get to board right after the A boarding group even if they have a lousy boarding number.

Regular A-list members will be able to book preferred seats for free at booking and can book extra-legroom seats for free if any are available within 48 hours of departure.

Southwest didn’t spell out which seat perks would come with its four main ticket types—Wanna Get Away, Wanna Get Away Plus, Anytime and Business Select—ex-



Not Everyone Will Be a Winner In Southwest Seating Shake-Up

Expect skeptics to give the carrier a look, some longtime loyalists to grumble and prices to rise

cept to say Wanna Get Away ticket holders would get assigned seats only at check-in.

Travelers who shun Southwest today:

The Never Southwest camp is a big one due to the lack of assigned seats. (The airline says its research found 86% of other airlines’ customers want assigned seats.)

The addition of assigned seats gives these travelers another airline option. And many are already used to paying seat fees for extra legroom or a quicker exit from the plane.

Heavy packers: Southwest says it studied keeping or changing its two-bags-fly-free policy, but its research found that it would lose a net \$300 million in revenue despite collecting \$1 billion to \$1.5 billion in additional bag fee revenue. Why? Some customers would bolt for other airlines. Free

bags rank a close third in the top three reasons travelers pick Southwest, after schedule and price, executives say.

THE LOSERS

Travelers who buy Southwest’s cheapest tickets: Southwest’s Wanna Get Away fares won’t come with advanced seat selection. A seat will get assigned during on-

line check-in. This is a standard restriction on major airlines’ basic economy tickets and a staple of budget carriers like Spirit and Frontier.

Southwest executives insist there’s no comparison because passengers buying the cheapest tickets will still get two free checked bags, pay no change fees, earn frequent-flier points and more. Chief Operating Officer Andrew Watterson doubles down by saying Southwest isn’t taking anything away from these passengers because they don’t get assigned

seats today.

That’s a convenient response. Wanna Get Away passengers will just get the leftovers in the back of the plane, possibly middle seats, while everyone else gets to pick a seat in advance, for a price or included in their ticket.

And you can bet Southwest will follow its competitors in trying to scare travelers, overtly or not, into buying a higher-priced ticket so you can pick a seat.

Anyone who has bought a basic economy or budget airline ticket knows you have to practically sign a consent form saying you understand the restrictions. Watterson says Southwest doesn’t plan to “blast” terms and conditions of the Wanna Get Away tickets.

Passengers who like to play seat roulette:

Southwest’s open seating induces anxiety, no doubt. The airline says 80% of its passengers want assigned seats. But that means 20% like the thrill of the hunt, the chance to pick their seat and seatmates. My predecessor, Middle Seat columnist and occa-

sional golfer Scott McCartney, calls it a chance to improve your lie.

Cheaters: Anyone who has flown Southwest more than a couple of times knows the airline’s preboarding lines are out of control. (There were 20 early boarders on one of my recent flights.) Travelers request early boarding so they can get a better pick of seats.

Southwest didn’t publicly admit that it’s an issue until it announced the shift to assigned seats. Watterson told employees in a video last month that there’s been an “explosion of abuse.” Those preboarding lines should shrink when the first flights with assigned seats take off.

There is no longer incentive for passengers who don’t need extra time to board early.

Seat savers: It’s no secret passengers have saved money and infuriated fellow travelers by saving seats for family members or friends with a later boarding position. With assigned seats, that option goes away.

The end of open seating seems likely to please some, but irk others.

A Mansion, Family Feud And a Klimt

Continued from Page One

“It really shocked us,” said Ans Persoons, a Brussels politician leading the push for more public admiration of the landmark, which is listed by Unesco as a World Heritage site.

When Stoclet’s last immediate heir, daughter-in-law Anny, lived in the mansion late last century, she hosted concerts in its dark-marbled music room. A coterie of Brussels elite and art lovers could experience the property, dreamed up by Viennese architect Josef Hoffmann as a Gesamtkunstwerk, or “total work of art,” filled with pricey collectibles.

“It was very warm,” said Isabelle Leroy, an expert on national cultural heritage at Urban.Brussels, the city’s preservation office. She first visited the home in 1983, while in school, and recalls it as “sensual,” adorned with luxurious carpets and assorted artworks. Among them was a medieval Madonna and Child now at the Metropolitan Museum of Art in New York.

Since Anny’s death in 2002, the next generation of descendants—seven heirs with eight legal representatives, according to city officials—has bickered over what to do with the faded showpiece. Some want

to donate it to the state while others want to profit from it, officials said.

Family members remain mum. Attempts to contact them directly and through others proved fruitless.

Since Anny’s death, the family has forbidden almost anyone from entering the palace, aside from workers and a few experts. Benoît Cerexhe, mayor of the mansion’s district since 2013, said he has received no response to his invitations to meet the family. He has never set foot in his quarter’s most famous structure.

Particularly galling to authorities is that the family bars access despite receiving more than €1 million in public money to maintain the delicate monument since its Unesco designation in 2009. Funding has helped restore stones and metalwork on a balcony,

kitchen lighting and a bathroom door, among other elements. Officials say the house is in good condition overall. Its white-marble facade, however, needs a cleaning after decades of rain dripping over copper in the building’s ornate metal trim tinted much of it green.

Under Belgian rules, any facility drawing more than €500,000 over a five-year period must open its doors to limited public viewing, at the government’s expense. The Stoclet family keeps its use of subsidies below the threshold, said Persoons.

A new tool should help Belgium pry open the mansion’s iron gates: A law passed earlier this year requires all Unesco-listed structures to open for state-funded visits during a few days annually.

A handful of Brussels buildings are on Unesco’s register. All but the Palais Stoclet already allow some access. Ac-

Brussels politician Ans Persoons outside the Palais Stoclet. Above, an image used by Klimt in the Stoclet frieze.



tion on the law is pending following elections and protracted talks on forming a new government.

The man who would be responsible for managing eventual public access hopes the law will yield an amicable compromise. The government doesn’t want to be seen as forcing open a private home, said Thierry Wauters, Director of Cultural Heritage at Urban.Brussels.

Meanwhile, the public is already getting a virtual peek inside. Lo Buglio’s team finished its digital reconstruction last year and showed it in one of the city’s main museums through April. It is now on view in a city-center gallery.

The Stoclet project followed a similar reconstruction that Derycke, Lo Buglio and their team released in 2019 of an art nouveau civic center that was demolished in 1965, the House of the People. Officials from Urban.Brussels in 2020 asked Lo Buglio to create one of the Stoclet mansion.

“I thought great, I’ll finally have a chance to go inside,” he recalled. “They said: No, no, no. Do it like the House of the People.”

His team would get no access to the building and couldn’t even fly a drone over it. They had to work from archives and public records as if it no longer existed, he was told. Reams of documentation, including original plans and century-old contracts for materials, are in the public domain.

Still, the family objected. Its lawyers barraged Lo Buglio with demands to stop work. City officials told him to continue, under their legal protection. Despite that, he sweated.

“What if one of the sources we used wasn’t in the public domain?” Lo Buglio feared. Accidentally including a detail obtained outside the archives, from some private source, could scupper the project, he worried.

His attempts to seek input from the family fell flat, he said. Ultimately the two sides’ lawyers struck a deal allowing the digital video to proceed. And in the end, the public fight had an upside.

“Thanks to this, we got amazing media coverage,” even before the video’s debut last year, said Derycke. “We cannot thank them enough.”

Whenever access is ultimately allowed, Persoons said the mansion will be a hot ticket, following the public fight and the video.

“I would love to see it,” she said. “And not only me.”

PERSONAL JOURNAL.

Childless People's Estates Stun Heirs

BY TALI ARBEL

Charities, distant relatives and even pets are benefiting from surprise inheritances. They can thank people without children.

Not having children is becoming more common, both among millennials and older people. A July Pew Research Center analysis found that 20% of U.S. adults age 50 and older hadn't had children.

And many of these people don't have wills. An AARP survey found half of childless people age 50-plus who live alone have a will, compared with 57% of others that age. Those without wills have less control over what happens to



Bequests benefit charities, distant relatives and pets.

their money, which often ends up in the hands of people who don't expect it.

This phenomenon of a surprise inheritance is common enough that it has a name: the laughing heir.

"All they do is get the money and go, 'Ah ha ha, look at that,'" said Michael Ettinger, an estate lawyer in New York.

Kelley Gilpin McKeig, a 64-year-old healthcare-industry consultant in Ridgefield, Wash., received a phone call several years ago saying her cousin Nick Caldwell left behind money in a savings account. They hadn't been in touch for 20 years.

"I thought it was a scam," she said. "Nobody else in our family had heard that he had passed."

She hunted down his death certificate and a news article and learned he had died about a year and a half before in a workplace accident.

Caldwell, who was in his 50s, had died without a will. His estate was split among cousins and an uncle. It took about two years for the money to be distributed because of the paperwork and court approval involved. Gilpin McKeig's share was \$2,300.

Afterward, she updated her will

to make sure what she has doesn't go to "just anybody down the line, or cousins I don't care about."

Who inherits

There are trillions of dollars at stake as baby boomers age.

Most people leave their money to spouses and children when they die. A 2021 analysis of Federal Reserve survey data found that 82% of heirs' inheritances came from parents.

People with no children say they want to leave a greater share of their estates to charity, friends and extended family, according to research by two Yale law professors that surveyed 9,000 U.S. adults.

Rebecca Fornwalt, a 33-year-old writer, created a trust after landing a book deal. While her heirs are her parents, her backup heirs include her sister and about



Stephanie Maxfield, left, and Kirsten Tompkins would both like to leave something to nieces and nephews.



a half-dozen close friends. She set aside \$15,000 for the care of each of her two dogs.

Susan Lassiter-Lyons, a financial coach in Florence, Ariz., said one childless client is leaving equal interests in her home to her two nephews. Another is leaving her home to a man she has been friends with for a long time.

"She broke his heart years ago and she feels guilty into leaving him property," Lassiter-Lyons said.

A client who is a former escort estranged from her family is leaving her estate to two friends and to charity.

Lassiter-Lyons, who doesn't have children, set up a trust for her two dogs should she and her wife die. The pet guardian, her wife's sister, would live in their house while taking care of the dogs. When the dogs die, she inherits the house.

In the Yale study, people without descendants—children or grandchildren—intended to give 10% of their estates to charity, on

average, more than triple the intended amount of those with descendants.

The Jewish Community Foundation of Los Angeles, which manages \$1.3 billion of assets, a few years ago added an "heirless donors" section to its website that profiles donors and talks about building a legacy.

"Fifteen years ago, we never talked about child-free donors at all," said Lew Groner, the foundation's vice president for marketing.

In the absence of a will, heirs are determined by state law. Assets can wind up in the state's hands. In New York, for example, \$240 million in unclaimed funds over the past 10 years has arrived from estates of the deceased, not including real estate, according to the state comptroller's office. In California, it is \$54.3 million.

Hard questions

Financial advisers say a far bigger concern than who gets what is making sure there is enough

money and support for a comfortable old age, because clients without children can't call on them for help.

"I hope there is something left to leave," said Stephanie Maxfield, a 43-year-old therapist in southern Colorado. "But if there isn't, I think that's OK too."

She said she would like to leave something to her partner's nieces and nephews and animal shelters and domestic-violence shelters. Her best friend is a beneficiary.

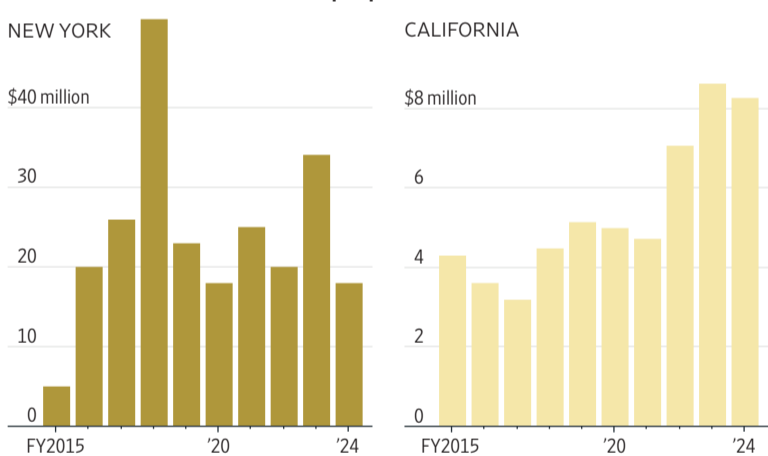
Choosing an estate executor and who would handle money and health decisions on your behalf can be difficult when you don't have children, financial advisers say. Using a promised inheritance as a reward for taking care of you when you are older isn't a good solution, said Jay Zigmont, an investment adviser focused on childless people. "Unfortunately, it is relatively common to see family members who are in the will decide to opt for cheaper medical care (or similar decisions) in order to protect what they will be inheriting," he said in an email.

Kirsten Tompkins, who is from Birmingham, U.K., and works in consulting, along with her husband divided their estate among their dozen nieces and nephews.

Choosing heirs was the easy part. What is hard is figuring out who to ask for help as she and her husband get older, she said.

"A lot of us are at an age where we are playing that role for our parents," the 50-year-old said, referring to tasks such as providing tech support and taking parents to medical appointments. "Who is going to do that for us?"

Unclaimed funds from deceased people's estates



Note: Doesn't include real estate; for fiscal years ending on March 31 for New York and June 30 for California. Sources: Office of the New York State Comptroller; California State Controller's Office

CPA Shortage Spurs Look at License Rule

BY MARK MAURER

States are considering allowing prospective accountants to bypass a fifth year of school, one of the barriers to entry contributing to the shortage of workers in the field.

Under a proposal by two national accounting groups, CPA candidates can use an additional year of work experience instead of schoolwork to show professional and technical skills. That is on top of a bachelor's degree, a passing grade on the qualifying exam and one year of work.

Companies, audit firms, professional groups and some state boards have been looking for ways to make the profession more appealing to students as fewer students graduate with an accounting degree and more workers quit for higher paying, less stressful jobs.

Many prospective accountants say they are daunted by the barrier to entry, including 150 college credit hours, which requires a master's degree or additional college credits, to become a certified public accountant. After all that, graduates say the entry-level salaries for accounting are generally lower than comparable tech and banking roles.

The associations' suggested alternative to the 150-hour requirement could make the path to a state ac-

counting license less expensive.

Defenders of the 150-hour rule say it's a purposeful hurdle for meeting a standard needed to service clients around the U.S. Florida was the first state to adopt the requirement in 1983, with all other states following suit over the next two decades.

Under the new proposal, candidates could become a CPA by demonstrating skills in areas such as ethical behavior, critical thinking, audit services, tax engagements and financial reporting based on an additional year of work experience.

Candidates would be required to exhibit all seven professional competencies and at least one of the three technical competencies, which would be verified by at least one evaluator in their organization, the groups said. Supervisors already sign off on CPA candidates' work experience, but that process appears more intensive under the proposal. The public has until December to provide feedback.

Students are scrutinizing the proposal. Martha Pierre-Louis, a sophomore at Loyola University Chicago, said the proposed alternative to the 150-hour rule would save her in cost and anxiety. She would have to take out more loans on top of her existing debts to pay roughly \$25,000 for a fifth year of school to get a master's. A new option could help remove that burden.

"It's been on my mind since I entered college as a freshman," Pierre-Louis said. "I want my CPA license. How will I afford this?"

A potential new path

Some audit firms began turning away or offshoring work as the accounting shortage became acute, and companies such as Advance Auto Parts and Tupperware Brands said they failed to file financial reports on time due in part to insufficient accounting personnel.

National accounting groups reviewed the cost and time of education for CPA candidates, and in September, the American Institute of CPAs, an advocacy group, and the National Association of State Boards of Accountancy, which represents 55 U.S. boards, issued this proposal.

The groups are aiming to finalize

the framework as early as February, which would guide state boards and legislators on law changes, said Sue Coffey, chief executive of public accounting at the AICPA.

If state legislatures vote to pass a new CPA law, the accountability board would implement it by granting licenses and regulating those who have them.

"There's a high likelihood that we will see change because of so much work being done in the background, frankly, for a year or two to get to this point and to try to bring people to a place that's as converged as possible," said Jen Cryder, CEO of the Pennsylvania Institute of CPAs.

Her organization plans to advocate for the state licensing law to be re-evaluated in January, but it hasn't decided yet which changes to make, Cryder said.



Separate paths

As the national accountancy groups rally for support and feedback from the states, states such as California, Minnesota, Arkansas and South Carolina are moving ahead with different plans.

The California Board of Accountancy is drafting legislative proposals that would allow work experience to replace school credits as a CPA requirement, but potentially without the need for testing on competencies. The board is seeking a senator or Assembly member to introduce the proposals in early 2025.

The AICPA is aligned with the California board on their aims, such as creating greater accessibility while increasing the number of accountants, Coffey said. But the organization wants as much uniformity as possible across states, she said.

Minnesota accountants, who have struggled to loosen the state's mandate, hope a similar version of a previously stalled bill will be introduced when a new legislative session starts in January.

The earlier bill, introduced in February 2023, initially faced staunch opposition from national CPA groups that said it would lower the bar. It would have allowed licensure for those who passed the CPA exam and earned a bachelor's degree in accounting and two years of work experience.

"The mere fact that we have this new framework out here seems to be an acknowledgment that it is not going to be lowering the bar," said Boz Bostrom, board chair at the Minnesota Society of Certified Public Accountants.

ARTS IN REVIEW

By MICHAEL J. LEWIS

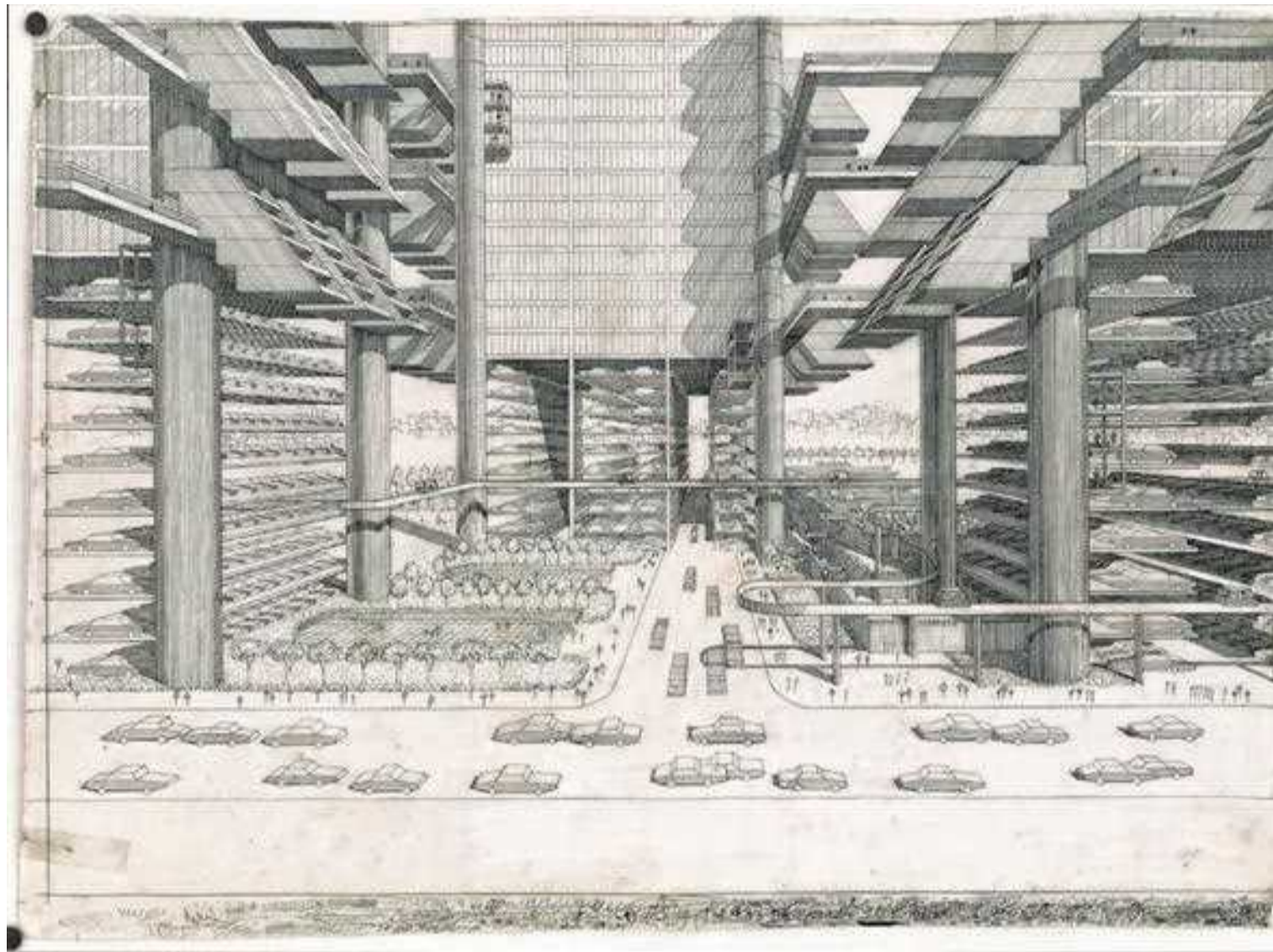
New York

Paul Rudolph (1918-1997) studied architecture under Walter Gropius at Harvard but he learned just as much during World War II, supervising the building of ships at the Brooklyn Navy Yard. His hard-earned experience with innovative materials and construction techniques is abundantly on display in “Materialized Space: The Architecture of Paul Rudolph,” at the Metropolitan Museum of Art. Organized by Abraham Thomas, the Met’s curator of modern architecture, design and decorative arts, it is the first major exhibition of the architect’s work. With some 38 of his drawings, four models, and three items of lucite furniture he designed, as well as an array of objects Rudolph collected, contemporary publications featuring his buildings, and much else besides, it offers an unusually textured experience for a show of this kind.

“Materialized Space” is a necessary corrective to the public image of Rudolph, whose name has unfairly become synonymous with Brutalism. To be sure, he designed more than his share of brooding concrete behemoths, such as Boston’s Government Service Center. But he was also one of architecture’s most prominent statesmen, someone who thought seriously about the pressing issues of his time, including housing, transportation and urban renewal. And as chairman of Yale’s Department of Architecture, he taught some of the luminaries of the next generation.

Rudolph did not begin as a Brutalist. He was a founding member of the Sarasota School, the small group of Florida architects who created a lyrical modernism open to nature and adapted to the state’s climate. The earliest object here is his delicate perspective drawing of the “Cocoon House,” so called because its curved and inverted roof was constructed of the same vinyl-based compound used to mothball ships—i.e., to protect their metal parts from rusting under a waterproof cocoon. (On the day I visited the exhibition, alas, Rudolph’s Sanderling Beach Club was destroyed by Hurricane Helene.)

But the Sarasota interval is treated cursorily. The bulk of the



EXHIBITION REVIEW

Looking Beyond Brutalism

A show on Paul Rudolph offers a new view of the architect known for his hulking concrete buildings

exhibition is devoted to the big public projects by which Rudolph is best known, and which dominated his practice. In addition to the Government Service Center they include the Burroughs-Wellcome Company Headquarters in the Research Triangle Park of North Carolina and the Shoreline Apartments in Buffalo, N.Y., one of the first affordable housing projects conceived



Drawing of the Lower Manhattan Expressway project, top; the Boston Government Service Center circa 1969, above; model for the Sino Tower in Hong Kong, left; drawing of Yale’s Art and Architecture Building, below.

as a megastructure, a colossus of conjoined multiple building units. All three have been demolished or seriously altered, as part of the collective shudder of disgust at Brutalism that came about with the advent of Postmodernism in the 1970s.

Perhaps the finest was Rudolph’s Art and Architecture Building at Yale, which survived the Brutalist purge, and which is represented by two dazzling drawings. Most buildings carry their basic division of rooms upward into each succeeding story. But Rudolph liked to break his floors into discrete shelves of space, arranging them at various levels as if they were so many floating platforms, giving you oblique views up and down. Such buildings make sense only through their cross-sections, and here Rudolph developed the distinctive drawing type that made

him famous. It is an exquisitely composed and carefully inked cross-section, behind which a one-point perspective plunges you deep into the space of a building. (Or a ship, perhaps? It can’t be an accident that Rudolph’s drawings suggest tubes of space, like the cross-sections of the ships he built during the war.) Not since Piranesi’s “Carceri,” his moody etchings of imaginary prisons, has architectural space been used so dramatically as a vehicle of personal expression.

The exhibition wisely focuses on the drawings, letting us experience the architect’s mind and hand at work without the stumbling block of Brutalist concrete. There are no preliminary sketches in the show; you experience Rudolph’s work in all its stringent perfectionism, as he would have wanted. The mechanical precision of the draftsmanship is uncanny, as if a watchmaker had stumbled into an architect’s office. There is a web of ruled lines, modeled in depth with hatched and cross-hatched lines, each with its own weight and thickness. We sense the obsessive perfectionism that we normally associate with “outsider artists,” where absorbing repetitive labor is not onerous but its own reward. But then we come across a passage of background foliage, sketched and stippled with consummate delicacy, and realize that Rudolph was no slave to the straight edge.

The stars of the exhibition are two drawings of the Lower Manhattan Expressway project, the ill-fated plan of 1967 that would have integrated an expressway, mass transit, pedestrian pathways, and skyscrapers into a Leviathan of a megastructure. The drawings are staggering, depicting the crosstown viaduct as if excavated by some colossal burrowing animal, which instead of mounds of earth had tossed up a line of apartment houses. Whatever one thinks of the idea, the drawings are

among the finest examples of architectural draftsmanship we have.

But every corner of the exhibition offers surprises. We learn that while Rudolph’s star waned in America, he found considerable work in Asia. We see, among others, projects for a college in Bangladesh, a corporate tower in Jakarta, and a mixed-use skyscraper in Singapore. There is a remarkable model for his Sino Tower in Hong Kong, its intricate craftsmanship rivaling the drawings in quality.

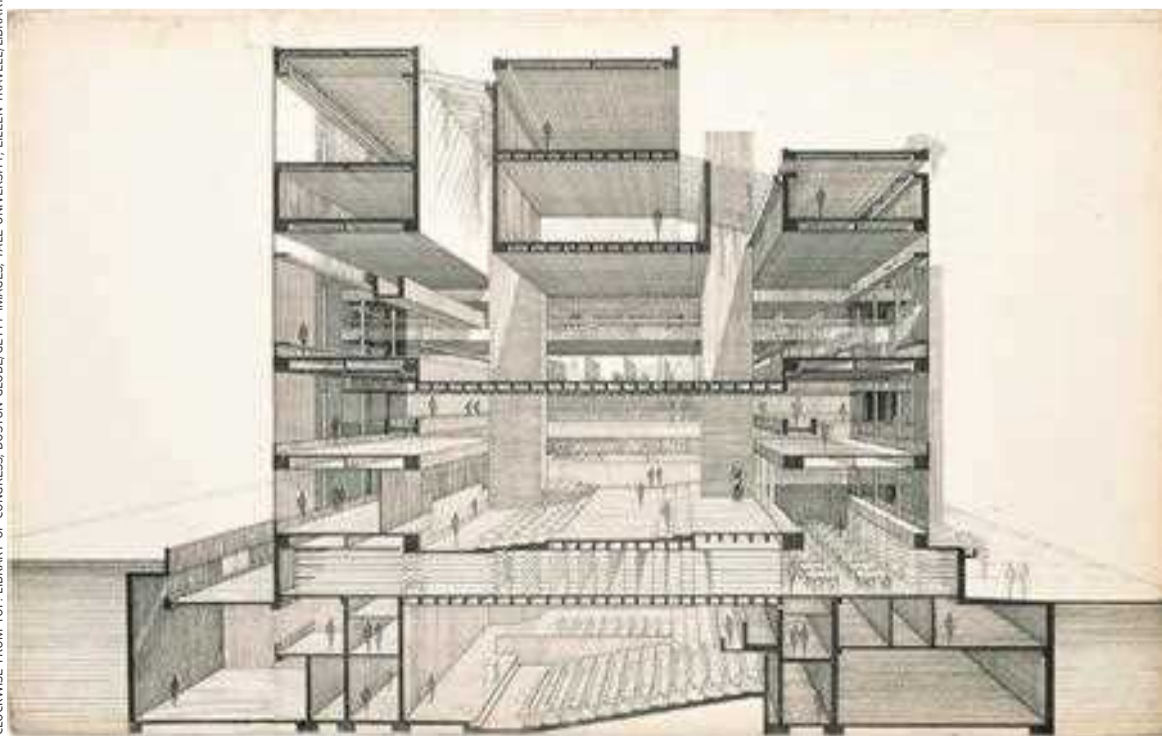
A few discrete objects remind us that Rudolph was not a paper architect but lived in a physical world. There are samples of rugged concrete as well as a section of wooden formwork from the A&A building, in which its concrete was poured prior to being violently hammer-bashed just before it had completely dried. More lighthearted is a set of ventilation fins for a small engine, unmistakably shaped like a human face emerging from a web of deeply scored parallel lines—a found self-portrait?

Postmodernists may have disdained Rudolph but, we learn, filmmakers loved him for his spatial inventiveness. A video screen displays excerpts of films shot in Rudolph interiors, of which there are a surprising number. His own New York apartment served as a townhouse of “The Royal Tenenbaums,” where its gleeful verticality is exploited for maximum cinematic effect.

You walk away with a smile, relieved that the Brutalist albatross that has hung round Rudolph’s neck for half a century has finally been lifted.

Materialized Space: The Architecture of Paul Rudolph
The Met Fifth Avenue, through March 16, 2025

Mr. Lewis teaches architectural history at Williams and reviews architecture for the Journal.



SPORTS

Baseball Got Faster. Did the Game Get Better?

The pitch clock has sped up the sport but batting averages are the lowest they have been in decades and strikeouts continue to soar

By JARED DIAMOND

There's little doubt at this point that the advent of the pitch clock has made Major League Baseball a more entertaining product. Forcing players to stop standing around and scratching themselves has reduced the average time of games to their lowest levels since the early 1980s, a period when three times as many people watched the World Series as they do today.

But two years following the most dramatic rule changes MLB has implemented in generations, it's also clear that the full story isn't quite that simple. With the playoffs beginning this week, a deeper look at what happened on the field in 2024 reveals that while the sport is speedier, on a fundamental level it hasn't changed much at all.

Batting averages are at their lowest point in decades. Strikeouts have continued to soar. The role of the starting pitcher, once seen as baseball's leading character, has been further diminished into something that better resembles a cameo appearance.

Instead of rewriting an obviously flawed script, it's as if the changes introduced to baseball merely pushed fast forward on the same boring movie.

For fans, that might be enough. Overall attendance this season topped 71 million for the first time since 2017. National television ratings have also ticked up, fueled by captivating superstars on popular teams like the Los Angeles Dodgers' Shohei Ohtani and the New York Yankees' Aaron Judge. MLB's internal research has shown that shaving a nearly a half-hour of dead air off of games has been popular.

In other words, baseball is no longer in crisis, as it was a few years ago. Inside MLB, however, questions still remain about whether the current solution is an antidote—or a Band-Aid that will eventually require an even more invasive remedy.

"The increased enthusiasm baseball fans of all ages have shown the last two seasons is evident in



New York Yankees slugger Aaron Judge swings and misses. Strikeouts have continued to soar this season.

all of the ways we track fan engagement," MLB commissioner Rob Manfred said.

At the heart of everything MLB is considering is the mission of returning baseball to a game that looks and feels more like the one it used to be, when the sport was at the forefront of American culture. The explosion of data analytics and technology in the past 20 years has led to a completely new understanding of how the game should be played and how to construct a roster.

What became evident is that "smarter" didn't necessarily mean "better." The pursuit of power—both at the plate and on the mound—came to supersede some of

the more tactical strategies that once defined baseball. For hitters, the result was an influx of home runs at the expense of contact. For pitchers, it was previously unimaginable velocity and movement that has given rise to the interminable bullpen carousel that brings games to a halt.

The pitch clock, as successful as it has been, hasn't done much to reverse those trends. The collective batting average in 2024 sank to .243, which is the second lowest since 1969, the year MLB lowered the pitcher's mound in an effort to generate more offense. This season barely beat out the .243 mark from 2022.

Hitting .300 used to be the sign

of a good hitter. Now the .300 batter is practically an endangered species. Just seven qualified players finished 2024 at .300 or better. That's the second-fewest of any season since 1900, only trailing the "Year of the Pitcher," 1968.

Manfred said earlier this season that low batting averages are "not necessarily a good thing if you're looking for action in the game."

Maybe it isn't a surprise batters are having trouble picking up hits. They're having a difficult enough time just putting the bat on the ball at all. A whopping 22.6% of plate appearances ended with a strikeout this season, slightly above the 22.4% mark from 2022. The average fastball traveled at 94.2 mph, an

all-time record that is up a full 2 mph from 10 years ago. Batters have responded by swinging for the fences: There were 5,453 home runs, fewer than last year, but still 238 more than two seasons ago.

To MLB, none of this was totally unexpected. The pitch clock was designed to fix the plodding pace of the action, not to address the underlying factors that led to the issue in the first place.

While the pitch clock was a radical innovation for a sport as tethered to tradition as baseball, it actually was a relatively conservative path forward. It was certain to quell the fans' loudest complaint—that games were too slow—without truly impacting the core of the game. Other sports have been far more aggressive in rewriting their rulebooks in the name of achieving the league's desired outcome.

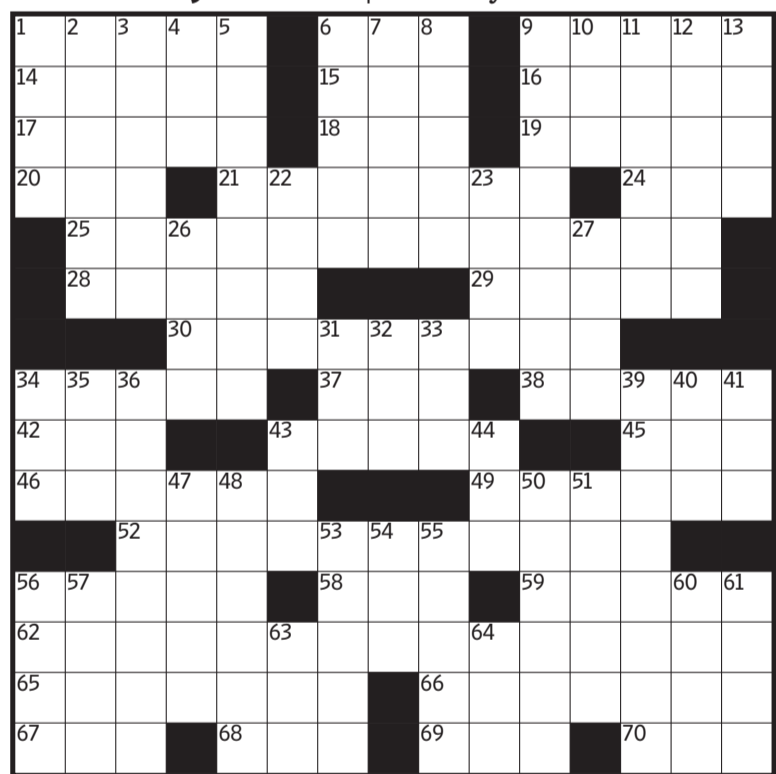
The next phase would be far more seismic. MLB has been reluctant to take that kind of direct action to alter the way teams play, not wanting to appear gimmicky or as an obstruction to teams discovering new inefficiencies to exploit. That, officials have concluded, wouldn't be a worthwhile trade off for a couple extra points of batting average. But if the situation deteriorates further, MLB might be left with no choice.

One idea under early consideration would be to mandate that starters, with limited exceptions, pitch for at least six innings. This would almost certainly lead to lower velocities, as pitchers would have to conserve energy, which would in turn lead to more balls in play. The average start this year was about five innings.

Such a move would be unprecedented and certain to inspire ferocious initial pushback from players and fans. It also is nowhere near a reality.

So for now, MLB is happy with what it does have: a postseason where the games might have tons of strikeouts and not a lot of hits—but at least they'll be over before midnight. For baseball, that counts as a massive improvement.

The WSJ Daily Crossword | Edited by Mike Shenk



- 26 Jared of "Dallas Buyers Club"
- 27 Steak specification
- 31 Loft fill
- 32 German city on the Danube
- 33 It's taken lying down
- 34 Gretchen of "Manchester by the Sea"
- 35 "___ Maria"
- 36 Glass marbles
- 39 Victor Vasarely, notably
- 40 Catering vessel
- 41 Mauna ___
- 43 Negative conjunction
- 44 Derisive snicker
- 47 Guesses
- 48 Big oaf

THE COMBATIVE TYPE | By Andrew Colin Kirk

- Across**
- 1 Julia Child's Oeufs en Gelée, e.g.
 - 6 Cuttlefish defense
 - 9 Sirs' counterparts
 - 14 With 16-Across, flighty sort
 - 15 Starter starter?
 - 16 See 14-Across
 - 17 "Twilight" writer Stephenie
 - 18 "Didn't need to know that," in brief
 - 19 Scold
 - 20 Kylo ___ ("The Last Jedi" character)
 - 21 Employs as
 - 24 Current sticker
 - 25 Discount chain with nearly 20,000 locations
 - 28 "Wicked!"
 - 29 Euchre declaration
 - 30 1950s heartthrob who came out as gay in 2005
 - 34 City nicknamed "The Heart of Georgia"
 - 37 Copying
 - 38 Where table tennis debuted as an Olympic sport
 - 42 Egg cells
 - 43 Calypso, e.g.
 - 45 Debate position
 - 46 "Come on!"
 - 49 Nation south of los Pirineos
 - 52 Luke Skywalker's X-wing, e.g.
 - 56 Real bargain
 - 58 Words with dare or tear
 - 59 Some are solemn
 - 62 Abusive online poster, and a literal interpretation of 14-/16-, 25-, 30- and 52-Across
 - 65 Lonely dryer survivor
 - 66 Jerusalem-based body with 120 members
 - 67 Jct. components
 - 68 Your, before
 - 69 Praise for a queen
 - 70 Supplier of traveler's checks, in brief
- Down**
- 1 Tingling sensation triggered by whispering, initially
 - 2 Risks a ticket
 - 3 Parking garage instruction
 - 4 Contents of some buckets
 - 5 Sky shade
 - 6 National leader?
 - 7 Disclaimer on a Chinese restaurant menu
 - 8 Weapon choice for Colonel Mustard
 - 9 Fast food hack made by combining Hotcakes and Yogurt Parfait
 - 10 Sigh from the soothed
 - 11 Bavaria-based sportswear brand
 - 12 Hero's collection
 - 13 Hold back
 - 22 Choir voice abbreviation
 - 23 "Right away, chief!"
 - 50 Components of some chains
 - 51 Still life staples
 - 53 Misfit character in "Toy Story 4"
 - 54 Sen. Angus King's affiliation
 - 55 Ungainly
 - 56 Heath bar's kin
 - 57 Watch over
 - 60 Tilling tools
 - 61 Mlle., across the Pyrenees
 - 63 Stuttgart shout
 - 64 De Armas of "Blonde"

Previous Puzzle's Solution



Michael Jordan's Racing Team Files Lawsuit Against Nascar

By LOUISE RADNOFSKY

ONE OF NASCAR'S most high-profile teams has filed an antitrust lawsuit against the organization and its chief executive Jim France, seeking to upend the way the stock-car series operates amid a dispute over revenue-sharing.

The 23XI Racing team is co-owned by Michael Jordan, part-owned by the driver Denny Hamlin, and fields Bubba Wallace, the only Black driver in Nascar's Cup Series. Their suit, filed Wednesday morning in federal court in North Carolina along with the Front Row Motorsports team, accuses Nascar of exploiting its power over teams.

"By blocking the formation or growth of any competing premier stock car racing series, Nascar has been able to force the teams to accept take-it-or-leave-it economic conditions in order to compete at the highest level of stock car racing in the United States," the suit argues.

Nascar didn't immediately respond to a request for comment.

The teams are being represented by Jeffrey Kessler, the sports lawyer who helped bring free agency to the NFL and represented some of the plaintiffs whose antitrust claim against the NCAA has put the association on the brink of a deal that would end its century-old stance that college athletes are amateurs.

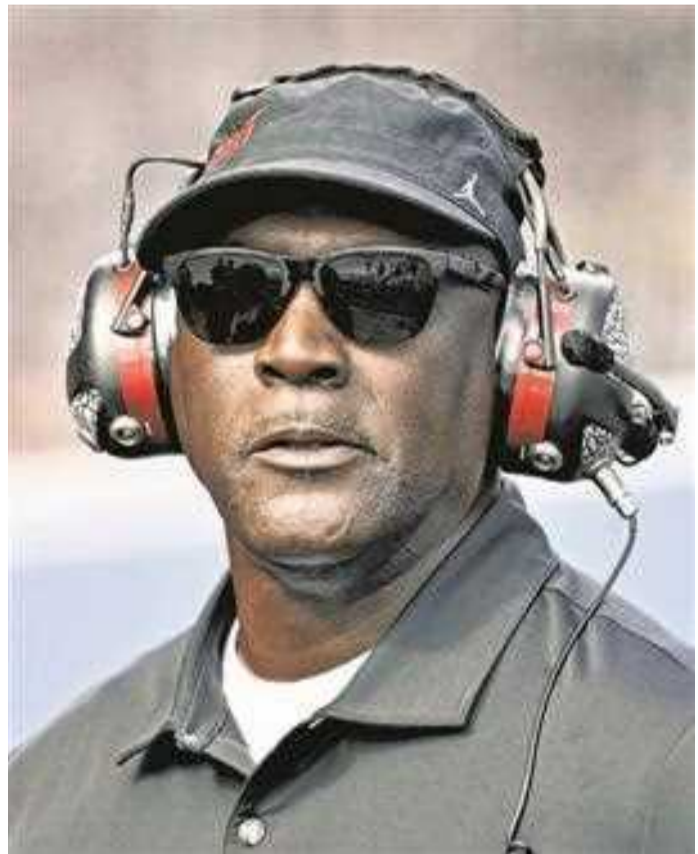
The suit says that the France family—who founded the organization and its chief executive Jim France, seeking to upend the way the stock-car series operates amid a dispute over revenue-sharing.

They have done this, the suit alleges, through "acquisition of other racing cir-

cuits and racetracks, anti-competitive agreements that restrict the availability of racetracks that are suitable for premier stock car racing, monopoly rules regarding the exclusive use of specialized "Next Gen" cars, and non-compete restrictions that prevent premier stock car racing teams competing in the Cup Series from also

gave teams hours to individually agree to agreements or risk not being able to race in 2025, prompting most teams to sign.

Front Row Sports and 23XI Racing didn't sign and want a preliminary injunction to allow them to race in 2025, as well as treble damages for the anticompetitive terms of their current agree-



Michael Jordan's 23XI Racing team filed a lawsuit against Nascar.

ment, which dates back to 2016.

The suit comes as the biggest and most powerful sports leagues in the country are under unprecedented scrutiny from U.S. antitrust enforcers. The Justice Department has eyed the NBA, NCAA, MLB, FIFA and U.S. Soccer, and was investigating the PGA Tour's response to the upstart LIV Golf circuit before expanding its attention to any deal for LIV's Saudi backers to buy a stake in the Tour.

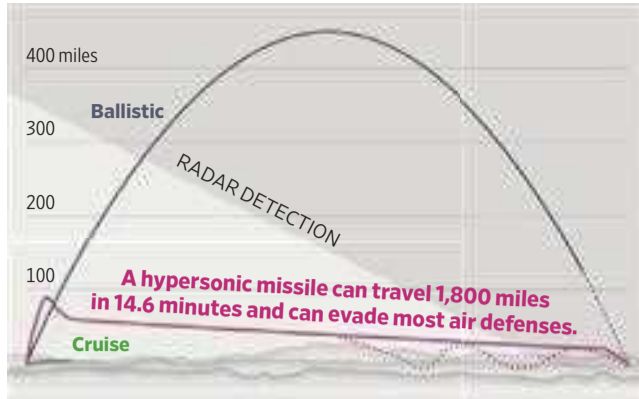
The suit says that teams started to try to band together to hammer out their next charter agreement with Nascar, but that Nascar stopped talking to the joint negotiating committee in March, and in September

PAMELA SMITH/ASSOCIATED PRESS

LOGAN RILEY/GETTY IMAGES

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

WORLD NEWS



Note: The approximate speed and trajectory, in pink, of a hypersonic glide vehicle weapon, which is boosted into the air and then glides at high speeds to its target, compared with a non-hypersonic cruise missile and a ballistic missile. Sources: Congressional Budget Office; Department of Defense. PETER CHAMPELLI, JUANJE GÓMEZ/WSJ

Russia Puts Scientists In Crosshairs

At least a dozen who studied hypersonics have been arrested on spying allegations

By ANN M. SIMMONS

Think of Russia's most dangerous jobs and the role of research scientist doesn't immediately spring to mind. Coal miner, maybe. Or a deep-sea diver on the Barents Sea oil rigs. The same kinds of jobs that are dangerous anywhere. But over the past six years, at least a dozen scientists, many of whom conducted research in the field of high-speed aerodynamics or hypersonics, have been arrested. Some of the arrests were on suspicion of handing over scientific data to Moscow's rivals. The latest was sentenced to 15 years in prison.

Several had been detained after participating in research with other countries, with the approval of the Russian state. Some had been working on projects related to the defense sector. Others were involved with basic scientific studies.

"Spy mania reigns in Russia right now, a sort of besieged fortress concept," said Sergei Davidis, who heads the political prisoners support program at Nobel Peace Prize-winning Russian human-rights group Memorial. "There is such hyper-security on the part of the state, hyper-concern that

nothing leaks out." The fear in the Russian scientific community now is that anyone who worked on the technology that could be used in hypersonic weapons could be picked up and held for years before facing a treason trial. For some, the idea of pursuing related research is too risky now—potentially stunting Moscow's progress just as it gains an edge over the West.

Hypersonic missiles are one of President Vladimir Putin's pet projects and are one of the few areas in which Russia can claim to lead the world.

Because of their speed—they can travel at more than five times the speed of sound—they can be launched from great distances and evade most air defenses. They can carry conventional or nuclear warheads and are maneuverable and can strike targets quickly, before the enemy can prepare or even know they are coming.

The U.S. hasn't deployed any similar weapons. Both Russia and China have, and while European nations are developing hypersonic and super-sonic weapons, they are a long way from catching up with Moscow and Beijing, experts say.

Putin is anxious to keep Russia ahead of the pack, especially now that relations with the West have reached a nadir and the war in Ukraine could last for several more



Russian physicist Anatoly Maslov was sentenced to 14 years in prison on treason charges earlier this year.

An International Door Closes

Attending international conferences, coordinating with foreign colleagues and sharing knowledge was encouraged following the demise of the Soviet Union and the era of glasnost, or openness, that developed in Russia under former Soviet leader Mikhail Gorbachev.

In the early years of Vladimir Putin's presidency,

which began in 2000, Russian scientists participated in many international projects. While serving as prime minister between 2008 and 2012, Putin signed an agreement with several countries, including the U.S., Australia, New Zealand and European nations, to participate in a global project to study fundamental high-

speed phenomena. Russian institutes were obligated to participate in this project.

Now that collaboration has come back to haunt the scientists. Russia's Federal Security Service is now investigating "which scientists can be imprisoned," said Yevgeny Smirnov, a lawyer who represented three accused scientists.

years.

The Kremlin has acknowledged using the superfast weapons against Ukraine. That includes the 3M22 Zircon hypersonic missile, which Moscow says can travel up to nine times the speed of sound with at least a 660-pound warhead, making Russia's bombardment of its smaller neighbor more lethal than ever. Ukraine claims to have had success shooting down earlier hypersonic weapons, such as the Kinzhal air-launched ballistic missile. But Russia dismisses that claim and appears set to continue work on developing ever-faster weapons.

The notion that any kind of information related to these missiles could make its way into the open worries Putin, some analysts say, and the immediate target of the arrests appears to be the scientists

who helped design them.

At least six researchers have been detained since Russia invaded Ukraine in February 2022, including three working in aerodynamic science at the Khristianovich Institute of Theoretical and Applied Mechanics in Siberia. That added to concern across the scientific community that, in Putin's Russia, what you know can be as dangerous as what you do with it.

"It gradually built up over many years, but naturally gained a particularly wide reach after the start of the full-scale war," Davidis said.

Kremlin spokesman Dmitry Peskov told journalists this year that he couldn't comment on the arrests because of the involvement of Russia's security services and their serious nature.

This wave of arrests began

after Putin gave an address to the country's Federal Assembly in 2018, where he first unveiled hypersonic nuclear weapons he said were capable of penetrating U.S. missile defenses, using digital animations to reinforce his point.

Some analysts suggested there was an element of theater behind the detentions in that they help buttress the idea that Russia had achieved a significant technological advantage.

But the range of those detained speaks to the growing paranoia in the Kremlin over how to safeguard these advances.

Most of the scientists arrested are older academics who have had distinguished careers. They have worked for prestigious Russian institutions, been co-authors of papers on aerodynamics with

foreign colleagues and attended overseas conferences—and didn't necessarily have a direct role in the developing the weapons applications of the new technology.

"It's the scientists who do the fundamental research who are being detained," said Yevgeny Smirnov, a lawyer who represented three accused scientists—two of whom died following their detention. "They do not know what armaments are, they have never developed missiles. But yes, their research can be applied to hypersonics."

The arrests come when the government is already on edge over any perceived threat and has imposed strict limits on what Russians can say and do, especially since the start of the war in Ukraine. Increasingly, authorities are using treason and espionage laws to target critics and stifle dissent.

"The bar for the state's tolerance for anything contrary to what it demands and specifics has become much lower," Davidis said.

For scientists caught up in the detention wave, it is terrifying, Smirnov said.

"The fear is that you can't communicate with foreigners, you can't go to conferences, you can't develop in this respect," he said. "This really has had a very strong chilling effect among scientists."

—Kate Vtorygina contributed to this article.

WORLD WATCH



GRIEVING: Relatives attend the funeral of young students who were killed when a bus they were taking on a school field trip became engulfed in flames in Thailand earlier this week.

RUSSIA Trail Begins for Navalny Journalists

Four Russian journalists went on trial in Moscow on Wednesday after being accused of working for an anti-corruption group founded by the late Russian opposition politician Alexei Navalny, which was designated by authorities as an extremist organization in 2021.

Antonina Favorskaya, Artyom Kriger, Sergey Karelin and Konstantin Gabov were arrested this year and charged with involvement with an extremist group, a criminal offense punishable by up to six years in prison. All four deny the charges.

The trial, which is being held behind closed doors, is the latest step in the Kremlin's crackdown on dissent since its 2022 full-scale invasion of Ukraine.

—Associated Press

HAITI Council Members Face Bribery Claims

An anti-corruption agency in Haiti on Wednesday accused three members of the country's transitional presidential council of bribery in a scathing report that threatens to destabilize the country's fragile political stability.

Smith Augustin, Emmanuel Vertilaire and Louis Gérald Gilles are accused of demanding more than \$750,000 from the director of the government-owned National Bank of Credit to secure his job, said the Unit for Combating Corruption in its report.

The three council members and the former bank director, Raoul Pascal Pierre-Louis, all face criminal charges of bribery and corruption, said the anti-corruption unit. None of them could be reached for comment.

—Associated Press

TAIWAN Thousands Evacuate Ahead of Typhoon

An approaching typhoon bringing strong winds and torrential rain to Taiwan killed two people and injured dozens in the past few days, and forced thousands to evacuate from low-lying or mountainous areas.

At least 70 people were injured and two people died because of weather conditions attributed to Typhoon Krathon, Taiwan's National Fire Agency said Wednesday.

The typhoon, packing maximum sustained winds of 108 mph and gusts of 130 mph, was expected to make landfall early Thursday on Taiwan's densely populated west coast, according to the Central Weather Administration. The strongest winds are expected in the island's southwest region.

—Associated Press

Ukraine Leaves Town In East as Russia Gains

By JANE LYTUVYENKO

KYIV, Ukraine—Ukraine on Wednesday said it pulled troops out of the eastern coal-mining town of Vuhledar, as its front comes under severe strain from mounting Russian assaults.

The town, once home to over 10,000 residents, had become a defense bastion for Ukraine.

But Russia had all but surrounded it and in recent days pounded it with massive glide bombs that Ukraine lacks the means to counter.

The loss of the stronghold, which Russia has assaulted relentlessly for two years, is a sign of the growing pressure on Ukraine's main, eastern front. Analysts from the Institute for the Study of War in Washington said Russia's capture of Vuhledar is unlikely to facilitate a broader advance, as the city wasn't on a logistical route and lies about 20 miles from the main Russian offensive effort toward the transport hub of Pokrovsk.

But the loss of the city shows how Ukraine is facing an increasingly bleak picture after 2½ years of war. Russia is a few miles from Pokrovsk and piling pressure on two other eastern cities, Chasiv Yar and Toretsk, which are on relatively high ground.

Ukrainian troops are outnumbered and outgunned, with little prospect of significant relief given constrained weapons deliveries from the West and issues recruiting and training more troops.

President Volodymyr Zelenskyy received a tepid recep-

Ukrainian front line

■ Ukrainian forces in Russia
■ Russian forces in Ukraine and Kursk region



Note: As of Oct. 1. Source: Institute for the Study of War and

tion last week in the U.S., where he was seeking to persuade Washington and its allies to increase support. The Biden administration has also declined to approve Zelenskyy's main immediate request to

permit Ukrainian forces to strike Russia with long-range missiles provided by the U.S. and its allies.

Vuhledar had been a major irritant for Russia earlier in the war, when Ukraine used its control of the city to shell critical Russian military-supply lines. Russia launched wasteful, head-on armored assaults on the city, which Ukraine initially repelled. But Russian pressure finally won out in recent weeks as it overwhelmed Ukrainian units with glide bombs and mass infantry assaults.

Ukrainian military command on that part of the front said its forces had been exhausted as Russia launched attacks from several sides and threatened to encircle the city.

Commanders said they withdrew to protect troops and equipment, which will be used on other parts of the front.



A view of apartment buildings damaged by a Russian military strike in Vuhledar, eastern Ukraine, last October.

Humana Warns on Medicare Rating



Stock slides over 10% as health insurer says 2026 payments to be hurt

By ANNA WILDE MATHEWS AND COLIN KELLAHER

Humana warned that a steep drop in the federal government's quality ratings of its Medicare plans could hit its results in 2026. The health insurer said it has about 25% of its members currently enrolled in plans rated four stars and above for 2025

based on preliminary 2025 Medicare Advantage ratings data from the Centers for Medicare and Medicaid Services, down from 94% this year. The quality ratings, on a scale of one to five stars, are tied to bonuses paid to insurers. The downgrade could have a huge revenue impact in 2026, with analysts suggesting a range of figures, from less than \$2 billion to far higher. "The scale of the drop is a shock," said Sarah James, an analyst with Cantor Fitzgerald, who projected the shift in stars could affect nearly \$3 billion in 2026 revenue if Humana isn't

able to alleviate it. The company's shares fell more than 20% in morning trading before partly recovering. The stock closed at \$246.49, down \$32.96 or 11.79%, losing nearly \$4 billion in market cap. Humana said it is appealing the CMS decisions and would work to mitigate their impact. The company said its "commitment to quality is unwavering," and the fall in the ratings was largely driven by narrow misses on key measurements that weigh heavily in the federal quality analysis. The announcement is the latest sign of how the Medicare

business, long seen as a main source of growth and profit for insurers, has become riskier and more challenging. As Medicare and other government programs have become an ever-larger share of the insurance business, decisions by agencies and Congress can have outsized impacts on the companies' results. In one sign of the volatility this dynamic can bring, shares of Humana and rival UnitedHealth Group fell after the president-Please turn to page B2

◆ Heard on the Street: Cigna deal seems more likely. B11

JPMorgan Plans More Branches in Poor Areas

By ALEXANDER SAEEDY

Jamie Dimon has a plan to help some of the poorest people in America: build more Chase branches in their towns and cities. JPMorgan Chase is working on opening nearly 100 new branches in low-income areas around the country, including America's inner cities and rural towns where banks have been shrinking their footprint for years.

Some of these community centers come with the usual fixings—teller windows, ATMs, and bankers' offices—but also have spaces where the bank will host small businesses and financial literacy workshops, open to the public. After piloting the model five years ago, JPMorgan is now expanding it nationwide.

"This is not just 'do-gooding,' this is business," Dimon, the JPMorgan chief executive, said. "We measured these branches by number of customers, deposits, investments, and the model works."

The bank is also hiring 75 new community managers to work at some of these branches. Hired locally, the managers aren't supposed to sell or market Chase products. Instead, they are meant to partner with community organizations and help teach residents on best practices to increase their wealth and build trust in the Chase brand.

"What we're doing is a comprehensive approach to lifting a community economically," said Diedra Porché, head of community and business development at JPMorgan Chase.

Banks are required by law to serve and lend to low-income communities. But they have been scaling back their presence as they have consolidated, closing thousands of branches in predominantly poor areas over the last 15 years. Studies have shown that cuts banks have made to mortgage lending since the 2008 financial crisis have disproportionately reduced lending to nonwhite Americans.

JPMorgan says it wants to invest in bricks-and-mortar branches across the country, and it has been building hundreds of branches in recent Please turn to page B2

OpenAI Valuation Nearly Doubles to \$157 Billion

OpenAI has raised \$6.6 billion in new funding, capping a complex fundraising process that involved negotiations with multiple tech giants and large private investors at the same time it has been experiencing disruptive internal turmoil.

By Deepa Seetharaman, Tom Dotan and Berber Jin

Investors are valuing the startup behind ChatGPT at \$157 billion, a total that puts it on par with the market capitalizations of publicly traded household names such as Goldman Sachs, Uber Technologies and AT&T.

OpenAI was last valued at \$86 billion early this year, when employees sold existing shares. The funding round is one of the largest ever for a private company, save for the \$10 billion OpenAI itself raised from Microsoft in January 2023. Earlier this year, Elon Musk's AI startup xAI raised \$6 billion.

Investors in the new round will have the right to withdraw their money if OpenAI doesn't complete its planned conversion to a for-profit company within two years.

Currently it is a charitable nonprofit with a for-profit division through which investors can buy a share of its future profit.

The round was led by venture-capital firm Thrive Capital, which is putting \$1.25 billion into the company, according to people familiar with the matter. Microsoft is investing a little less than \$1 billion. Please turn to page B2

◆ Khosla predicts AI-led deflation..... B4



'We're going to show these greedy bastards you can't survive without us!' Harold Daggett shouted to members' cheers.

Profane 78-Year-Old Leads Strike By Dockworkers at U.S. Seaports

By PAUL BERGER

Harold Daggett stood in front of the closed gates at the Port of New York and New Jersey just after midnight Tuesday and delivered a battle cry to hundreds of members of his union that represents port workers from Maine to Texas.

"We're going to show these greedy bastards you can't survive without us!" Daggett shouted to cheers from the crowd in a speech filled with

profanities and warnings about the threats automation poses to workers.

The midnight rally showcased the pugnacious leadership style of the 78-year-old chief of the International Longshoremen's Association. In his fourth term as president, Daggett is leading the union into its most militant stance yet after decades of combative, bare-knuckles contract battles with ocean carriers.

Daggett's targets are the world's largest ocean shipping companies based in Europe and Asia that saw profits surge as the Covid-19 pandemic and more recent supply-chain disruptions boosted demand and prices for their services. Daggett, who has the broad shoulders of a former dockworker and a raspy voice that comes from years of shouting at labor rallies, is now throwing himself behind an effort to win a historic increase in pay and an effort to get dockwork-

ers around the world behind his goal of halting automation in its tracks and establishing longshore labor as a formidable partner in global trade.

"People are going to sit up and realize how important longshoremen jobs are," Daggett said in an interview at the rally. "They won't be able to sell cars. They won't be able to stock malls. They won't be able to do anything in this country without my f—ing people. And Please turn to page B2

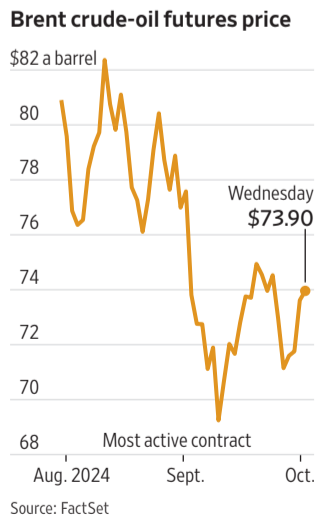
Saudi Minister Sees Oil Falling to \$50 if Cartel Curbs Defied

The Saudi oil minister has said prices could drop to as low as \$50 per barrel if so-called cheaters within OPEC+ don't stick to agreed-upon production limits, according to delegates in the cartel.

By Benoit Faucon, Summer Said and Anna Hirtenstein

The remarks were interpreted by other producers as a veiled threat from the kingdom that it is willing to launch a price war to keep its market share if other countries don't abide by the group's agreements, they said. Key members of an alliance made of the Organization of the Petroleum Exporting Countries and its allies, together known as OPEC+, agreed on Wednesday to ease production curbs in December. Those plans, which were previously agreed upon, were confirmed in an online meeting.

Benchmark oil prices rose Wednesday, with the most actively traded contract for Brent adding 1.9% to just under \$75 a barrel. The global crude benchmark has climbed for the past three trading sessions, gaining as conflict in the Middle East spurred wor-



ries about supply disruptions. There are fears in the West that a wider war could choke oil exports from the Gulf that pass through the Strait of Hormuz, which borders Iran, and push prices higher. But geopolitical tensions have persisted for months without meaningful effect on oil prices, and the declines have been frustrating for Saudi officials in part because other cartel members have Please turn to page B10

◆ Dow closes up slightly as crude prices rise..... B10



The luxury giant inked a 10-year deal with F1, following its sponsorship of the Paris Olympics.

LVMH Expands Sports Reach With Formula One Sponsorship

By NICK KOSTOV AND JOSHUA ROBINSON

PARIS—For just over a month this summer, the LVMH luxury empire turned the Paris Olympics and Paralympics into one long exercise in product placement.

As the roughly €150 million sponsor of the Games, the company made sure it was everywhere, from an eye-popping cameo of Louis Vuitton trunks in the Opening Ceremony to the Chaumet-manufactured medals

around athletes' necks. Now LVMH has its next target in sports. Starting next year, the company led by luxury titan Bernard Arnault will leap on the global resurgence of Formula One with a 10-year sponsorship deal that will put LVMH brands front and center of motor racing's premier traveling circus.

What sets the agreement apart from a typical sponsorship is its sheer scale. Companies typically sponsor one facet of a sport, such as timekeeping

or uniforms, but LVMH has a plethora of brands to flood the zone. The watch brand TAG Heuer will replace Rolex as the sport's official timekeeper. Louis Vuitton will move into every trophy presentation by manufacturing cases for the hardware. And when the drivers spray Champagne from the podium, it will no longer be an Italian sparkling wine—they will be drinking bottles of Moët & Chandon.

"The Olympics really started Please turn to page B2

INSIDE



BUSINESS NEWS Levi Strauss cut its revenue outlook and said it is considering a Dockers sale. B3



TRANSPORTATION Amtrak seeks to boost ridership by pitching comfort and hospitality. B6

BUSINESS & FINANCE



Chip maker Nvidia is among the major investors in a funding round that raised \$6.6 billion.

OpenAI Value Hits \$157 Billion

Continued from page B1
New investors include Tokyo-based conglomerate **SoftBank**, which is putting in around \$500 million, and AI chip maker **Nvidia**, which is investing about \$100 million, one of the people familiar with the matter said.

Investment firm **Tiger Global Management** is putting in \$350 million. Cathie Wood's Ark Investment Management and Altimeter Capital are each putting in about \$250 million, which is the minimum amount required to review OpenAI's financial documents.

Other investors include Khosla Ventures, Fidelity Management and Research Company and MGX, a United Arab Emirates state-backed company created this year to invest in AI.

Apple was in talks to invest in OpenAI, but those discussions fell apart, The Wall Street Journal previously reported. It would have been a rare strategic investment for the iPhone maker, which is already joining with OpenAI on its new Apple Intelligence product.

OpenAI told investors in the new round that it doesn't want them to put money into its biggest private competitors. Those include Anthropic, which was founded by several ex-OpenAI employees; Safe Superintelli-

gence, which was co-founded by OpenAI's former chief scientist, Ilya Sutskever; and xAI. Before starting xAI, Musk was an OpenAI co-founder and its first major source of funding.

In addition to those startups, OpenAI is also up against tech giants such as Google and **Meta Platforms** that are making huge investments in AI.

OpenAI remains the best-known company in the burgeoning AI market, thanks to the breakout success of ChatGPT, which has 250 million weekly active users and 11 million paying subscribers, according to a knowledgeable person. Around one million business customers pay to use its technology.

But the company is far from profitable, which made the new

investment round critical. OpenAI is expected to lose around \$5 billion this year on revenue of \$3.7 billion, a person with knowledge of its financial data confirmed. It is projecting revenue will grow to \$11.6 billion in 2025.

Developing new AI models is hugely expensive, as is operating them. In addition, competition for the most talented AI researchers has driven their salaries into the millions.

The New York Times reported earlier on OpenAI's financial data.

OpenAI has been putting out new products for consumers and businesses at a rapid pace this year. It has also been adding people with business experience to an employee

base that used to be made up primarily of researchers. The company recently hired its first chief financial officer, Sarah Friar, who helped lead the fundraising process.

This shift—along with personal disputes among OpenAI executives—has sparked tensions within the company. Numerous top executives and researchers have left this year, including multiple co-founders and, just last week, Chief Technology Officer Mira Murati.

Listen to a Podcast

Scan this code for a podcast on the big changes that are tearing OpenAI apart.

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Humana Shares Skid On Warning

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tial campaign debate.

Medicare results have weighed on the shares of Humana rival **CVS Health** because of struggles at its Aetna unit.

Humana, which reported \$106.4 billion in revenue last year, is especially vulnerable to government moves.

Its insurance business is nearly all Medicare Advantage, the private version of the federal program for the elderly and disabled.

The company has in the past suggested that its close focus on the Medicare business is a strength, as Medicare Advantage is growing as more seniors choose the plans. Humana's own stock has been hurt already this year after unexpectedly high medical costs hit its results.

The newest reported falloff in the quality ratings could also affect Humana's 2025 Medicare enrollment, James said, because the lower-quality scores will display to seniors shopping this fall for

their coverage next year.

The exact impact of the quality rating hit on Humana's profits is unclear, but analysts said the drop is almost certain to hurt the company's effort to bolster its margins.

Humana has said it aims to return to margins of at least 3% in 2027, after the run of high costs this year damaged them, and the company said Wednesday there is now more risk to that goal.

Cantor Fitzgerald's James said Humana's Medicare plan margins for this year are roughly break-even.

Humana said it believes there might be potential errors in some of the federal agency's calculations, fueling its efforts to appeal. CMS is expected to formally release its 2025 starting details next week.

Humana also said it is exploring all available options to mitigate the 2026 revenue headwind related to the 2025 star ratings if its challenges are unsuccessful. It added that it doesn't expect the issue to affect its financial results or outlook for 2024 or 2025.

In the past, Medicare insurers have been able to ease much of the effect of these quality-rating declines, often half or more of the revenue hit, by shifting membership between different plans and other moves.

LVMH Speeds Into F1 Racing

Continued from page B1
a new dynamic," said Frédéric Arnault, CEO of LVMH Watches. Arnault, 29, is the fourth of the luxury tycoon's five children, who all have management roles in the company.

LVMH had considered a similar plan a decade ago, according to a person familiar with the matter, before deciding the fit wasn't quite right. But since then, F1 has undergone one of the most stunning makeovers in sports. Acquired by **Liberty Media** in 2017, the series' popularity has exploded, in part through the **Netflix** series "Drive to Survive."

Not only did it draw in more women and a new kind of supporter—younger and in tune with social media—it also opened up previously untapped markets for F1.

None was more important than the U.S., which also happens to be one of LVMH's largest markets. In three years, F1 went from having just one American race on the calendar,

in Austin, Texas, to three by adding two glitzy Grands Prix in Miami and Las Vegas.

"We're still at the beginning of the journey in the U.S.," Frédéric Arnault said. "There's a very young audience. I think that's reassuring. And that's what also convinced us. Ten years ago, it was an aging audience."

Above all, the lesson was that the stars of F1 weren't the teams or the finely engineered cars anymore—they were the drivers. This club of 20 daredevils with Hollywood smiles and preternatural skill were precisely the pitchmen F1 needed to blur the line between sports and entertainment.

That is precisely what LVMH

was watching as it decided to ramp up its involvement in F1. The length of the deal also means that LVMH will have a hand in shaping the image of the sport long after "Drive to Survive" ends its run.

The deal comes despite the wider downturn in the luxury industry as aspirational consumers have cut back spending on products such as watches, jewelry and Champagne. But LVMH, which owns a stable of some 75 brands, sees F1 and its global reach as a vehicle for maintaining the upscale image of its brands while speaking to a broader audience.

Neither LVMH nor F1 disclosed the terms of the deal, which people familiar with the

matter said was worth just under €100 million, equivalent to about \$110 million, a year.

LVMH's earliest forays into sports were more discreet, targeting the country-club set through sports such as sailing. But the company now sees mainstream athletes as a way to reach a broader array of customers.

When it signed French basketball star Victor Wembanyama in February, it announced their partnership with a gigantic billboard in San Antonio, where he plays for the Spurs.

LVMH's internal strategy has long been to let its brands run independently, sometimes as competitors. Sponsorship deals are negotiated by the brands themselves. It wasn't until Paris 2024 that LVMH negotiated an overall sponsorship agreement that involved a whole slew of its brands signing the same agreement.

Once the Olympics rolled around, the LVMH machine was in full swing. It even went where few sponsors had gone before with a cameo in the Opening Ceremony, which featured a hooded figure popping into a Louis Vuitton workshop for a close-up of the brand's monogrammed trunk. In another scene, the luggage was wheeled through the Cheval Blanc Hotel, which is also owned by LVMH.



Frédéric Arnault, CEO of LVMH Watches, cited Formula One's relatively young viewership as a draw for the luxury giant.

Docks Veteran Leads Strike

Continued from page B1
it's about time they start realizing it."

At the expiration of the last six-year contract at 12:01 a.m. ET Tuesday, he led tens of thousands of dockworkers in picket lines behind the ILA's first coastwide strike in almost 50 years.

Unions have been flexing their collective muscle since the pandemic. They have rallied healthcare, aerospace and auto workers to push for better pay and conditions after workers helped companies through a global health emergency and watched as soaring inflation ate into paychecks.

Each strike or walkout threat has carried risks for American consumers and businesses. Few sectors of the workforce hold such a grip on the U.S. economy as dockworkers.

Almost everything Americans eat, wear and use, from T-shirts to food to sofas and vehicles, is imported via containership. About 60% of containerized trade moves through the East Coast and Gulf Coast ports where Daggett's dockworkers last year unloaded about \$588 billion of imports, according to S&P Global Market Intelligence.

Daggett's hope is that by choking off trade—from U.S. exports of grain to imports of raw materials and finished goods—he can force ocean shipping companies to agree to a big pay raise.

Daggett has made wage demands a precondition to open contract talks on other thorny issues such as the use of automation on the docks.

He is gunning for a 77% pay increase over six years, which would raise the base hourly rate for dockworkers to \$69 from \$39. Port employers and ocean shipping companies initially offered almost 40%. Under pressure from the White House on Monday, they increased their offer to 50%.

Daggett said it isn't enough and that the strike will continue until employers meet his demands.

Shipping industry officials believe Daggett is hoping to cement his legacy with this last

contract. The ILA recently unveiled a statue of him outside the union's headquarters in New Jersey.

In speeches and video interviews over the past year, Daggett has reminisced about the ILA's last coastwide strike, in 1977, and about his own part in that strike when he traveled to the West Coast to stop diverted ships from being unloaded there.

Daggett has warned that if the Biden administration invokes a federal law to force workers back to the docks, his workers will deliberately slow operations. "In today's world, I'll cripple you," he said.

Daggett's members work at ports from Maine to Texas, including cargo terminals in Deep South states where organized labor has been in steep retreat for decades. A native of Queens, he projects the aura and colorful history of New York-area docks. He served in

the U.S. Navy in Vietnam before getting his first job on the docks as a mechanic in 1967. He rose through union ranks to in 1998 become president of the mechanics local at Port Newark.

Daggett's work at the union has sometimes attracted the attention of authorities, who have previously accused him of mob ties, claims he has denied. In 2005, he stood trial in Brooklyn on wire and mail fraud charges alongside another ILA official and an alleged mobster, accused of steering union benefits contracts to firms that paid kickbacks to organized crime.

Witnesses testified that Daggett was elevated through the ILA by the mob because he was an associate of the Genovese crime family. Daggett recounted in testimony being held at gunpoint by a mobster, according to media reports at the time. He said he was terrified of the crime families and went out of his way to avoid them.

The three defendants were acquitted. Lawrence Ricci, the defendant alleged to be a Genovese crime family member, went missing during the trial and was later found dead in the trunk of a car outside the Huck Finn Diner in Union, N.J.

Daggett was first elected head of the union in 2011.

Last year, according to U.S. Labor Department filings, he earned \$728,694 as head of the ILA and a further \$173,040 as president emeritus of the mechanics local chapter at Port Newark.

JPMorgan Expands in Poor Areas

Continued from page B1
years, although many of those have been built in more affluent neighborhoods. With the push into low-income neighborhoods, the bank says it is offering an alternative to high-fee services such as check cashers and payday lenders.

Data from Chase's first community center branch in New York's Harlem show that customers opened more checking accounts there versus any other branch in the neighborhood between 2019 and 2023. Four years after the expanded branch opened in 2019, personal savings balances there had grown by 73%, according to JPMorgan.

Dimon said that even these lower-margin services are helping contribute to the company's bottom line.

"We did not know if they were going to work," he said. "If they didn't work, we wouldn't do them."

The bank has been expanding the community center model since the Harlem location debuted. It opened one in the South Bronx earlier this year and is opening one on Wednesday in Brooklyn. There are others in New Orleans, the south side of Chicago and the Cren-

shaw district of Los Angeles.

Nichol King, JPMorgan's first community manager, said being on the ground helps banks to build trust with lower-income communities, where a proportionally higher percentage of people don't use bank accounts. She said that managers try to meet people where they already spend time in their communities and let them know Chase can be their bank.

"Folks from the community would look at Chase as the bank for the rich," she said. "I've watched over the past five years how the sentiment has changed."

At a recent event in Harlem, King hosted Ebro Darden, one of the most popular radio show hosts in New York City, to discuss how people can improve their finances through budgeting and basic savings plans.

Around three dozen audience members discussed how to reckon with the mistrust still associated with banks, which historically discriminated against nonwhite Americans.

Darden said that his great-grandfather was a sharecropper in Oklahoma who lost most of his savings in an uninsured bank that failed during the 1800s. His grandparents put their money in the mattress instead.

He said poorer Americans should start putting their money in federally insured banks to build wealth.

"Rising tides float all boats," Darden said. "If we're making money, they're making money."

"I couldn't have said it better," King replied.



Dock workers gather in a tailgate in the employee parking lot adjacent to the before they go on strike.

BUSINESS NEWS

Levi Strauss Cuts Revenue Outlook for Year

Company explores sale of Dockers; stock falls sharply in aftermarket trades

By SABELA OJEA

Levi Strauss cut its revenue outlook for the year and is again exploring the potential sale of Dockers, the latest move by Chief Executive Michelle Gass to center the company on its namesake brand. Shares dropped 9.8% to \$19.99 in postmarket trading. Through Wednesday's close the stock is up 27% this year, and 57% in the past 12 months.

Since taking the job in January, Gass has exited its Denizen fashion line and closed a

footwear business in Europe, while focusing more on its Levi's brand, whose 5% growth in the latest quarter was offset by declines elsewhere.

The company has launched a marketing campaign around the storied denim brand with the pop star Beyoncé and is also rolling out more new products.

Overall, Levi posted slight sales growth for the fiscal third quarter ended Aug. 25 to \$1.52 billion. That fell short of Wall Street expectations of \$1.55 billion, according to FactSet.

The company said wholesale revenue fell 6%, while its direct-to-consumer business posted a sales increase of 10%. Revenue in its core Americas market fell 1% to



Levi Strauss is considering selling the Dockers brand. A Dockers store in Madrid.

\$757 million. In Europe and Asia, revenue rose 6% and 0.4%, respectively.

Profit, meanwhile, more than doubled to \$20.7 million,

or 5 cents a share, compared with \$9.6 million, or 2 cents a share, for the same period a year earlier.

Adjusted earnings were 33

cents a share, ahead of the 31 cents expected by analysts.

The decision to evaluate strategic alternatives for the casual fashion brand of Dock-

ers, highly dependent on department stores like Macy's, comes as the company looks to address the areas where it has underperformed, Finance Chief Harmit Singh said.

Levi had explored a sale of Dockers in the past. In 2004, the company had signed a deal to sell the brand to a private equity firm for around \$800 million, The Wall Street Journal reported at the time, but later called the sale off.

Regarding its outlook, Levi said it now expects fiscal 2024 revenue to rise about 1%, down from a prior outlook for growth of 1% to 3%. Wall Street forecasts full-year revenue growth of 2.3%.

The company backed its adjusted profit outlook for the year of \$1.17 to \$1.27 a share.

Spirits Maker Campari Group Aims To Boost Winter Appeal for Aperol

By KATIE DEIGHTON

Almost all alcohol brands grapple with seasonality, or the idea that some drinks are best suited for warming up in cold weather and others for cooling off in the sunshine.

Now Davide Campari-Milano, which trades as **Campari Group**, is trying to "deseasonalize" Aperol, its distinctively orange, bitter aperitif from Northern Italy typically mixed with prosecco and soda to make a cooling, summertime spritz.

Campari Group's strategy includes plans to host a concert series in the Alps during the coming ski season and to boost marketing spending across bars in ski resorts in the U.S. and Europe. It will also continue Aperol's partnerships with events such as Coachella, the spring-time music festival in California.

"In winter, the brand is able to bring a festive atmosphere suggesting spontaneous gatherings and bringing consumers into a summer vibe," said Julka Villa, Campari Group's global head of marketing.

The push, well under way in Aperol's most established European markets but just gathering steam in the U.S., is taking on new importance after a particularly rocky summer for the brand.

Aperol sales have climbed every year since Campari Group bought the drink in 2003, increasing 23% in 2023 from the prior year to about €700 million, equivalent to \$780 million. The liqueur comprised 24% of the company's sales last year, up from 4% in 2004.

But Aperol's growth slowed in the most recent quarter to 5% from its more typical double-digit gains, partly due to dreary weather stymieing spritz culture in bars across Italy, France and the U.K.

"Especially places like Italy—where you could see some people will start probably already at lunchtime, but definitely midafternoon to be out in the terraces and bars, drinking Aperol spritz—if it's raining, they



The strategy includes plans to host a concert series in the Alps during the coming ski season.

stay in their office and at home and they drink very little," Matteo Fantacchiotti told analysts in August, when he was Campari Group's chief executive officer.

Fantacchiotti resigned from the role in September, just months after taking it, citing personal reasons.

Campari Group recently cautioned investors about soft markets, distribution challenges and increased price competition in its core markets.

Aperol in particular tends to over-index in bars compared with at-home sales, and is popular in markets, such as Western Europe, with unpredictable summer weather that can deter people from ordering cocktails, said Edward Mundy, beverages analyst at investment bank Jefferies.

Campari Group declined to break out Aperol's sales by season, but the deseasonalization

strategy appears to be working: Aperol is still growing in Italy, its oldest and most established market, in part thanks to colder-weather spritz drinkers, Mundy said.

Aperol in 2023 unseated Jägermeister for the first time as the top-performing bitters brand globally by volume, climbing from 5.8 million nine-liter cases sold in 2019 to 9.6 million in 2023, according to industry publication The Spirits Business.

Summer remains the bedrock of Aperol's marketing strategy. In new markets, Aperol makes its entry in the warmer months via bars, training bartenders to make the perfect Aperol spritz, which Campari Group says is best served in a balloon-shaped, stemmed glass.

On-premises advertising aims to drive home the drink's bright orange color and evoke summers on a piazza in Venice.

Over time, orange-and-white Aperol-branded umbrellas begin to pop up in beer gardens during summer months, followed by Aperol-operated vans rolling in to provide pop-up drinks stations. Eventually, the brand starts sponsoring live events, such as summer music festivals and sports tournaments.

Only then—years later—does Campari Group extend its Aperol marketing to winter drinkers. So far it has run advertising and branded pop-up bars at resorts in the Alps and winter sports destinations elsewhere in Europe, and more recently on the slopes in California, Montana and Wyoming.

Other alcohol companies market different drinks at different times of the year to cover sales. Diageo, for example, pushes Baileys cream liqueur during the holidays and Pimm's gin-based fruit cups during the summer.

But Campari Group thinks Aperol—served in its icy spritzed form—can forge popularity through all seasons without adapting to beverage trends, local tastes or temperatures, said Villa.

\$780M
Aperol sales were this much in 2023, a 23% increase from the prior year

Conagra Gets Boost From Deals on Pot Pies

By JESSE NEWMAN

Conagra Brands is pushing pot pies as it battles weaker demand.

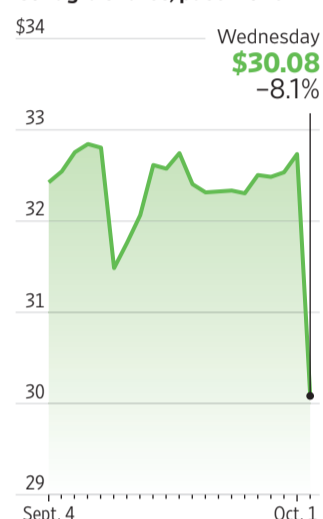
Chief Executive Sean Connolly said that discounts and end-aisle displays in grocery stores are bearing fruit as consumers search for convenience again after a period of cooking from scratch and eating leftovers. Promotions helped the company's single-serve frozen-meal business, which includes the Marie Callender's, Banquet and Healthy Choice brands. Connolly said pot pies offer protein and nourishment at good value.

"We sold a lot of pot pies in quarter one," Connolly said in an interview.

Despite the boost from some items, the food maker on Wednesday posted quarterly profits and sales that were lower than Wall Street expected, sending shares down 8%.

Overall sales in the latest quarter fell 4%. The company has launched other new products and run ads to entice consumers back to its frozen

Conagra shares, past month



Source: FactSet

vegetables after some shoppers traded down to canned vegetables earlier in the year.

To boost snack sales, Connolly said Conagra has leaned on tactics like changing packaging and sizes while charging more per ounce. Conagra is selling smaller sizes of its Slim Jim meat snacks, for example.



Despite the boost from some items, the food maker posted quarterly results that were lower than Wall Street expected.

U.S. Expansion Boosts JD Sports Fashion Sales

By ANDREA FIGUERAS

JD Sports Fashion reported an increase in revenue and adjusted profit for its fiscal first half, benefiting from a growing presence in the U.S. that the company aims to keep expanding.

The U.K. sneaker and fashion retailer recently completed its \$1 billion-plus acquisition of Hibbett, bolstering its U.S. footprint, and Chief Executive Regis Schultz said the company is well-positioned to continue to boost its share of the world's largest sportswear market.

JD Sports Fashion doesn't expect any significant impacts from U.S. port strikes taking place across the East Coast, as most of the company's products come from the western part of the country, Schultz said in a call with analysts after results.

Growth in North America and Europe helped the group report revenue of 5.03 billion pounds, or about \$6.68 billion, for the six months ended

Aug. 3, up 6.8% year over year at constant currency.

Footwear continued to trade better than apparel, the company said on Wednesday. Apparel sales were held back by adverse weather, particularly in the U.K. and Europe, where the spring and summer season was wetter than average, it said.

The promotional environment remained stable, with no reductions or increases from last year, the chief executive said.

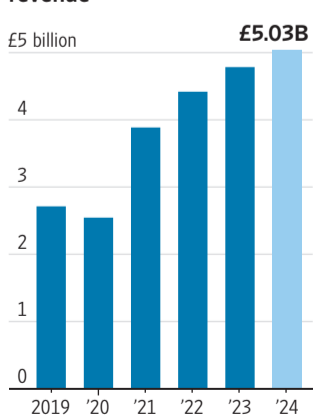
Pretax profit fell 64% to £126.3 million, which JD Sports attributed to higher exceptional charges it booked after the Hibbett acquisition.

Shares fell 6.1% in Europe Wednesday.

When excluding one-off items, adjusted pretax profit—a company-preferred metric—grew to £405.6 million from £397.8 million in the same period last year.

The results were ahead of analysts' expectations of adjusted pretax profit of £384 million and revenue of £4.995

JD Sports Fashion first-half revenue



Note: Latest data are for the six-month period ended Aug. 3; £1 = \$1.33

Source: the company

million, according to consensus estimates provided by the company.

The update came a day after **Nike**, a major JD Sports partner, withdrew its annual guidance and reported a drop in sales. However, analysts said JD Sports benefited from a strategy that gives it exposure to multiple brands and

allows it to adapt to changes in industry trends.

"The results show how JD's multibrand offer is able to offset Nike weakness," RBC Capital Markets analysts Richard Chamberlain and Manjari Dhar said in a research note.

For its fiscal year ending February 2025, the company confirmed its guidance of adjusted pretax profit in the range of £955 million to £1.035 billion. It forecast currency headwinds would lead to a hit of £20 million in the second half.

North America is now JD Sports' largest region by sales and, after completion of the Hibbett acquisition in July, it is expected to represent around 40% of pro forma annualized revenue.

"Perhaps the most exciting and obvious opportunity in the medium term is JD's growing brand presence in the major U.S. market," said Richard J. Hunter, head of markets at Interactive Investor, in a market comment.

MUTUAL OF AMERICA LIFE INSURANCE COMPANY
320 PARK AVENUE, NEW YORK, NY 10022-6839

Notice of Nomination of Directors

In accordance with Section 4210 of the Insurance Law of the State of New York and Regulation 14-A of the Insurance Regulations of the State of New York, notice is hereby given that the Board of Directors of Mutual of America Life Insurance Company has nominated the following named persons as candidates for election as Directors in the class designated to serve until the election in 2028 or until their respective successors have been duly elected.

- Maurine A. Haver
Founder and Chief Executive Officer
Haver Analytics, Inc.
New York, New York
- Ellen Ochoa, Ph.D.
Astronaut and Director (Retired)
NASA Johnson Space Center
Houston, Texas
- Roger B. Porter, Ph.D.
IBM Professor of Business and Government
Harvard University
Cambridge, Massachusetts
- Paula A. Price
Former Executive, Chief Financial Officer and Advisor
New York, New York

A certificate of nomination of the above candidates has been duly filed with the New York State Department of Financial Services.

The election of Directors of Mutual of America Life Insurance Company will be held at the Home Office, 320 Park Avenue, New York, New York, on Thursday, April 24, 2025, from 10:00 a.m. to 4:00 p.m. Policyholders whose policies or contracts are in force on the date of the election and have been in force at least one year prior thereto are entitled to vote in person or by mail, by proxy or by ballot.

Nicholas S. Curabba
Senior Vice President,
Associate General Counsel
and Corporate Secretary

October 3, 2024

TECHNOLOGY

Vimeo Names New Marketing Chief In Business Shift

By KATIE DEIGHTON

Video-hosting company Vimeo has named Charlie Ungashick as its chief marketing officer as it positions itself as a reliable platform for professionals and corporations.

Ungashick, who has held the role of interim chief marketing officer since the beginning of the year, previously was CMO at tech companies including human-resources software provider Workhuman and software-testing company Applause.

Vimeo has gone through several rounds of soul-searching in its 20-year history, during which it morphed from a YouTube-like site for hosting funny clips into a high-definition content host, a would-be Netflix competitor and a tool for online content creation.

"Vimeo is like your cool cousin who went to L.A. and is thriving, making movies or something, but you hadn't heard from her in a while," Ungashick said. "One of the biggest challenges still exists a little bit today: 'Who is Vimeo?'"

Vimeo's leadership is now steering away from consumer video, an arena with high clout but even higher competition, and toward the less sexy but potentially lucrative world of hosting videos for video professionals, businesses and other organizations.

Its thesis is that more organizations will create more videos—for employee training or company updates, for example—as artificial intelligence makes it faster and cheaper to do so. Vimeo itself offers AI-powered tools such as language translation that can clone the original speaker's voice and a recap-video generator.

Vimeo sales increased 2% year-over-year in its most recent quarter, driven primarily by a 55% growth in its enterprise business, the company said in August.

Ungashick said he plans to measure his marketing team's performance more by revenue results than the current metrics emphasizing campaign results such as click-through rates. He is also preparing a marketing push in international markets such as Brazil and Japan, where Vimeo has been growing organically, and reassessing how Vimeo spends its advertising budget now that it has officially entered its private video era.

"I found a heavy reliance on paid media to promote new features, but those features themselves were not necessarily what users were looking for," Ungashick said. "And we were promoting things, but not in a way that could really tell the market a whole new story around some of our innovations."



Charlie Ungashick has been video-hosting company Vimeo's interim CMO. He's preparing an international marketing push.



Compensation varies widely depending on industry and the size of a company as well as how it approaches cybersecurity.

Cyber Executives' Pay Increases Amid Rise in Hacks, Scrutiny

By CATHERINE STUPP

Cybersecurity executives now earn an average of \$565,000, reflecting a moderate increase at a time when cyber threats are growing and regulatory pressure is adding stress to the role.

Corporate chief information security officers are on the hook for defending their companies against cyberattacks, as well as handling breach response, participating in regulatory inquiries and, at times, supplying information during litigation. Pay is rising as the job evolves, but not at the pace of change.

"The scope of the role and the demands of the CISO are increasing at a much faster rate than the rewards and compensation," said Nick Kakolowski, senior research director at cybersecurity firm IANS.

Average compensation for cyber leaders in the U.S. in 2024 is \$565,000, according to a survey from IANS and recruiting company Artico Search published Wednesday. Last year, average CISO compensation was \$550,000, and it was \$495,000 in 2022. The survey polled 755 security executives between April and August.

Summer Fowler, CISO at autonomous trucking company Torc Robotics, said her

compensation went up "an expected amount" this year. Employees at the startup, based in Blacksburg, Va., are getting merit raises, but not as big as public companies pay, she said.

Average merit increases were 6.4% of compensation this year, according to the survey.

Changing employers or pressing for a counterbid when a competing job is in hand has gotten CISOs bigger jumps in pay: 31%, the survey said.

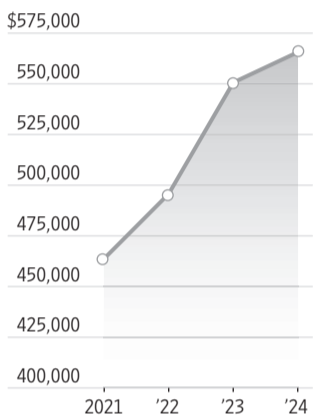
The job market for cybersecurity executives has been slow for the last year or so, but started to pick up this summer, said Steve Martano, an Artico partner and IANS faculty member.

Eleven percent of CISOs changed employers this year, compared with 12% in 2023 and 21% in 2022.

The high-pressure job is taking a toll on security leaders. Cybersecurity executives are now occasionally named in litigation, which wasn't the case a few years ago.

The Securities and Exchange Commission sued software company SolarWinds and its security chief last year. A federal judge dismissed part of the lawsuit in July. Joseph Sullivan, the former chief security officer at Uber Technologies, was sentenced to

Average pay for corporate chief information security officers in the U.S.



Source: IANS and Artico Search

three years' probation last year over criminal obstruction charges relating to a 2016 data breach.

Expanding regulatory requirements add another layer of scrutiny. New SEC rules took effect last year requiring public companies to disclose potential material effects of cyberattacks. "There is a lot of pressure," Fowler said.

Forty percent of cybersecurity executives said they are covered by their companies' directors' and officers' liability insurance, the survey said. The figure is likely higher than in previous years, but the question wasn't included in past surveys, Kakolowski said.

directors and officers insurance for cyber executives "just wasn't really on the radar all that much before the SEC rules," he said.

Companies also are starting to spend slightly more on cyber programs after two years of belt-tightening.

Martano said he expects more companies will look to hire CISOs in the coming months. Inflation and macro-economic uncertainty appear likely to ease, and an uptick in hiring will boost salaries.

While CISOs on average are getting paid more, compensation varies widely depending on industry and the size of a company as well as how it approaches cybersecurity.

Median compensation for CISOs was \$403,000, with the top 25% earning between \$620,000 and more than \$10 million, the survey said. CISOs in certain industries such as the technology sector earn the most, with average compensation at tech companies at \$721,000.

The large gap reflects the different roles CISOs perform, Martano said. Some spend all day discussing corporate risks, while others are technical experts who work in the weeds on security projects. "It could be somebody who's reporting to a CEO, or it could be somebody who's buried four levels down," he said.

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NOTICE OF SALE

NOTICE OF PUBLIC SALE • Property to be Sold

Public Sale No. 1: Tuesday, October 8th, 2024 10:00 a.m. EDT. The Asset Type for Lot 1 is Scratch & Dent. The Asset Type for Lot 2 is Subprime. The Asset Type for Lots 3-120 is Zero Factor - RBMS.

Table with columns: Lot#, CUSIP, Issue, Original Face. Lists various financial assets for sale.

Table with columns: Lot#, CUSIP, Issue, Original Face. Continuation of financial assets for sale.

By STEVEN ROSENBUCH

MENLO PARK, Calif.—At a time of widespread concerns about the safety, efficacy and economics of AI, venture capital pioneer Vinod Khosla is still all in.

Yes, artificial intelligence will become capable of replacing a good deal of human labor, Khosla said in an interview, but that will push down the price of healthcare, education and other services. Many current forms of work will even be eliminated, but society will be able to create a more robust safety net than is possible today.

"Most expertise in the world, whether you're talking about structural engineers, oncologists, mental-health therapists or primary care doctors, or journalists and teachers, that expertise will be near-free for all of us to access," Khosla said at Khosla Ventures' offices on Sand Hill Road in Silicon Valley.

Khosla, 69, is worth listening to at a fraught moment for the development of AI, partly because of his record as a driving force in technology since he co-founded Sun Microsystems in 1982. He joined venture-capital firm Kleiner Perkins in 1986, where his investments returned over \$10 billion to the firm. His \$3 million investment in Juniper Networks earned \$7 billion for Kleiner.

Khosla also invested in OpenAI in 2018, well before the launch of its groundbreaking ChatGPT app in November 2022. He expects the pace of innovation—there and at other AI companies—to continue

and even accelerate, eventually dispelling much of the doubt and fear that surrounds the technology today.

About 80% of the work involved in 80% of jobs across the economy can be automated over time, according to Khosla. "So 64% of all jobs can be done by an AI," he said.

For him, the bigger question is whether humans get in the way.

AI will be very deflationary, for example, if we choose to let it happen, Khosla said. "Technology makes a set of things possible. Policy often allows it to happen or not happen."

Economic-wide deflation, or falling prices, typically reflects stalled or deeply depressed demand. Such deflation has been linked to upheavals including the Great Depression in the U.S. and the economic collapse of early 1930s Germany.

But AI in the coming years has the potential to spur not only deflation but abundance, according to Khosla, by simultaneously fueling the creation of many more goods and services.

He views the next 10 years as a transition period in which the world's political and social structures won't seem all that different. AI will be seen as a boost for efficiency and productivity. After that, as the mid stages of AI-driven automation take a toll on more than 25% of today's jobs, governments will need to provide much broader

and deeper social services. But there will be enough economic abundance to support it.

Over a 25- or a 50-year period, GDP growth has the potential to climb to 5%. During the second quarter of this year, by comparison, the economy grew at an annualized rate of 2.8%. "We will have in that excess GDP growth lots of room to take care of the people who will be adversely affected economically," he said.

"If medical services are a lot cheaper, if education services are near free, if eldercare becomes substantially cheaper—and today eldercare is a liability

that's looming for so many nations around the world at a level that people haven't accounted for—the social safety net is much easier to construct," said Khosla, a Democratic donor.

In his view of the future, people's main preoccupation may shift from earning a living to finding meaning. AI and robots would take on menial labor, leaving humans freer to explore with the support of a comprehensive social safety net.

Khosla isn't alone in his outlook, of course—at least elements of it.

Existing generative AI and other technologies have the potential to automate work that absorbs 60% to 70% of employees' time today, consulting giant McKinsey said in a June 2023 report, raising its estimate from roughly half of em-

ployees' time in a pre-generative-AI study.

That potential won't necessarily be fully realized soon, though, given the effort it takes to integrate new technology and the need for that work to make economic sense and pass regulatory scrutiny. Perhaps 30% of today's work hours might be automated by 2030, according to McKinsey Global Institute Partner Michael Chui, an author of the report.

And that is only one possible scenario, Chui said. There are historical examples of technological innovation driving the creation of new kinds of jobs and work alongside automation of existing occupations, but that outcome can't be taken for granted. "It requires a lot of work and a lot of reskilling and upskilling and all kinds of labor mobility," he said.

Darker fears about AI also have some validity, Khosla says. Possible rogue AIs could cause harm, he said, but there will be other AIs to fight them if so. "We'll have to manage the risks," he said.

Khosla has made a life out of incubating ideas that seem improbable, at least at first, from online grocery delivery and mobile payments to solid-state lithium batteries, 3-D-printed buildings, low-cost solar energy, liquid biopsies and nuclear fusion.

"I like to say most people invest to increase the probability of success, but at the cost of minor innovation and reducing the consequences of success. We don't mind the 90% chance of a project failing if there's a 10% chance of changing the world," said Khosla.

'Most expertise in the world ... will be near-free for all of us to access.'

BUSINESS & FINANCE

Korea Zinc Gets Help to Stop Takeover

By KWANWOO JUN

Korea Zinc teamed up with U.S. private-equity firm Bain Capital to thwart what it calls a hostile takeover by South Korean investment company MBK Partners.

The world's largest zinc smelter said in a statement on Wednesday that it will buy back shares valued at 2.663 trillion won, equivalent to \$2.01 billion, for cancellation, while partner Bain Capital will separately buy around 430 billion won of shares from the market for a 2.5% stake.

The planned stock repurchase by Korea Zinc, which will run for 20 days from Friday to secure an additional 15.5% stake in the company,

aims to frustrate a "hostile merger and acquisition" bid by MBK Partners, a home-grown private-equity firm backed by Korea Zinc shareholder Young Poong, according to the statement.

Korea Zinc, led by Yun B. Choi, chairman and grandson of the co-founder, plans to buy back shares at 830,000 won apiece, 11% higher than MBK's raised offer of 750,000 won.

Shares of the Seoul nonferrous-metal producer ended 3.6% higher at 713,000 won on Wednesday as the fight over management control intensified. MBK declined to comment on the Korea Zinc-Bain Capital alliance.

Korea Zinc said it could spend more on the share buy-

back, if needed, in order to stop the MBK-led takeover attempt.

MBK, one of Asia's largest private-equity firms with more than \$30 billion in assets under management, is seeking to amass a controlling stake of up to 47.7% of Korea Zinc, including Young Poong's 33% stake, with a tender offer valued at around \$1.70 billion in total.

Michael ByungJu Kim of MBK, which owns a handful of Chinese companies and has a small contingent of Chinese investors, has pledged to not sell Korea Zinc to the Chinese, as the takeover bid stoked local fears that the smelter could one day fall into China's hands.



Korea Zinc is teaming with Bain to block what the zinc smelter calls a hostile takeover.

Amtrak Revamps Marketing Approach With Focus on Comfort

By KATIE DEIGHTON

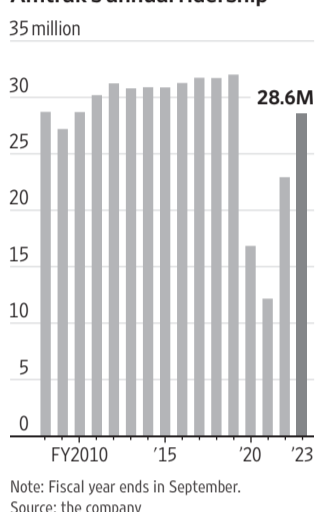
Amtrak on Tuesday began a multiyear marketing campaign as the national passenger railroad tries to capitalize on a new infusion of cash and the improvements it says will come with it.

The first "Retrain Travel" ads, which will appear predominantly online and around transit hubs, follow a track familiar from previous campaigns, subtly and sometimes not-so-subtly comparing rail travel with flying and driving.

But they comprise the most-significant shift in Amtrak's marketing strategy since 2021's \$1 trillion infrastructure law, which granted the railroad \$22 billion in direct aid. Amtrak has since been in the process of refurbishing its stations and upgrading its trains as well as fixing the tunnels and tracks needed to keep the system reliable.

The ads also complement Amtrak's ramped-up investment in its customer experi-

Amtrak's annual ridership



ence, from its app to on-board hospitality, according to Eliot Hamlich, who joined Amtrak about a year ago and heads marketing strategy as its chief commercial officer.

"There's a significant shift across the travel and leisure entertainment space to thinking more like hotel companies do," said Hamlich, who was

previously the chief marketing officer of cinema chain AMC Entertainment Holdings and a loyalty program and sales executive at Wyndham Hotels & Resorts.

Amtrak, according to Hamlich, wants to be seen less as a train company and more as a hotel on wheels.

In one of the new commercials, the beeping horns of cars in traffic bleed into slide-show-style clips of rail passengers looking out at magnificent vistas, playing cards and working on their laptops as they travel.

Some digital ads and posters take a dig at air travel: "Never ride in the middle seat because there aren't any," reads one.

Amtrak declined to disclose the cost of the campaign, which the company hopes will increase people's willingness to consider train travel and win back lapsed previous passengers.

The company spent \$43 million on advertising for the fiscal year ended in September

2023, up from \$41 million the previous year, according to its annual audit.

By comparison, U.S. airlines collectively shelled out around \$643 million to advertise in 2023, according to estimates from ad data firm MediaRadar.

Amtrak served 28.6 million passengers in fiscal 2023, up from 22.9 million in fiscal 2022, and is on track to serve a record level of passengers in 2024.

But Amtrak's problem isn't demand but supply, according to some industry commentators.

Sleeper accommodations on the increasingly popular long-distance services often sell out months in advance, and much of the country remains underserved by rail, said Sean Jeans-Gail, vice president of policy and government affairs of the Rail Passengers Association, which advocates for train travel.

"The biggest constraints on a lot of this is just capacity, pure and simple, and there's

not an easy marketing fix for that," Jeans-Gail said, adding that although improvements may be coming down the line, the core experience of traveling by train is too often marred by delays and breakdowns.

"It's a hard sell sometimes," he said.

Awareness of the Amtrak brand is high—83% of the population have heard of it—but the percentage of those who say they are considering becoming a customer is far lower at 23%, according to data-intelligence firm Morning Consult.

Many believe traveling by train to be painfully slow and unreliable, and delays and cancellations can result in some folks actively shunning train travel.

But others simply don't consider it out of habit, Hamlich said, citing Amtrak's latest market research, and need to be shown what a train journey in 2024 might look like.

"It's actually less about a

misconception of what train travel is, and more, 'I just don't think about it and haven't tried it because I'm so used to the other way,'" he said.

In addition to the infrastructure and app upgrades at Amtrak, customer-facing staff are going through hospitality training, according to Hamlich.

The new focus on hospitality has also changed what the company looks for when hiring new staff, he said.

Nowadays, air travel complaints to the Department of Transportation are skyrocketing, and traffic is gumming up cities that previously didn't have congestion problems.

"I'm not of the belief that all of a sudden, overnight, everybody's going to fall in love with passenger rail and become converts," Hamlich said.

He added: "But for all the folks that haven't tried it before that don't know what the experience is like, this will show them what they can expect."

Quitting smoking was hard. Screening for lung cancer is easy.

If you smoked, you may still be at risk, but early detection could save your life.

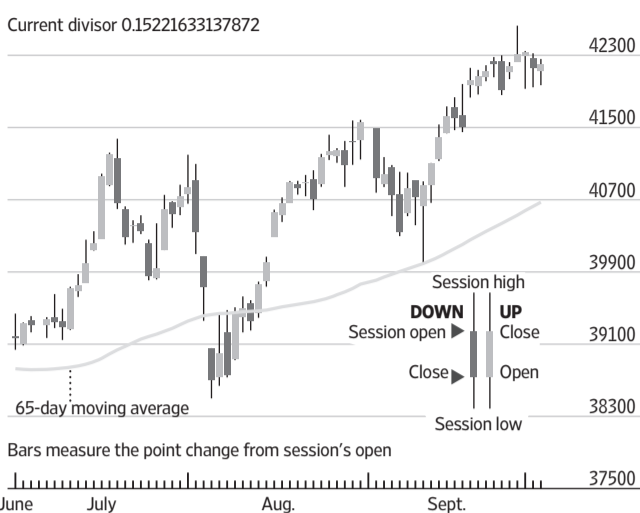
Get **SavedByTheScan.org**

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

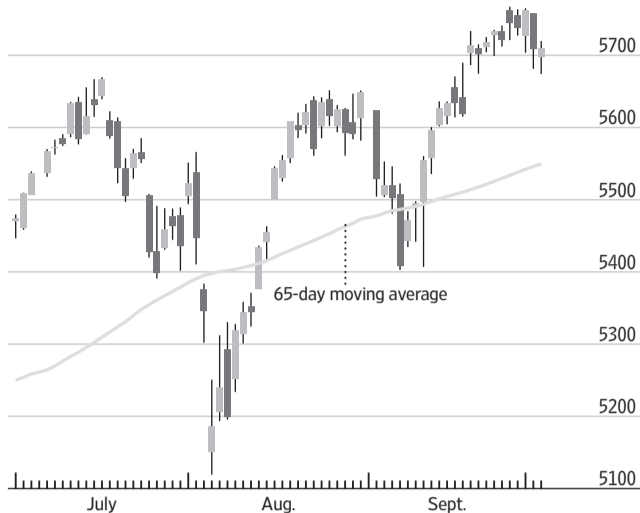
42196.52 ▲39.55, or 0.09%
Trailing P/E ratio 26.24 23.99
P/E estimate * 20.89 18.32
Dividend yield 2.04 2.19
All-time high 42330.15, 09/30/24



*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; *Based on Nasdaq-100 Index

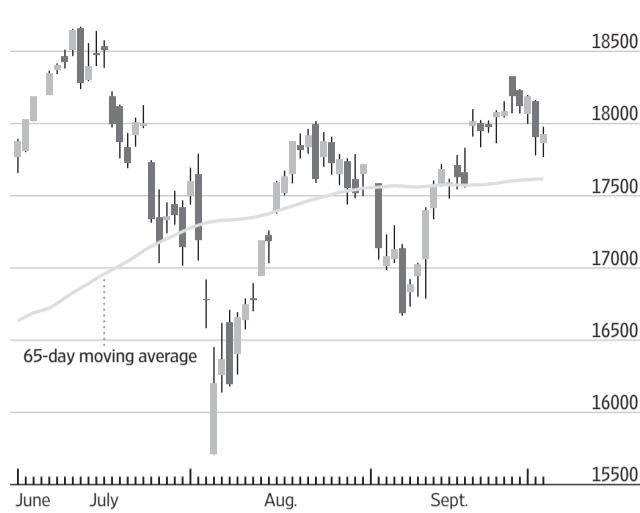
S&P 500 Index

5709.54 ▲0.79, or 0.01%
Trailing P/E ratio * 24.15 20.14
P/E estimate * 23.65 19.43
Dividend yield * 1.27 1.68
All-time high 5762.48, 09/30/24



Nasdaq Composite Index

17925.12 ▲14.76, or 0.08%
Trailing P/E ratio * 32.06 29.55
P/E estimate * 3.27 26.15
Dividend yield * 0.79 0.89
All-time high: 18647.45, 07/10/24



Major U.S. Stock-Market Indexes

Table with columns: Index Name, High, Low, Latest Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, 3-yr. ann. % chg. Includes Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes.

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.

Most-active issues in late trading

Table of most-active issues in late trading with columns: Company, Symbol, Volume (000), Last, Net chg, After-Hours % chg, High, Low.

Percentage gainers...

Table of percentage gainers with columns: Company, Symbol, Volume (000), Last, Net chg, After-Hours % chg, High, Low.

Trading Diary

Volume, Advancers, Decliners

Table of trading diary statistics for NYSE and NYSE Amer., including Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, etc.

International Stock Indexes

Table of international stock indexes with columns: Region/Country, Index, Close, Net chg, Latest % chg, YTD % chg.

Percentage Gainers...

Table of percentage gainers with columns: Company, Symbol, Latest Session Close, Net chg, % chg, High, Low, 52-Week High, Low, % chg.

Most Active Stocks

Table of most active stocks with columns: Company, Symbol, Volume (000), % chg from 65-day avg, Latest Session Close, % chg, High, Low, 52-Week High, Low.

Percentage Losers

Table of percentage losers with columns: Company, Symbol, Latest Session Close, Net chg, % chg, High, Low, 52-Week High, Low, % chg.

Volume Movers

Table of volume movers with columns: Company, Symbol, Volume (000), % chg from 65-day avg, Latest Session Close, % chg, High, Low, 52-Week High, Low.

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year

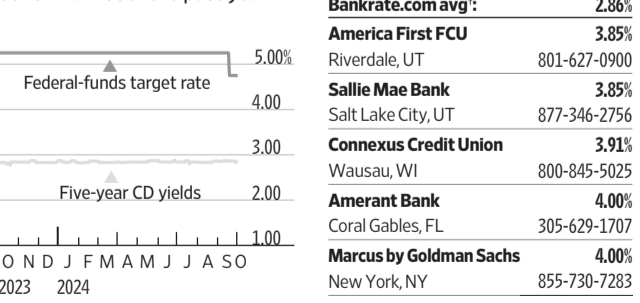
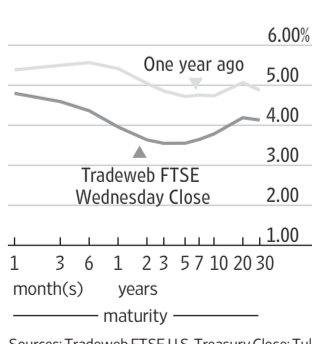


Table of interest rates with columns: Interest rate, Last (Week ago), Yield/Rate (%), 52-Week Range (Low-High), 3-yr chg (pct pts).

Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners

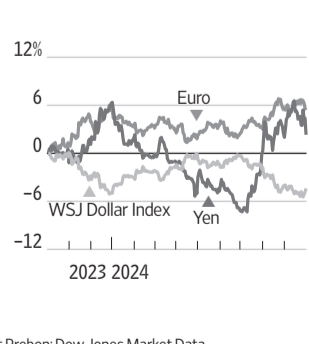


Table of corporate borrowing rates and yields with columns: Bond total return index, Yield (%), 52-Week High, Low, Total Return (52-wk, 3-yr).

CURRENCIES & COMMODITIES

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table of U.S.-dollar foreign-exchange rates with columns: Country/currency, Wed in US\$, YTD chg in US\$, US\$ vs. per US\$ (%).

Commodities

Table of commodity prices with columns: DJ Commodity, Wednesday Close, Net Chg, % Chg, 52-Week High, Low, % Chg, YTD % chg.

Futures Contracts

Table containing Metal & Petroleum Futures, Copper-High (CMX), Gold (CMX), Palladium (NYM), Platinum (NYM), Silver (CMX), Crude Oil, Light Sweet (NYM), Gasoline-NY RB0B (NYM), NY Harbor ULSD (NYM), and Agriculture Futures like Corn (CBT), Oats (CBT), Soybeans (CBT), etc.

Table showing Contract, Open, High, Low, Settle, Chg, and Open interest for various commodities including Coffee (ICE-US), Sugar-World (ICE-US), Sugar-Domestic (ICE-US), Cotton (ICE-US), and Orange Juice (ICE-US).

Table showing Interest Rate Futures, Ultra Treasury Bonds (CBT), Treasury Bonds (CBT), Treasury Notes (CBT), 5 Yr. Treasury Notes (CBT), 2 Yr. Treasury Notes (CBT), 30 Day Federal Funds (CBT), and Three-Month SOFR (CME).

Table showing Currency Futures, Japanese Yen (CME), Canadian Dollar (CME), British Pound (CME), Swiss Franc (CME), Australian Dollar (CME), Mexican Peso (CME), Euro (CME), and Mini Russell 1000 (CME).

Table showing Index Futures, Mini DJ Industrial Average (CBT), Mini S&P 500 (CME), Mini S&P Midcap 400 (CME), Mini Nasdaq 100 (CME), and U.S. Dollar Index (ICE-US).

Source: FactSet

Cash Prices

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table showing Cash Prices for Energy (Copper, Iron Ore, Steel), Metals (Lithium, Cobalt, Nickel), Fibers and Textiles (Burlap, Cotton), Grains and Feeds (Wheat, Corn, Soybeans), and Food (Beef, Pork, Eggs).

Wednesday, October 2, 2024

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=Soiland Publishing; R=S&L Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 10/1

Source: Dow Jones Market Data

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table showing Bond Benchmarks, Broad Market, U.S. Corporate Indexes, High Yield Bonds, and Global Government Bonds with various metrics like return, yield, and spread.

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. **EMBI Global Index. Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P. Morgan

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended September 27. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Table showing Inventories, Imports, and Weekly Demand for various commodities like Crude oil, Gasoline, and Natural gas.

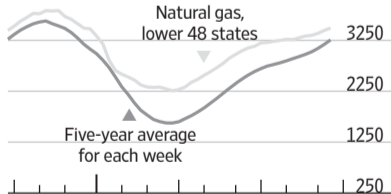
Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions. Sources: FactSet; Dow Jones Market Data; U.S. Energy Information Administration; Dow Jones Newswires

Exchange-Traded Portfolios | wsj.com/market-data/mutualfunds-etfs

Table showing Largest 100 exchange-traded funds and ETF performance metrics including closing price, change, and YTD return.

Natural gas storage

Billions of cubic feet; weekly totals



Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table showing Investment-grade spreads with columns for Issuer, Symbol, Coupon, Yield, Maturity, and Spread.

...And spreads that widened the most

Table showing widened investment-grade spreads with columns for Issuer, Symbol, Coupon, Yield, Maturity, and Spread.

High-yield issues with the biggest price increases...

Table showing High-yield issues with columns for Issuer, Symbol, Coupon, Yield, Maturity, and Spread.

...And with the biggest price decreases

Table showing High-yield issues with columns for Issuer, Symbol, Coupon, Yield, Maturity, and Spread.

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

Source: MarketAxess

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are consolidated from trades reported by various market centers...

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more in their previous closing price was 52 or higher.

Footnotes:
F-New 52-week high; 1-New 52-week low; dx-Indicates loss in the most recent four quarters.

Stock tables reflect composite regular trading as of 4 p.m. ET and changes in the official closing prices from 4 p.m. ET the previous day.

Table of stock prices for Wednesday, October 2, 2024. Columns include Stock, Sym, Close, Net Chg, and various sector groupings (A, B, C, D, E, F, G, H, I, J, K, L).

Table of stock prices for Wednesday, October 2, 2024. Columns include Stock, Sym, Close, Net Chg, and various sector groupings (M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z).

Table of stock prices for Wednesday, October 2, 2024. Columns include Stock, Sym, Close, Net Chg, and various sector groupings (A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z).

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New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. %CHG-Daily percentage change from the previous trading session.

Table of New Highs and Lows for Wednesday, October 2, 2024. Columns include Stock, Sym, Hi/Lo, %Chg, and various sector groupings (A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z).

Dividend Changes

Company Symbol Yld % Amount New/Old Frq Payable/Record

Table of Dividend Changes for American Financial Group, Centrex, and other companies. Columns include Company, Symbol, Yld, %, Amount, New/Old, Frq, Payable/Record.

IPO Scorecard

Performance of IPOs, most-recent listed first

Table of IPO Scorecard performance metrics. Columns include Company, SYMBOL, Wed's Offer price, %Chg From IPO date/offer price, and other metrics.

Borrowing Benchmarks

wsj.com/market-data/bonds/benchmarks

Table of Borrowing Benchmarks for various maturities and rates. Columns include Maturity, Rate, and other metrics.

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets.

Table of Money Rates for various instruments like U.S. Treasury bills, Fed funds, etc.

Policy Rates

EURO zone, Switzerland, Britain, Australia rates.

Table of Policy Rates for Euro zone, Switzerland, Britain, Australia.

Overnight repurchase

U.S. government rates

Table of Overnight repurchase rates for U.S. government securities.

Discount

Effective rate, High, Low, Bid, Offer rates.

Table of Discount rates for various maturities.

Federal funds

Effective rate, High, Low, Bid, Offer rates.

Table of Federal funds rates for various maturities.

Inflation

Aug. index, %Chg From level, July '24, Aug. '23

Table of Inflation rates for various indices.

U.S. consumer price index

All items, Core items rates.

Table of U.S. consumer price index rates.

International rates

Latest, Week, High, Low rates.

Table of International rates for various currencies.

Prime rates

U.S., Canada, Japan rates.

Table of Prime rates for U.S., Canada, Japan.

Secured Overnight Financing Rate

U.S. rate.

Table of Secured Overnight Financing Rate.

DTCC GCF Repo Index

Trasury, MBS rates.

Table of DTCC GCF Repo Index rates.

Weekly survey

Latest, Week ago, Year ago rates.

Table of Weekly survey data.

MARKETS

Dow Industrials Close Up Slightly, Price of Crude Increases Further

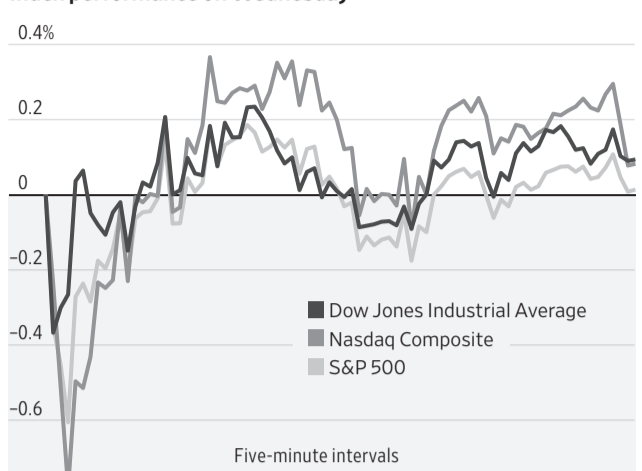
Markets calmed down on Wednesday as investors' focus turned at least temporarily back to the U.S. economy from an increasingly volatile conflict in the Middle East.

The prospect of widening hostilities between Israel and Iran on Tuesday sent stocks lower and oil prices higher. While oil prices kept rising Wednesday, moves in major indexes were relatively muted.

Stocks edged higher. All three major indexes added 0.1% or less, with the Dow Jones Industrial Average up 40 points.

Investors received a bit of good economic news this morning. ADP data showed the U.S. private sector added 143,000 jobs in September, ending five straight months of slowdown and beating economists' forecasts.

Index performance on Wednesday



Source: FactSet

To some investors, the recent data is a sign that concerns about an imminent downturn are overblown.

"We still believe that we

are going to see a soft landing," said Larry Adam, chief investment officer at Raymond James.

The yield on the 10-year

Treasury note edged higher after the release. Now, all eyes will be on the monthly jobs data this Friday.

Elsewhere:

Brent crude futures, the international oil benchmark, were up roughly 0.5% to \$73.90.

Benchmark U.S. Treasury yields rose to 3.783%.

—Angus Berwick and Gunjan Banerji

AUCTION RESULTS

Here are the results of Wednesday's Treasury auction. 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.

Table with 2 columns: Applications, Accepted bids, noncompetitively, foreign noncompetitively, Auction price (rate), Coupon equivalent, Bids at clearing yield accepted, Cusip number.

Saudi Sees Prospect of \$50 Oil

Continued from page B1

flouted plans to limit production for much of this year.

During a conference call last week, Prince Abdulaziz bin Salman, the oil minister of OPEC kingmaker Saudi Arabia, warned fellow producers prices could drop to \$50 a barrel if they don't comply with agreed production cuts, according to OPEC delegates who attended the call. He said he singled out Iraq, which overproduced by 400,000 barrels a day in August, according to data provider S&P Global Ratings, and Kazakhstan, whose output is set to rise with the return of the 720,000-barrels-per-day Tengiz field.

The Saudi message was "there is no point in adding more barrels if there isn't room for them in the market," said a delegate who attended. "Some better shut up and respect their commitments toward OPEC+."

The Saudi oil ministry didn't respond to a request for comment.

After the online publication of this article, OPEC posted a tweet saying it was "wholly inaccurate and misleading."

In a press release earlier on Wednesday, OPEC said the alliance had discussed plans for Kazakhstan, Russia and Iraq to

compensate for their production above quotas over the summer. The cartel said these three countries said they had been respecting their commitments in September.

"If they manage to get this cheating under control, there's a small chance this won't impact prices too much. But that's a big if," said Ole Hansen, head of commodity strategy at Saxo Bank. "This is based on the assumption that the countries that are overproducing would cut back and I'm still skeptical."

Oil prices have been on a downward slope in recent months, with major benchmarks losing around 16% last quarter. This comes despite the OPEC+ coalition's efforts to stabilize markets through production cuts. The group put forward multiple extensions to these curbs and yet prices dropped further.

The group's production cuts mean their share of the oil market has shrunk. This year it reached 48%, down from 50% in 2023 and 51% in 2022, data from the International Energy Agency showed. Competition is set to heat up further next year.

Planned production increases in the U.S., Guyana and Brazil are expected to add over 1 million barrels a day to global oil supply. Brazil joined the OPEC+ group this year but said it won't participate in the output cuts.

Some cartel members that signed on to the cuts have pumped more barrels than they promised, rendering the supply curbs less effective. In addition to Iraq and Kazakhstan, Russia also produced more than its quota this year through July, according to Aug. 8 data from S&P Global.

Despite rising geopolitical tensions, prices are languishing below \$75 a barrel—their lowest level in nine months—largely due to slowing economic growth. Saudi Arabia needs prices at \$85 per barrel to help fund its economic transformation, analysts say.

The weak prices forced OPEC+ members to delay a production increase for two months following a virtual meeting last month until December. The group had originally agreed in June to start easing voluntary cuts in October.

The kingdom has shown in the past it can open up the spigots if it feels other producers are taking advantage of its efforts to defend oil prices.

Saudi Arabia initiated a price war on oil with Russia in March 2020. The kingdom's decision to pump to record levels amid the Covid pandemic facilitated a 65% quarterly fall in the price of oil to 17-year lows, with some prices in the U.S. turning negative for the first time ever.

Asian Markets Feel Chill Amid Tensions in the Middle East

By FABIANA NEGRIN OCHOA

Asian stock markets were mostly lower after Iran launched a barrage of missiles at Israel overnight, as investors watched to see how the Middle East conflict develops.

Sentiment was weighed down by losses on Wall Street on Tuesday, but Asian markets were supported by hopes that the Iran-Israel conflict would have minimal impact.

"From Asia's perspective, the main transmission mechanism is through oil prices," Michael Wan, senior currency analyst at MUFG Bank, said in a research report. He added that Asia's direct trade linkages with the Middle East are modest, though India is more exposed in terms of export demand from the Middle East.

The Japanese stock market led the losers in the region, with the Nikkei Stock Average falling about 1.9% on Wednesday, while headline stock indexes in South Korea, Malaysia, Thailand and Indonesia lost less than 1% and rose slightly in Singapore. Markets in China and India were closed for holidays.

The dollar picked up on the Mideast tensions. "Gold, bonds, and oil have reacted more while the equity, FX responses appear milder," OCBC strategists Fran-

STOCK SPOTLIGHT

Humana Shares of the health-insurance company tumbled 11.8%, extending Tuesday's selloff, amid intensifying worries over its Medicare Advantage program.

Nike The stock slid 6.8% after the sportswear company notched a fall of nearly 30% in quarterly profit and withdrew full-year guidance.

Tesla Shares dropped 3.5% despite the electric-vehicle maker reporting its deliveries rebounded last quarter.

Joby Aviation Shares of the company developing an electric air taxi surged 28% after Toyota Motor said it would add to its stake in the company with a \$500 million investment.

Deutsche Lufthansa Shares skidded 4% in Germany after the airline said it would avoid Iranian, Iraqi and Jordanian airspace after Iran's attack on Israel.

Baidu, PDD American depositary receipts for major Chinese companies climbed on continuing optimism that fresh economic stimulus by Beijing will reignite growth. Baidu ADRs rose 4.4% while PDD's gained 4.9%.

Conagra Brands The frozen-food maker's quarterly results missed expectations. Shares fell 8.1%.

THURSDAY'S EVENTS: Jobs claims are expected at 8:30 a.m. ET, ahead of Friday's big readout on the labor market.

Updates on factory orders and economic conditions in the services sector will also hit.

EXPECTED EARNINGS: Constellation Brands is expected to report results before the market opens. The beer, wine and spirits manufacturer's brands include Modelo and Pacifico.

U.S. Records Surprise Add To Its Crude-Oil Stockpiles

By KIRK MALTAIS

Inventories of crude oil in the U.S. rose for the week ended Sept. 27, counter to analyst forecasts of those stocks dropping.

In its weekly report released Wednesday, the Energy Information Administration said crude oil stocks excluding the Strategic Petroleum Reserve rose 3.9 million barrels to 416.9 million. Analysts surveyed by The Wall Street Journal this week had forecast stocks to fall 500,000 barrels

to 412.5 million barrels.

Gasoline stocks climbed 1.1 million barrels to 221.2 million, while distillate fuel oil stocks fell 1.3 million barrels to 121.6 million.

Analysts had forecast gasoline inventories to fall 300,000 barrels, while projecting distillate fuels to move down 1.5 million barrels.

Refinery capacity use for the week fell 87.6%, down from 90.9% reported last week. Surveyed analysts had forecast capacity to fall by 1.1 percentage points.

TotalEnergies Increases Its Production Target

By CHRISTIAN MOESS LAURSEN

TotalEnergies slightly raised its target for annual oil and gas production, and stuck to its shareholder return policy at a time when most European majors look likely to pull back on their lofty buyback pledges.

The French energy major said on Wednesday in a strategy update that it plans to grow its oil-and-gas production by around 3% annually between 2024 and 2030, driven mostly by its output of liquefied natural gas, through a low-cost, low-emission up-

stream portfolio.

This year, the oil-and-gas producer has launched six major projects, which are set to drive growth through the decade, it said. The most recent, a \$10 billion investment in an offshore field in Suriname, got the go-ahead on Tuesday.

TotalEnergies previously planned to grow its oil-and-gas production by 2% to 3% a year.

The recent fall in oil prices due to mounting demand concerns has raised doubts that European oil majors can sustain their shareholder-return promises, according to analysts. However, TotalEnergies,

alongside Shell and Norway's equinox, has been highlighted by some as an exception to this.

TotalEnergies, Europe's second-largest integrated oil company by market value, backed its guidance, as it plans to pay out \$8 billion in share buybacks in 2024 and continue a rate of \$2 billion a quarter next year.

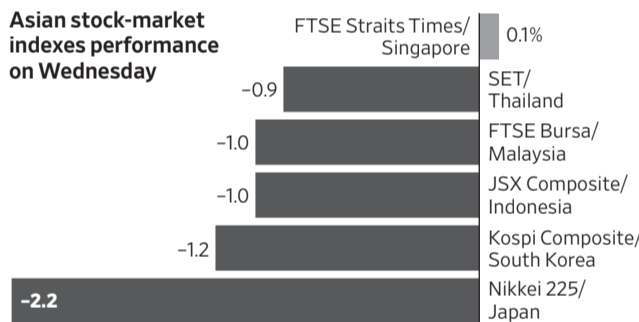
RBC Capital Markets analysts said in a note ahead of Wednesday's update that any confirmation on maintaining distributions in a lower price scenario would be seen as a positive by the market.

TotalEnergies said its guidance is on the assumption of reasonable market conditions, which Jefferies analysts saw as a slight disappointment for investors who were hoping for a full commitment to \$8 billion in buybacks next year, the analysts said in a note.

In addition to the production target, it outlined a goal for overall energy output, which includes electricity and bioenergy alongside hydrocarbons, of 4% growth a year through the decade, while at the same time drastically lowering its emissions from its operations, it said.



The Japanese stock market led the losers in the region.



Source: FactSet

ces Cheung and Christopher Wong said in a note.

The OCBC strategists cautioned that a widespread conflict involving more parties could fuel risk-aversion flows that would benefit the likes of

the dollar, the Swiss franc, the yen and gold.

Hong Kong's stock market returned from its holiday on Tuesday and powered 6% higher, buoyed by Beijing's measures to help the economy.

Mutual Funds

Data provided by LSEG

Table with 4 columns: Fund, NAV, Net YTD Chg, YTD %Ret. Lists various mutual funds and their performance metrics.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Nike Needs Time To Get Off The Sidelines

Apparel giant's new CEO might have to lower expectations further before starting a turnaround

It is never easy for a top performer like **Nike** to lower the bar, but it will be much easier to do so with a new leader.

The apparel giant on Tuesday had some bad numbers to report. Revenue declined 10% in its quarter ended Aug. 31 compared with a year earlier, in line with its guidance and Wall Street expectations polled by Visible Alpha. That marks the worst quarterly drop since the initial pandemic shock of 2020. But cost cuts, including layoffs, helped the company achieve better-than-expected earnings results. Net income was down 28%, much better than the 47% drop analysts had expected.

The company is in something of limbo right now, with Chief Executive Officer John Donahoe set to step down soon. Donahoe didn't speak during the company's earnings call Tuesday after the market close; Chief Financial Officer Matthew Friend led the call instead. Elliott Hill, a well-liked, 32-year Nike veteran, is set to return to the company and start in the CEO role on Oct. 14. Nike's shares have rebounded by about 2.6% since the company announced his appointment, though they are still down about 23% year to date.

Despite the better-than-expected bottom line, Nike shares shed 6.8%

on Wednesday following its Tuesday earnings call after market close, as the company made it clear that its turnaround might be more painful than investors thought.

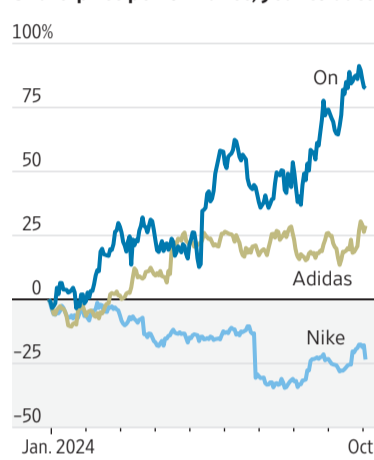
For one thing, Nike said it expects revenue to drop 8% to 10% in the current quarter, worse than the 6.7% decline Wall Street was expecting. The company withdrew full fiscal-year guidance, a move implying that its annual revenue decline might be worse than the 5% drop that analysts were penciling in. That number would have already made it Nike's worst annual performance since 1999. During the call, Friend made it clear that Nike's deliberate pullback from key franchises—Air Force 1, Air Jordan 1 and Dunk—will continue to weigh on its top line for the rest of its fiscal year, which ends May 2025.

Not that there weren't any bright spots. In its Greater China market, revenue fell just 3% on a constant-currency basis, better than the 7% decline Wall Street expected. That speaks to the brand's enduring strength in the region, contrasting with bearish commentary from major Chinese sports retailers. And consumers globally are responding to innovation: Sales of newer footwear products rose by a double-digit percentage last quarter. While this development is a positive indi-



The company warned it expects revenue to fall 8% to 10% in the current quarter, worse than analyst estimates.

Share-price performance, year to date



Source: FactSet

icator for product launches to come, they aren't yet big enough to offset weakness in Nike's classic sneakers.

The brand's efforts to cozy up to its once-neglected retail part-

ners are having mixed effects. Order books for the coming spring season were roughly flat compared with the prior year, lighter than Nike had hoped. Upstart brands such as Hoka and On have made concerted efforts to fill the shelves that Nike left bare over the past few years; it is clear that re-establishing dominant status with those retail partners won't be easy.

Investors don't have much to go on just yet, except that Hill seems to be universally liked by Nike employees and that he has experience dealing with retail partners. On the call, Friend said employees' response to his appointment has been "tremendous." He added that Hill played an important role in turning around Nike's North America business in 2010. The market, however, won't get a clear read on his strategy for a while. Nike postponed its November investor day, which means investors

might not get to hear from the new leader until next year.

When Hill officially joins, he will have the chance to perhaps lower the bar even further. When Adidas's current CEO, Björn Gulden, joined in early 2023, he called that year a "reset year" and lowered expectations. After a year of no revenue growth on a currency-neutral basis, Adidas returned to healthy growth in the first two quarters of 2024. Adidas shares have appreciated about 90% since Gulden took over.

Today, Nike's shares are trading at 27.8 times forward earnings, about 11% lower than its five-year average and 24% cheaper than its closest competitor, Adidas.

While a lot of bad news is already baked into Nike's stock, tempted investors might want to wait until a clear treatment plan emerges. After all, its latest call highlighted just how deep Nike's injuries are.

—Jinjo Lee

A CVS Breakup Is No Easy Fix for Its Woes

In recent years, **CVS Health** has sought to transform itself from a retail pharmacy chain to a health conglomerate combining everything from the doctor to the insurer under one roof. It might still have a shot at building a health juggernaut, but perhaps without the well-known pharmacy that brought everything together.

CVS is considering a breakup and other strategic alternatives as pressure from investors builds on management in the midst of disappointing earnings results and a depressed stock. Over the past five years, its stock is basically unchanged, compared with a near-doubling of the S&P 500. On Monday, the hedge fund Glenview Capital Management met with CVS to discuss ways to improve operations, The Wall Street Journal reported.

Separating the pieces would be complicated because it would risk taking away certain benefits that the units enjoy from being integrated. What to do with the pharmacy-benefit-management business Caremark would be the most difficult question because it is complementary to both the insurance and the pharmacy sides. For that reason, it is far from clear that a breakup will actually happen. CVS shares fell 2.1% on Tuesday after news that a breakup was being considered. They recovered 1.1% Wednesday.

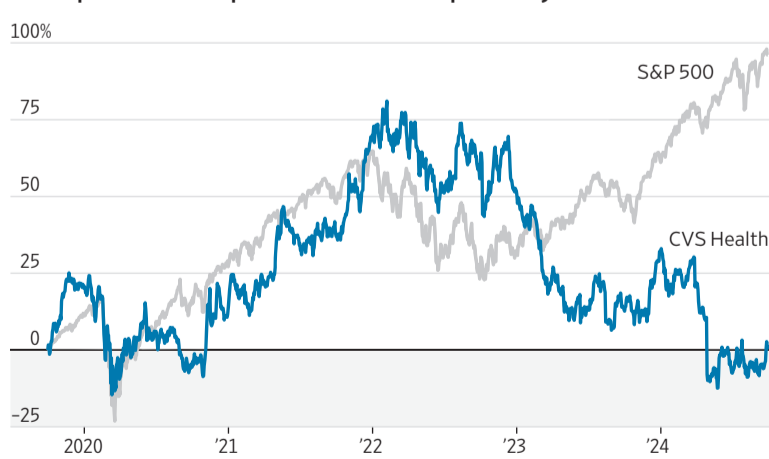
If the company does pursue a split, a key advantage would be focus and simplicity. What a breakup would look like hasn't been outlined, but it is safe to assume that the goal would be to separate the structurally challenged retail pharmacy stores from the more-profitable insurance business, Aetna. While Aetna's Medicare business has been struggling lately, its performance could improve as some near-term cost drivers subside. The retail chain, on the other hand, would be harder to turn around, as evidenced by the bankruptcy of Rite Aid, the struggles of **Walgreens Boots Alliance**, and pharmacy closures across the country.

If Aetna were to break off along with the PBM business, it would end up looking similar to **Cigna Group**, an insurer with a large PBM. Since the Cigna-like company would be more focused, without the financial headwinds attached to the retail pharmacy, it could arguably fetch a better multiple from investors. Cigna's forward price/earnings multiple is 11, compared with 8.7 for CVS. **Humana**, which plunged 11.8% on Wednesday after warning that its 2026 payments



Splitting up CVS would risk taking away certain benefits that the units enjoy from being integrated.

Share-price and index performance over the past five years



Source: FactSet

could be hurt by federal government quality ratings, still fetches a multiple of 13 times.

Aetna might not be quite as attractive as Cigna or Humana right now, but the point is that standing alone would untether it from the problems in the pharmacy space.

The bigger question is whether a vertically integrated health company really needs a retailer that sells such items as foot cream and potato chips. Synergies between pharmacies and other healthcare services might not be as great as some had hoped. **Walmart** and **Walgreens** have both been pulling back from primary care recently

after finding out how challenging it is to make money in clinics.

In recent years, CVS tried to grow beyond its roots by attempting to chart a course similar to that of UnitedHealth Group, the large healthcare organization with thousands of doctors, a pharmacy-benefit-manager business and an insurance arm. CVS acquired Aetna for nearly \$70 billion in 2018. More recently it acquired Oak Street Health, a primary-care doctor chain, for \$10.6 billion, and Signify Health, a home-care provider, for \$8 billion.

The strategy of bringing together insurance and medical care

requires careful execution and expertise. "If you put a V-8 engine in your car, it doesn't automatically make it a Ferrari," says Justin Simon, a portfolio manager at the healthcare hedge fund Jasper Capital Management. "You need to fine-tune ways to drive synergies between owning doctors and an insurer."

A breakup, however messy, would allow the company to separate the intractable problem of how to fix the retail pharmacy from the more appealing, but still challenging, job of building a vertically integrated health company.

The architects of the breakup could look to clean up the insurance business by leaving a lot of debt with the retail pharmacy entity, Simon argues. That would leave the other company looking a lot more like Walgreens, a troubled company in its own right. But the argument is that the sum of two separate entities would lead to more value being created for investors than what the integrated CVS has been able to deliver.

There isn't a straightforward answer for CVS. It could yet find a way to extract value from its disparate businesses while they stay together. But after so many years of struggle, it is clear that something significant needs to happen to give the company a new direction.

—David Wainer

Humana Could Plunge Into Cigna's Arms

When **Cigna** considered a tie-up with **Humana** last year, Humana was worth about \$60 billion. That made it a sizable target for Cigna, whose market value was then about \$80 billion. Cigna eventually walked away after shareholders balked at the deal.

Now, a merger is looking a lot more palatable. Cigna, which is focused on the commercial insurance market and has therefore avoided headwinds in the Medicare business, has seen its stock continue to gain, as Humana has struggled. Cigna is now worth nearly \$100 billion, while Humana's market capitalization has sunk to about \$30 billion.

Humana shares were down 11.8% Wednesday, due to recent changes to the government's quality ratings that could eat into the company's bonus payments. The insurer warned that fewer of its plans would be rated four stars or above, hitting profits in 2026. Its stock had already been under pressure due to higher-than-expected Medicare costs.

No one is betting on a quick return to deal talks. But with many investors throwing in the towel on Humana, the combination is again being contemplated, at least on Wall Street.

Investors "believe this is a possible outcome, but doubt a move will take place until the dust settles a bit more for Humana specifically," said Mizuho strategist Jared Holz.

Presidential elections will be front and center for the companies involved. Republican administrations are typically more lax than Democrats on private Medicare plans, which they see as preferable to traditional government-run Medicare.

Additionally, if Donald Trump were to win, he would likely ditch Biden trustbuster Lina Khan, the Federal Trade Commission chairwoman who has taken a tough stance on mergers between large companies.

Last year, there was concern that a Humana-Cigna deal could face antitrust pushback. But even if Democrats retain control of the White House, Cigna could try to make the argument that a combination with Humana would make it a more formidable rival to UnitedHealth, the industry's largest insurer.

There is no quick salve for Humana's pain, but, in the longer term, Cigna could try to come to the rescue.

—David Wainer