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WSJ

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Nearly three-quarters of the \$420 million that FTX raised in a fundraising blitz last year went to founder Bankman-Fried, who sold some of his personal stake in the company. A1, B1

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U.S. stocks rose, capping a tumultuous week, with the Dow, S&P 500 and Nasdaq adding 0.6%, 0.5% and 0.01%, respectively. B11

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NOONAN

The Fight Republicans Need to Have A19

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Great Lakes Snowstorm Hammers Upstate New York



ONSLAUGHT: Buffalo resident Zaria Black cleared off her car on Friday as heavy snowfall paralyzed parts of western and northern New York. The storm had dumped 4 feet of snow in some areas, with more expected through the weekend. A2

Holmes Gets More Than 11 Years

By Heather Somerville and Christopher Weaver

SAN JOSE, Calif.—Elizabeth Holmes, the founder of Theranos Inc. who was convicted of defrauding investors, was sentenced to more than 11 years in prison, capping the extraordinary downfall of a onetime Silicon Valley wunderkind who promised

to revolutionize blood testing. U.S. District Judge Edward Davila, who oversaw the trial in which Ms. Holmes was found guilty of running a yearslong fraud scheme at her blood-testing company, delivered the sentence Friday in federal court. A jury convicted Ms. Holmes in January on four charges that she misrepresented the startup's

technology, finances and business prospects to investors. Judge Davila ordered Ms. Holmes to serve 135 months, or 11 1/4 years, and to surrender on April 27, at 3 p.m. That length is in the midrange of those received by the dozen white-collar criminals with similar offenses cited by the government in its sentencing memorandum.

In tearful remarks to the court before learning her fate, Ms. Holmes said she was full of regret and that, looking back, there were many decisions she would have made differently. "I am devastated by my failings. Every day for the past years I have felt deep pain for what people went through because of my actions. Please turn to page A8

FTX Fall Was Years in Making

Crypto empire had few boundaries, personal or financial

NASSAU, Bahamas—Sam Bankman-Fried's \$32 billion crypto-trading empire collapsed in an incandescent bankruptcy last week, prompting irate customers, crypto acolytes and Silicon Valley bigwigs to ask how something that seemed so promising could have imploded so fast.

The emerging picture suggests FTX wasn't simply felled by a rival, or undone

By Alexander Osipovich, Caitlin Ostroff, Patricia Kowsmann, Angel Au-Yeung and Matt Grossman

by a bad trade or the relentless fall this year in the value of cryptocurrencies. Instead, it had long been a chaotic mess. From its earliest days, the firm was an unruly agglomeration of corpo-

rate entities, customer assets and Mr. Bankman-Fried himself, according to court papers, company balance sheets shown to bankers and interviews with employees and investors. No one could say exactly what belonged to FTX. Please turn to page A14

Founder sold \$300 million piece of his stake in FTX... B1 FTX fires three of Bankman-Fried's top deputies... WSJ.com

EXCHANGE



AIRPORT RANKINGS

We used 19 factors to determine the best and worst of 2022. B1

World Cup Runs Dry

Fans flee to beer-filled island

By Jonathan Clegg

From the moment Wales punched its ticket to the 2022 World Cup in June, Bethany Evans knew she wanted to follow the Welsh team for its first appearance in the tournament since 1958. She just wasn't convinced she wanted to follow them all the way to Qatar.

Instead of an expensive trek halfway around the world to the tiny desert kingdom—with its strict controls on alcohol—Ms. Evans set her sights on a more accommodating World Cup party spot. "Somewhere warm and cheap," said Ms. Evans, a health-and-safety manager. Please turn to page A16

Qatar bans beer sales at World Cup stadiums..... B1

Mass Exits at Twitter Reflect a Rejection of Musk's Managing Style

By Alexa Corse and Tim Higgins

The first day of Twitter 2.0 got off to a chaotic start, after an avalanche of employees rejected Elon Musk's ultimatum that they commit to being "hardcore" as he raced to remake the social network to his liking.

Less than 24 hours after mass resignations rolled in, Mr. Musk called his remaining employees back to work on Friday morning, saying in a series of emails that "anyone who actually writes software" should report to the company's headquarters at 2 p.m., adding that only those who can't physically get there or have a family emergency are excused. He said he planned to be at Twitter's headquarters himself until midnight, and then back

again Saturday morning, and suggested employees based in other locations should fly to San Francisco.

The email marked a sudden change after Twitter had told employees that their offices would be closed until Monday. Employees who had opted not to click "yes" on Thursday—meaning they effectively resigned according to Mr. Musk's terms—weren't locked out of their work email accounts by Friday morning, underscoring the uncertainty. Those employees began losing access Friday afternoon, several said.

The exact scope of the departures wasn't clear, but employees estimated it was in the hundreds or more. Mr. Musk cut the staff roughly in half this month, about a week after he completed his \$44 billion acquisition. Please turn to page A8

Special Counsel To Lead Trump Probes

Garland taps former prosecutor Jack Smith to oversee documents, 2020 election cases

By Aruna Viswanatha and Sadie Gurman

WASHINGTON—Attorney General Merrick Garland appointed a former federal and international-war-crimes prosecutor as special counsel on Friday to oversee Justice Department investigations into former President Donald Trump.

Jack Smith, who once led the Justice Department unit that investigates public corruption and since 2018 was the chief prosecutor at The Hague investigating war crimes in Kosovo, will be the third special counsel in five years to examine issues involving Mr. Trump. He will lead both the probe into the handling of classified documents at Mr. Trump's Mar-a-Lago resort in Florida and oversee key aspects of the sprawling Justice Department investigation into efforts by Mr. Trump and his allies to overturn his 2020 election loss.

"The Special Counsel is authorized to prosecute federal crimes arising from the investigation of these matters," Mr. Garland said in a brief memo naming Mr. Smith to the post.

The memo said Mr. Smith's remit doesn't include cases against those who were physically present at the Jan. 6, 2021, riot at the Capitol by Trump backers trying to overturn his loss and keep him in power. Prosecutors have charged more than 900 alleged rioters to date, around half of whom have pleaded guilty.

The appointment comes three days after Mr. Trump, a Republican, announced another bid for the presidency.

"Based on recent developments, please turn to page A4

Special counsel brings broad resume to the task..... A4

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U.S. NEWS

THE NUMBERS | By Josh Zumbrun

Measuring Misery May Not Be So Simple



So just how miserable are Americans right now?

For nearly 50 years, the go-to place for an answer has been the Misery Index, invented by the late economist Arthur Okun. The formula is simple: add the unemployment rate (3.7% in October) to inflation as measured by the consumer-price index (7.7% in October), which currently comes to 11.4%.

Since the early 1990s, the Misery Index has only been higher during the 2007-09 recession and its aftermath, and for a couple of months in 2020 during the pandemic.

Indeed, Republicans were widely expected to make broad gains in midterm elections as voters punished President Biden and Democrats for their economic misery.

As it happened, the red wave didn't materialize. In part that may be due to non-economic factors. But it may be that the Misery Index, as commonly constructed, doesn't adequately capture how overall economic conditions affect attitudes.

Mr. Okun was chairman of the White House Council of Economic Advisers under Lyndon Johnson and later a fel-

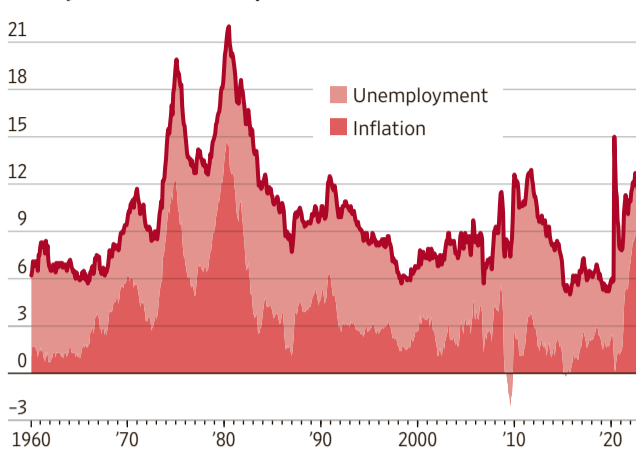
low at the Brookings Institution. Michael Lovell, an economist at Wesleyan University, found the first reference to Mr. Okun's index in (where else?) The Wall Street Journal in 1971.

That article said: "Although no Administration in power probably would publish it, Mr. Okun constructs a 'discomfort factor' for the economy. It is derived by simply lumping together the unemployment rate and the annual rate of change in consumer prices—apples and oranges, surely, but it is those two bitter fruits which feed much of our economic discontent."

Mr. Lovell documented that this index was a political cudgel from the start. George McGovern cited it to criticize Richard Nixon in the 1972 presidential race. Jimmy Carter used it to criticize President Gerald Ford. Ronald Reagan used it to criticize Mr. Carter in 1980.

Mr. Okun's friend George Perry, a senior fellow at Brookings, said he's sure Mr. Okun discussed the idea as early as the late 1960s. It wasn't a sophisticated economic undertaking. "It's just an observation about a problem that had arisen and how do we deal

Misery Index and its components



Source: Labor Department via St. Louis Fed

with it," said Mr. Perry. "You try to find a way to deal with it that isn't 'let's cause a recession to cure inflation.'"

Yet despite its simplicity, researchers have found many uses for the Misery Index, from predicting crime to presidential approval ratings.

In a 2001 paper, Andrew Oswald, a professor at the University of Warwick, and co-authors studied surveys covering nearly 300,000 people living in the U.S. and 12 European countries. In the U.S., the question they studied is: "Taken all together, how would you say things are these days—would you say

that you are very happy, pretty happy, or not too happy?"

Note that the question doesn't ask about the economy at all. Yet, the authors found, happiness falls significantly when inflation rises and unemployment climbs. Importantly, though, the two factors didn't necessarily carry the same weight, as the Misery Index implies.

A 1-percentage-point increase in the unemployment rate had an equivalent impact on happiness as a 1.97-point increase in the inflation rate. Mr. Oswald said that if he were to construct a Misery In-

dex, he would make a simple modification: Multiply the unemployment rate by two and add it to the inflation rate.

A 2014 paper implied the weighting on unemployment should be even higher, estimating one point of unemployment hurt well-being five times as much as a one point increase in inflation.

"People are not sanguine about inflation," Mr. Oswald said. The evidence that it reduces people's satisfaction is clear, he said, it's just that one extra point of inflation doesn't hit as hard as an extra percentage point of unemployment.

In today's labor force, that amounts to 1.6 million people losing a job. "It's deeply unsettling to see unemployment rising around them even when they haven't lost their own job," he said.

The traditional Misery Index is higher than at the time of the 2010 midterms, when unemployment was 9.4% and inflation was 1.2%. Yet Democrats, the party holding the White House, lost 63 seats in the House and six in the Senate. Last week, they lost at most eight House seats and could gain a Senate seat.

Using Mr. Oswald's refor-

mulation, these outcomes make more sense. His index was 20% in 2010 and 15.1% now. That's still high. But by putting extra weight on unemployment, the index helps explain why 2010 was so much worse for Democrats.

Steve H. Hanke, a professor of applied economics at Johns Hopkins University, produces an international version of the Misery Index. To unemployment and inflation he adds the prime bank lending rate, which captures the cost of credit in an economy, then he subtracts growth rate of inflation-adjusted per capita gross domestic product. (This is a modified version of a variant proposed by the economist Robert Barro.) In Mr. Hanke's index for 2021, the U.S. is more miserable than 42 countries but less miserable than 101.

Both the Hanke and Oswald variants point to risk in years ahead. The Federal Reserve is raising rates to tame today's inflation. If that lifts unemployment, the Oswald index soars. If interest rates and unemployment climb, the Hanke index soars, too.

It's something that harks back to Mr. Okun's point: Curbing inflation with recessions can just swap one form of misery for another.

U.S. WATCH

NEW YORK

Snowstorm Pummels West Part of State

A lake-effect snowstorm has dumped 4 feet of snow on parts of western New York, with more expected through the weekend. The heaviest snowfall hit the southern suburbs of Buffalo, where one area recorded 48 inches as of Friday afternoon, according to the National Weather Service.

Buffalo residents woke to 13 inches after an overnight bout of thundersnow, a combination of thunder and lightning in a snowstorm.

The NFL moved Sunday's Buffalo Bills game against the Cleveland Browns to Detroit. Public schools were closed Friday and New York Gov. Kathy Hochul declared a state of emergency Thursday for 11 counties across western New York.

Some 3.8 million people in multiple states across the Great Lakes region were under winter storm warnings that will likely continue over the weekend, according to the National Weather Service. Lake-effect snow occurs when cold air, often from Canada, moves across the warmer waters of the Great Lakes.

—Ginger Adams Otis

EDUCATION

More Law Schools Quit Rankings List

Stanford Law School, Columbia Law School and Georgetown University Law Center said Friday that they would no longer participate in the U.S. News & World Report law-school ranking, doubling the number of prestigious programs abandoning the influential list over concerns that it promotes poor practices and penalizes schools for supporting public-interest careers.

The law schools at Yale, Harvard and the University of California, Berkeley, pulled out earlier in the week.

"We believe that that's a vote against accountability, it's a vote against transparency, it's a vote against equity, it's a vote against students," Eric Gertler, executive chairman and CEO of U.S. News & World Report, said of schools pulling out of the rankings.

In an interview Friday, shortly before Columbia announced its plan to withdraw, Mr. Gertler said U.S. News will continue to compile its rankings with or without schools' cooperation. Much of the information it uses comes from publicly available sources.

—Melissa Korn

WASHINGTON, D.C.

Agency Map Shows Broadband Gaps

A new federal broadband map published Friday shows roughly 2% of American residential addresses lack access to broadband internet service, though officials said that figure could change as their database improves.

The Federal Communications Commission released the map, as ordered by a 2020 law, showing millions of addresses with information about their access to broadband internet service from a variety of companies.

The officials said members of the public can review information about their communities and correct any inaccuracies they find through an online challenge process.

Rough data from the system Friday showed nearly 98% of U.S. home addresses could access fixed internet service over the 25 megabit-per-second download speed threshold federal officials consider adequate for broadband.

Regulators said the map would offer them a better guide for steering government internet subsidies toward the places that need them.

—Drew FitzGerald

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AERIAL SPECTACLE: Hot-air balloons floated through the sky Friday after lifting off from West Wetlands Park in Yuma, Ariz., as part of the Colorado River Crossing Balloon Festival.

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U.S. NEWS

Home Sales Decline Again As Mortgage-Rate Rise Stings

By NICOLE FRIEDMAN

U.S. existing home sales fell for a ninth straight month in October as the highest mortgage rates in more than a decade pushed buyers out of the market.

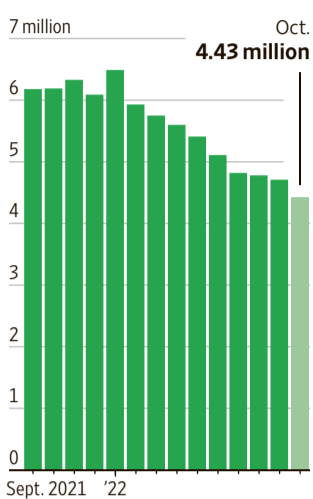
Sales of previously owned homes declined 5.9% in October from the prior month to a seasonally adjusted annual rate of 4.43 million, the weakest rate since May 2020, the National Association of Realtors said Friday. October sales fell 28.4% from a year earlier. The streak of declines is the longest on record, NAR said.

Existing-home sales have dropped about 32% from their recent peak in January. This year's decline in sales marks one of the biggest impacts from the Federal Reserve's aggressive interest-rate increases aimed at cooling the economy and bringing down high inflation.

Broader economic uncertainty and high home prices have also made buyers more nervous about making home purchases, real-estate agents say.

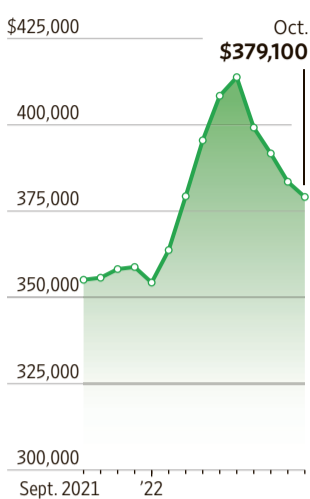
At the same time, sellers have largely stepped away from the market. Many current homeowners have mortgage rates below 5%, so they are opting to stay put rather than selling and buying another home at a higher rate.

U.S. existing home sales*



*Seasonally adjusted annual rate Note: October data are preliminary Source: National Association of Realtors

Median existing-home price



The low inventory has kept prices from dropping even as the number of home sales has slid. The median existing-home price rose 6.6% in October from a year earlier to \$379,100, NAR said. Prices fell month-over-month for the fourth straight month after reaching a record high of \$413,800 in June.

The housing-market slowdown is expected to persist because home-buying affordability is near its lowest level in decades. First-time buyers who have stepped back from the market are now facing rising rents and high inflation

that can make it more difficult to save for down payments.

The Fed is expected to continue raising rates. Inflation stayed high in October, the labor market remained tight and consumers continued to spend robustly at retailers—all signs the economy is still running too hot for the Fed's comfort.

Cooling the once-hot housing market is part of the Fed's process because home sales are highly interest-rate sensitive and fuel related economic activity such as spending on renovations, furniture and appliances.

"More potential home buy-

ers were squeezed out from qualifying for a mortgage in October as mortgage rates climbed higher," said Lawrence Yun, NAR's chief economist.

Economists surveyed by The Wall Street Journal had expected a 7.2% monthly decline in October in sales of previously owned homes, which make up most of the housing market.

Excluding the early months of the Covid-19 pandemic, October's existing-home sales rate was the lowest since December 2011, Mr. Yun said.

The typical home sold in October was on the market for 21 days, up from 19 days from the prior month, NAR said.

Homes typically go under contract a month or two before the contract closes, so the October data largely reflect purchase decisions made in September and August.

The average rate on a 30-year fixed-rate mortgage fell to 6.61% this week, housing-finance agency Freddie Mac said Thursday. That was down from 7.08% a week ago, which had been the highest rate in more than a decade, but still up from 3.1% a year earlier.

Mortgage applications for home purchases rose 4% on a seasonally adjusted basis in the week ended Nov. 11 from the prior week, according to the Mortgage Bankers Association.

Law School Accrediting Panel Votes to Make LSAT Optional

By ERIN MULVANEY

An American Bar Association panel voted Friday to drop a requirement that law school applicants take the LSAT or another standardized admissions test, amid debate about whether the tests help or hurt diversity in admissions.

The accrediting council, made up of lawyers, professors and administrators, voted 15-1 at its meeting to eliminate the requirement of a "valid and reliable admission test" for hopeful law students. The panel sought public comment on the proposal in May, after an ABA committee recommended the elimination of the testing requirement.

Individual law schools are still free to require a test. The policy change will take effect beginning for students applying in fall 2025.

The LSAT, or Law School Admission Test, tests analytical reasoning, logic and reading comprehension, and is considered a predictor of success in law school. The ABA

last year allowed law schools to consider the Graduate Record Examination, or the GRE, in addition to the LSAT.

Public comments over eliminating the testing requirement have been polarized, largely around the issue of diversity. The legal profession has long been criticized for a lack of women and people of color in its top ranks, and the panel's debate comes as schools are bracing for a decision from the Supreme Court on whether race can be a factor in college admissions.

"In the grand scheme of things, folks of color perform less well on the LSAT than not, and for that reason, I think we are headed in the right direction," Leo Martinez, an ABA council member and dean emeritus at University of California, Hastings College of the Law, said at the meeting. "I am sympathetic that it gives people like me a chance."

Representatives from the Law School Admission Council, which administers the LSAT, and ETS, a nonprofit education

testing service, told the council making testing optional would result in the admission of some law students who are unprepared to succeed, which it said would ultimately hurt the legal profession.

"This proposal will be highly disruptive," John White, chair of LSAC's board of trustees, told the council. "The change won't be worth it, and we won't get the diversity we are looking for."

ABA panel members largely pushed back. "I find the argument that the test is necessary to save diversity in legal education is bizarre," said council member Craig Boise, dean of Syracuse University College of Law.

The panel also questioned why law schools shouldn't be aligned with other graduate programs that don't require tests.

A range of law professors and prospective law students urged the ABA to eliminate the testing requirement in public comments submitted prior to the vote.

Biden Asks High Court To Allow Loan Relief

By GABRIEL T. RUBIN

The Biden administration on Friday asked the Supreme Court to allow it to move forward with its mass student-debt forgiveness program, which had been put on hold in lower-court litigation.

The Justice Department, in an emergency appeal, asked the high court to throw out an injunction issued this week by the St. Louis-based Eighth U.S. Circuit Court of Appeals that prevented the administration from canceling debts while litigation is pending.

"The Eighth Circuit's erroneous injunction leaves millions of economically vulnerable borrowers in limbo, uncertain about the size of their debt and unable to make financial decisions with an accurate understanding of their future repayment obligations," U.S. Solicitor General Elizabeth Prelogar wrote in the government's filing.

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U.S. NEWS



Former President Donald Trump, with his wife, Melania Trump, announced his third straight presidential bid this week from his Mar-a-Lago estate in Florida.

Frisch Concedes Colorado Race to Boebert

By KATY STECH FERREK

Democratic House candidate Adam Frisch conceded his House race to incumbent Republican Rep. Lauren Boebert, after staging a stronger-than-expected challenge in the western Colorado district.

"We faced an incredible uphill election from a very close primary to a general where very few thought we had any chance of even coming close," he said in a Facebook video posted Friday.

With nearly all votes counted, Ms. Boebert led Mr. Frisch by 0.16 percentage point, or 551 votes out of nearly 327,000 votes counted, the Associated Press said. Colorado state election rules require an automatic recount when a candidate wins by 0.5% or less of the winner's total vote count. The AP hasn't called the race.

Republicans clinched control of the House with wins earlier this week. A handful of other races remain undecided.

Mr. Frisch, a former Aspen city councilman, ran on a platform of civility and centrist policies, denouncing what he called the "angertainment" embraced by Ms. Boebert and other far-right populists. He said Friday he called Ms. Boebert to concede the race, saying it was very unlikely that a recount would change enough votes to alter the result.

Ms. Boebert, a gun-rights activist who formerly ran a gun-themed restaurant in Rifle, Colo., was elected to represent the district in 2020. The district runs along the western side of the state, encompassing cities such as Grand Junction and Pueblo. Voters have favored Republican presidential candidates for at least two decades.

Ms. Boebert had claimed victory on Thursday evening after the latest batch of ballots was counted. Also Thursday, Mr. Frisch filed a statement of candidacy with the Federal Election Commission indicating he intends to run again in 2024.

The race's competitiveness caught many political analysts off guard. No mainstream polling group ever surveyed voters in the race, a sign that it was thought unlikely to be close.

More Republicans Look Past Trump

Some officials and party donors view the former president as an impediment to winning

Not since the early days of his 2016 presidential campaign has Donald Trump's standing in the Republican Party been under such attack.

By Alex Leary in Las Vegas and John McCormick in Orlando, Fla.

Increasingly vocal GOP elected officials, strategists, major donors and prospective 2024 candidates are citing losses in the midterms as a reason to finally move past him. It won't be easy.

Some Republicans distanced themselves from Mr. Trump after the Jan. 6, 2021, attack by his supporters on the U.S. Capitol, just as with previous controversies. But the separation, for most, was short-lived as he firmly held on to his core supporters and kept or brought back into his orbit most key GOP figures.

Now a more pragmatic approach is emerging following losses in several key Senate and governor races by Mr. Trump's endorsed candidates and his subsequent announcement of another presidential bid: Republicans want to win and they view him as an impediment.

Although Mr. Trump has mastered raising money online, some high-profile contributors that in the past gave him credi-

Iowans Are Open to More 2024 Hopefuls

In Iowa, where the first-in-the-nation caucuses will start the GOP presidential nominating process in early 2024, there is an openness to hear from other potential candidates.

"There are a lot of people who I have talked to this week

who are ready for a post-Trump Republican Party," said Will Rogers, a former GOP chairman in Iowa's largest county. "We have fatigue from the drama that surrounds President Trump."

Mr. Rogers said he expects plenty of other candidates to make their way to Iowa in the months ahead. Departing Arkansas Gov. Asa Hutchinson, who is considering a 2024

White House bid, was there Wednesday and told a Republican gathering that the party needs to separate itself from Mr. Trump.

A Wall Street Journal survey conducted in late October found 93% of GOP voters approved of the job Mr. Trump did as president. But polls of Republican support for his 2024 effort have been mixed after the midterm election.

bility with the donor class signaled this week that they are done. Both Stephen Schwarzman, chief executive of private-equity giant Blackstone Inc., and billionaire Ronald Lauder said it was time for the party to find a leader other than Mr. Trump.

"It is time for the Republican Party to turn to a new generation of leaders, and I intend to support one of them in the presidential primaries," Mr. Schwarzman said in a statement the morning after Mr. Trump, 76 years old, announced his third consecutive presidential campaign.

Dismissals of Mr. Trump were common during an annual gathering of Republican governors, donors and strategists in Orlando, Fla., this week.

"He will never not be in the conversation, but his impact on the global voice of the Republican Party, I think, it's more minimal by the day," said New Hampshire Gov. Chris Sununu.

Later on a panel with other governors, Mr. Sununu made a 2024 prediction: "It is going to be an absolute open primary,"

he said. "Buckle in and enjoy the show."

Sen. Cynthia Lummis, a Republican from Wyoming, said this week that Mr. Trump had a "significant impact on the underperformance of the Republican Party" in midterms, which yielded continued Democratic control of the Senate and a narrow GOP majority in the House. Similar statements, on and off the record, were common on Capitol Hill.

The majority of Mr. Trump's potential rivals for the 2024 nomination are expected to speak this weekend at the Republican Jewish Coalition's annual meeting in Las Vegas. Mr. Trump initially was going to miss the event due to a scheduling conflict, aides said, but Thursday afternoon the group said he would appear via live video.

Among those scheduled to appear in person are former Vice President Mike Pence, Sen. Tim Scott of South Carolina, departing Gov. Larry Hogan of Maryland, and Florida Gov. Ron DeSantis, who is generating the most excitement as a Trump al-

ternative. Ms. Lummis went so far as to call him "the current leader of the Republican Party," while Mr. Sununu said Mr. DeSantis was the front-runner for the GOP nomination.

It would be rare for the party to coalesce around a potential presidential candidate without other challengers. A large field that would splinter support would be helpful for Mr. Trump, who would likely keep a good share of his most loyal voters.

Mr. Trump's advisers say they expect he will keep a lower profile for the rest of this year, without any major campaign rallies. He is facing pressure to stay out of Georgia ahead of the Dec. 6 Senate runoff election between Democratic Sen. Raphael Warnock and Republican Herschel Walker. Mr. Warnock unveiled a TV ad this week consisting solely of a clip from Mr. Trump's campaign announcement speech, and the slogan, "Stop Donald Trump. Stop Herschel Walker."

The former president revels in being at the center of atten-

Special Counsel Is Named

Continued from Page One
ments, including the former president's announcement that he's a candidate for president in the next election, and the sitting president's stated intention to be a candidate as well, I have concluded that it is in the public interest to appoint a special counsel," Mr. Garland said in remarks on Friday. "This appointment will not slow the completion of these investigations."

"Here we go again!" Mr. Trump said on his platform Truth Social. He added, "The Democrat Department of 'Justice' had nothing, except Trump haters, so they just appointed a Special Prosecutor to go after me further. Disgraceful!"

White House press secretary Karine Jean-Pierre said President Biden, a Democrat who defeated Mr. Trump in 2020, wasn't given advance notice of Mr. Garland's decision to appoint a special counsel. "The Department of Justice makes decisions about its criminal investigations independently," she said.

Mr. Smith, who was still at The Hague on Friday, is expected to take up his new position immediately, the Justice Department said. In a statement provided by the department, Mr. Smith said he would conduct the probes independently. "The pace of the investigations will not pause or flag under my watch," he said.

The appointment of Mr. Smith, a political independent,



Attorney General Merrick Garland on Friday appointed former prosecutor Jack Smith, below, to oversee Donald Trump's handling of documents and his efforts to overturn his 2020 election loss.

reflects the sensitivity of Mr. Garland's overseeing any investigation into Mr. Trump now that he is a declared presidential candidate. Mr. Biden, who has said he intends to run for re-election in 2024, nominated Mr. Garland to head the Justice Department in part for the former judge's promise to insulate the agency from political influence. Mr. Trump as president repeatedly stated that the attorney general owes a president personal loyalty and should deploy the Justice Department against his political enemies.

Regulations governing special counsels provide for the attorney general to name an outsider if he determines that the investigation or prosecution presents a conflict of interest for the department and recusals of certain officials wouldn't be enough to overcome the concerns. Special-counsel in-



vestigations can continue into subsequent administrations.

"The attorney general faced a difficult circumstance," said former Deputy Attorney General Rod Rosenstein, who faced intense criticism from fellow Republicans in 2017, after appointing former FBI Director Robert Mueller as special counsel to examine Russia's interference in the 2016 election and links to the Trump campaign. He said Mr. Garland "broke

new ground by appointing a special counsel to investigate someone who is an opponent of the incumbent administration rather than an ally."

Mr. Garland and other senior Justice Department officials are still likely to be involved in some decision-making related to the probes, according to people familiar with past special counsels.

Mr. Mueller, whose office in 2019 described Russia as engaging in a two-pronged attack of disinformation and computer hacking directed at Democrats, found repeated contacts between Russia-linked entities and Trump campaign advisers around the same time, but didn't establish any conspiracy between the two.

He did detail repeated efforts by Mr. Trump to curtail or shut down his investigation and prosecuted several senior advisers to Mr. Trump for lying to

investigators or for other financial crimes. Mr. Trump pardoned the aides in his last days in office. Then-Attorney General William Barr determined the special counsel's evidence was insufficient to establish Mr. Trump committed a crime.

Mr. Barr appointed another special counsel, John Durham, to investigate the origins of the FBI's Russia investigation. Mr. Durham's two criminal trials ended in acquittals, including one last month.

After a monthslong tug of war between Mr. Trump's team and federal officials with the National Archives and the Justice Department, FBI agents searched Mr. Trump's Florida home in August and seized boxes of government records that included around 100 documents marked classified, including those meant to only be viewed in special government facilities.

Prosecutors have said they are investigating both the mishandling of classified information and government records and whether anyone tried to obstruct the probe.

The Justice Department has also served dozens of subpoenas on people associated with Mr. Trump's attempt to overturn his 2020 loss, including by sending fake slates of electors from several states to Congress, and with planning the rally that preceded the Jan. 6 attack, according to people familiar with the matter. Prosecutors are also examining the actions of a former Justice Department official who worked to help Mr. Trump reverse his loss, The Wall Street Journal has reported.

Mr. Trump has continued to accuse the Justice Department and the House select committee investigating Jan. 6 of engaging in a partisan witch hunt.

Smith Brings Broad Resume to Task

WASHINGTON—When John L. "Jack" Smith surfaced on Attorney General Merrick Garland's radar as a prospect to serve as special counsel overseeing investigations connected to former President Donald Trump, he had several things working in his favor.

Mr. Smith had a wide-ranging prosecutorial career on the local, national and international levels, handling a range of complex investigations that involved some of the most serious offenses committed by government officials, including corruption and war crimes.

As a registered independent, he had few expressed political beliefs that might indicate any bias. He had spent the past four years overseas, as the chief prosecutor in The Hague investigating war crimes in Kosovo.

Mr. Smith started his prosecutorial career in 1994 in the Manhattan district attorney's office and five years later he went to the U.S. attorney's office in Brooklyn.

"He was the most thorough and creative investigator that I had ever seen," said Kelly Currie, a former federal prosecutor who worked with Mr. Smith and who is now at the law firm Crowell & Moring.

From 2008 to 2010, Mr. Smith served a previous stint supervising war-crimes investigations in The Hague investigations, that time for the International Criminal Court. Mr. Smith later ran the Justice Department's public integrity section.

—Aruna Viswanatha

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U.S. NEWS

Sen. Menendez's Wife Draws Federal Scrutiny

BY CORINNE RAMEY
AND JAMES FANELLI

Federal prosecutors investigating U.S. Sen. Bob Menendez are examining whether his wife received gifts or services from individuals who sought favors from the New Jersey politician, according to people familiar with the matter.

The U.S. attorney's office for the Southern District of New York has subpoenaed associates of Mr. Menendez's wife, Nadine Arslanian, whom he married in 2020, the people said. Subpoenas issued in recent months have asked for information about both Ms. Arslanian and Mr. Menendez, according to the people.

Investigators' interest in Ms. Arslanian hasn't been previously reported. It couldn't be determined exactly what information prosecutors are seeking about Ms. Arslanian.

The probe is separate from a 2015 public-corruption case prosecutors brought against Mr. Menendez, which led to a mistrial. Mr. Menendez, a Democrat, chairs the Senate Foreign Relations Committee.

A spokesman for the U.S. attorney's office declined to comment. Lawyers for Ms. Arslanian

and Mr. Menendez didn't respond to requests for comment.

A representative for Mr. Menendez referred to a previous statement in which he said the senator was aware of an investigation. "As always, should any official inquiries be made, the senator is available to provide any assistance that is requested of him or his office," said Michael Soliman, a political consultant and adviser to Mr. Menendez.

The probe dates back to at least 2019. Late that year, court records show, federal investigators executed search warrants at the home and office of Wael Hana, the founder of IS EG Halal, an Edgewater, N.J., company that was designated the only business allowed to certify halal meat being exported to Egypt. Mr. Hana is an associate of Ms. Arslanian's, according to the people familiar with the matter.

Prosecutors were investigating possible undisclosed foreign lobbying in the U.S. and other potential violations of federal law, according to court documents filed in 2020 by Lawrence Lustberg, a lawyer for Mr. Hana, who was seeking the return of property seized



Sen. Bob Menendez (D, N.J.) with his wife, Nadine Arslanian, this year. Prosecutors have subpoenaed associates of Ms. Arslanian.

by the government.

Mr. Lustberg said in a statement that Mr. Hana is aware of the ongoing investigation and has asked prosecutors to share more information about the focus of the probe so he can address any concerns.

"Once he has the opportunity to do so, and the truth comes out, he is confident that the government will recognize that he has done absolutely nothing wrong, including that IS EG was awarded its Halal

certification contract with Egypt without any assistance whatsoever from any U.S. public official," Mr. Lustberg said.

Prosecutors in recent months also subpoenaed New Jersey lawyer Antranig Arslanian, a longtime friend of Ms. Arslanian's who has represented Mr. Hana. Mr. Arslanian said that when prosecutors questioned him about Ms. Arslanian, he told them that he had known her for 25 years and that they were both Arme-

nian. "If she was somewhere and I saw her, I'd say, 'Hey, would you like a drink?'" he said. "I said to the U.S. attorney, 'Is there something wrong with that? If I saw you out, I'd offer you a drink.'"

Mr. Arslanian said he had no idea what prosecutors were looking for.

Mr. Menendez and Ms. Arslanian live in Englewood Cliffs, N.J. Media reports about the couple's engagement and wedding identify Ms. Arslanian as an international businesswoman. She attended New York University and studied international politics, she said in a 2020 interview posted on YouTube.

State business records show Ms. Arslanian is the president of **Strategic International Business Consultants LLC**, a holding company that was incorporated in New Jersey in 2019. Mr. Menendez's recent federal financial disclosures show that Ms. Arslanian earned income from the company last year. The senator's disclosure forms also showed she worked for Fusion Diagnostics Laboratories, a New Jersey medical-testing company. She worked for a short time in sales and marketing, Fusion's

chief executive, Moataz Abdalla, said.

"I am convinced that Moataz and his company were absolutely upright in their dealings with Mrs. Menendez as a former employee," Mr. Abdalla's lawyer, Robert Skoblar, said in an email.

In the 2015 public-corruption case against Mr. Menendez, federal prosecutors alleged he accepted about \$1 million in gifts—including flights on a private jet and vacations—from a Florida ophthalmologist in exchange for helping the ophthalmologist with visa applications for his girlfriends, Medicare-billing disputes and a dispute over a port contract in the Dominican Republic.

After a trial in 2017, the judge declared a mistrial because the jury said it couldn't reach a verdict. After the judge acquitted Mr. Menendez of some charges in 2018, the Justice Department said it wouldn't retry the senator on the remaining counts, citing the partial acquittal and the evidence admissible in a retrial.

Mr. Menendez said at the time that he always maintained his innocence.

Jeffries Is Seen as Likely Choice to Succeed Pelosi

BY JIMMY VIELKIND
AND NATALIE ANDREWS

The presumed front-runner to succeed Nancy Pelosi as leader of the House Democrats started his political career as an insurgent.

Hakeem Jeffries, then a young attorney, launched his first campaign in 2000 against a longtime incumbent to represent his central Brooklyn home in the New York state Assembly. He failed twice before prevailing on his third try in 2006.

"Everyone told him he was crazy," recalled State Sen. Diane Savino, a former union leader who went on to serve with Mr. Jeffries in the legisla-

ture. "It was clear that he was going somewhere."

On Friday, Mr. Jeffries sent a letter to all House Democrats announcing his candidacy for minority leader, saying he would give priority to empowering members, improving security and winning back the majority. He is currently running unopposed.

Ms. Savino and other people who remember the early campaigns of Mr. Jeffries, now No. 5 in House Democratic leadership, say he has long shown an impressive work ethic and grasp of public policy. He demonstrated a passion for liberal causes such as increasing access to affordable housing and

criminal-justice overhaul, including reining in New York City's stop-and-frisk program. But he shied away from flame-throwing, those who know him said, building a reputation as a legislator who built key relationships across the political spectrum.

The 52-year-old lawmaker will need that pragmatism to wrangle the Democratic caucus as it gets used to being in the minority. House Democrats hold their leadership election Nov. 30.

Mr. Jeffries declined to be interviewed for this article.

Mr. Jeffries was elected to Congress in 2012. Chosen by his colleagues to serve as chair

of the caucus in 2018, he has been seen by many of them for years as a likely future leader whenever Mrs. Pelosi decided to step aside, which she did Thursday.

Mr. Jeffries would also fulfill the generational change called for by many Democrats. The 82-year-old Mrs. Pelosi has led House Democrats for about two decades.

"His style will be quite different than Speaker Pelosi's but I think equally effective and probably more reflective of where this caucus is at and wishes to go to," said Rep. Dean Phillips (D, Minn.).

In 2018, Mr. Jeffries was the top House Democrat negotiat-

ing with then-Rep. Doug Collins (R, Ga.) and then-President Donald Trump to produce a criminal-justice bill that reduced mandatory minimum sentences, among other things.

"I don't know of anybody who is as strategic and prepared for the moment. He's going to be known as an icon," said Karim Camara, who represented a neighboring Brooklyn Assembly district and worked with Mr. Jeffries to turn a closed armory into a community center.

In the House, Mr. Jeffries has made a point to support incumbents, which has led to some clashes with his party's progressive wing.



Rep. Hakeem Jeffries

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Allies of Top GOP Senators Take Feud to Georgia Runoff

BY LINDSAY WISE

Allies of Senate Minority Leader Mitch McConnell (R, Ky.) and Sen. Rick Scott (R, Fla.) continue to trade blame for the Republican Party's failure to capture the Senate majority in the midterms, with the conflict now spilling over into the party's Georgia runoff effort.

Mr. McConnell on Wednesday defeated a long-shot bid by Mr. Scott to replace him as the Senate's top Republican, but the fallout is lingering ahead of the Dec. 6 runoff between ex-football star Herschel Walker and Democratic Sen. Raphael Warnock. Democrats in the new Senate will keep their majority, which stands at 50-49 before the runoff vote, because Vice President Kamala Harris has a tie-breaking vote.

Earlier this week, Steven Law, who leads the McConnell-aligned Senate Leadership Fund super PAC, accused the National Republican Senatorial Committee, headed by Mr. Scott, of sending deceptive fundraising emails that gave 99% of donations to the committee and only 1% to the Walker campaign. "Good committees raise enough so that they don't have to steal from their candidates," tweeted Mr. Law, president of the Senate Leadership Fund.

NRSC spokesman Chris Hartline said the group was raising money for Mr. Walker's campaign and a joint fundraising committee that largely benefits Mr. Walker, as well as

the NRSC, "all of which is going to Georgia."

Curt Anderson, an adviser to Mr. Scott, accused SLF of sitting on the sidelines while a PAC run by allies of Senate Majority Leader Chuck Schumer (D, N.Y.) aired TV ads attacking Mr. Walker. A few hours later, Mr. Law responded to Mr. Anderson via Twitter with a link to a news story announcing a \$14.2 million ad buy by SLF in Georgia. He mocked the size of NRSC's own ad reservation of about \$760,000 in the state.

"But don't worry little buddy—we're used to covering for you," Mr. Law tweeted at Mr. Anderson on Tuesday.

"Hahaha. Thank you so much. so kind of you...if we win you can have the credit, if we lose, you can blame others...like when you lost the Senate in 2020," Mr. Anderson tweeted back.

Some senators are calling for an audit of the NRSC. Mr.

Anderson said an audit of the NRSC is routine, but that SLF also should be audited.

"The proof is in the numbers. Did they do their job? The answer is no," said Josh Holmes, Republican strategist and former chief of staff to Mr. McConnell. Mr. Holmes compared the \$120 million the prior NRSC spent on independent expenditures to boost 2020 Senate candidates, to the \$34 million spent by the NRSC this election cycle.

Mr. Hartline, the NRSC spokesman, said the committee's strategy was to spend less on independent expenditures and more in coordinated and hybrid ads with the campaigns, for a total of about \$74.4 million on broadcast and digital media.

He said Mr. Holmes and other McConnell advisers—whom he dubbed the "McBros"—are trying to evade responsibility for the loss of the Senate.



Backers of Senate Minority Leader Mitch McConnell and Sen. Rick Scott are trading blame for Republicans' midterms performance.



Another Voting Day Allowed in Runoff

A Georgia judge ruled Friday that county elections officials can offer voting on the Saturday following Thanksgiving in the runoff election for a U.S. Senate seat, a victory for Democrats who had challenged the state's guidance that disallowed it.

The lawsuit filed by the state's Democratic Party and Sen. Raphael Warnock's re-election campaign centered on a provision of state law that says counties can provide voting on certain Saturdays in primaries and general elections, but makes an exception if that Saturday follows a statutory holiday. Georgia Secretary of State Brad Raffensperger had issued guidance saying that meant

counties shouldn't offer voting on the Saturday following the Thanksgiving holiday.

Fulton County Superior Court Judge Thomas Cox Jr. ruled the provision doesn't mention runoff elections. The provision initially listed primaries, general elections and runoffs. But an update a year later omitted the third category, indicating it was an intentional omission, he said.

—Laura Kusisto

U.S. NEWS

Opponents File Suit To Reverse Approval Of Abortion Pill

By LIZ ESSLEY WHYTE

A new abortion battle is moving to the courts, this time over a pill for ending pregnancies.

Abortion opponents sued the Food and Drug Administration and Health and Human Services department in federal court in Amarillo, Texas, on Friday, seeking to undo the approval of the abortion-inducing pill called mifepristone as well as subsequent agency decisions easing access to the drug.

The lawsuit argued the FDA exceeded its authority to approve the drug because the agency used a process meant for treatments of serious or life-threatening illnesses, and there wasn't scientific evi-

More women have turned to the pill since Roe v. Wade was overturned.

dence to support the approval and other decisions.

Four doctors from Texas, who said they have treated patients harmed by the drug, and four antiabortion medical organizations filed the new lawsuit. They were represented by the Alliance Defending Freedom, a conservative legal group that helped challenge federal abortion rights in the Supreme Court's *Dobbs v. Jackson Women's Health Organization* case.

"The FDA has not followed the science, reversed course, or fixed its mistakes—all to the detriment of women and girls. Instead, the FDA has doubled down on its actions and removed the few safeguards that were in place," the lawsuit said.

The FDA approved mifepristone "more than 20 years ago

based on a thorough and comprehensive review of the scientific evidence presented and determined that it was safe and effective for its indicated use—medical termination of early pregnancy," an agency spokeswoman said.

An HHS spokeswoman said mifepristone was a safe and effective option for women seeking essential healthcare. "Denying women access to any essential care they need is downright dangerous," the spokeswoman said.

Lawyers who specialize in the FDA and laws concerning administrative agencies couldn't recall any similar lawsuits by an outside group to remove a drug from the market.

The lawyers, who hadn't read the lawsuit, said that they expected a court to find that the plaintiffs had standing to bring the lawsuit, but that the challenge may be difficult to win because the FDA has appeared to move carefully on mifepristone and judges tend to defer to agencies.

"If they handle it well, FDA should prevail," said Daniel Kracov, an FDA lawyer at Arnold & Porter.

Activists who support abortion rights and lawyers said they expect more lawsuits over mifepristone, including on whether the FDA's power to regulate drugs overrides, or pre-empts, states' oversight of the practice of medicine.

Women seeking to terminate pregnancies have increasingly turned to the abortion pill since the Supreme Court's decision overturning *Roe v. Wade* in June. Most abortions in the U.S. are done using the pill, according to the Guttmacher Institute, a policy group that supports abortion rights and tracks national abortion statistics.

More than a dozen states have banned many or most abortions, including those involving the pill.

Flu Cases Rise, Compounding Strain on Pediatric Hospitals

By BRIANNA ABBOTT

Flu activity continued to rise across the U.S. in the past week, adding to a crunch on emergency departments and pediatric hospitals from an early surge in respiratory viruses.

Flu has caused an estimated 4.4 million illnesses, 38,000 hospitalizations and 2,100 deaths so far this season, including seven pediatric deaths, the Centers for Disease Control and Prevention said Friday. The highest flu hospitalization rates are among adults ages 65 and older, followed by children under the age of 5, the CDC said.

Pediatric hospitals across the U.S. have been under strain for weeks from a rush of patients with Respiratory syncytial virus—commonly referred to as RSV—and other respiratory viruses. RSV amounts to a cold in most people, but the virus can be dangerous for younger children and older adults, especially those with other health concerns.

"You have flu that is starting to surge in other areas where they're trying to deal with the RSV surge, and you also have Covid," said Tina Tan, vice president of the Infectious Diseases Society of America. "It's one after the other after the other."

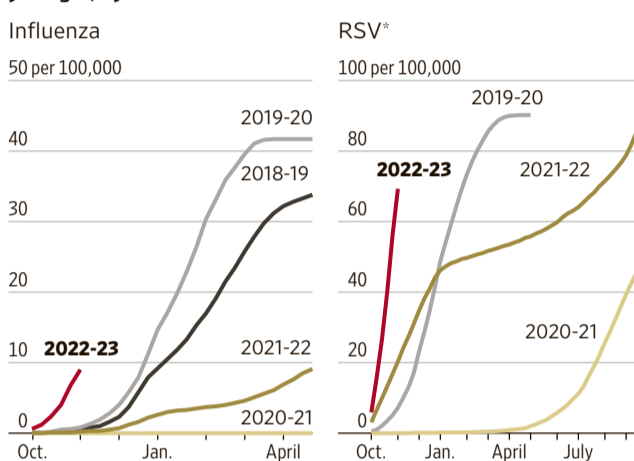
RSV cases appear to be plateauing or declining in parts of the U.S., doctors said. Within the CDC's RSV-surveillance network of 12 states, the hospitalization rate for RSV remains higher than the most recent pre-pandemic peak.

Some 76% of pediatric inpatient beds are occupied across the U.S., and occupancy of pediatric intensive-care beds is just above 80%, according to the Department of Health and Human Services. That's up from 65% of pediatric beds and 70% pediatric ICU beds



A patient at a testing center in Missouri was advised about the dangers of respiratory illnesses.

Cumulative hospitalizations per 100,000 children age 17 and younger, by season



*Respiratory Syncytial Virus
Note: Rates within the CDC's surveillance networks, which do not include all states.
Source: Centers for Disease Control and Prevention

occupied in early August.

States including Massachusetts, Nevada, Pennsylvania and Texas have more than 90% of their pediatric intensive-care beds occupied, the data show. "We really maxed out all the space we have," said Kristina Deeter, physician-in-chief at Renown Children's Hospital in Reno, Nev., and specialty medical officer for

pediatric critical care at Pediatric Medical Group.

Pediatric patients at Renown Children's are backed up into the waiting room, some teenagers have been sent to the adult floor and a list of children from nearby emergency departments are waiting for a bed, she said.

Other respiratory viruses, including Covid-19, and high

demand from pediatric mental-health patients are contributing to the strain at pediatric hospitals, doctors said. Nursing shortages and a decrease in pediatric beds have compounded the crunch.

From 2008 to 2018, the number of pediatric inpatient beds in the U.S. decreased by 12%, according to a 2021 study in the journal *Pediatrics*.

At Rady Children's Hospital-San Diego, emergency department wait times have fluctuated between two and six hours. In October, the hospital started sending administrative staff to volunteer there, freeing up the regular workers to focus on the sickest patients.

The staffers give kids blankets and alert a triage nurse if patients get sicker, said Nicholas Holmes, chief operating officer at Rady Children's.

A trained pediatric urologist, Dr. Holmes said he worked in the emergency room several times last week.

"Handing out a coloring book and giving a kid a Popsicle, it helps them feel a little bit better," Dr. Holmes said.

—Jon Kamp
contributed to this article.



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WORLD NEWS

Food, Power Woes Hit Kherson

Ukrainian president says more than 10 million people are without electricity

By MATTHEW LUXMOORE AND JAMES MARSON

KHERSON, Ukraine—In this recently retaken southern Ukrainian capital, the celebratory dancing to music on the main square has been replaced by a more humdrum physical activity: jostling for bread and water.

When Russia pulled its forces from Kherson this month, they left it with no electricity, water, heat or cell-phone service. Ukrainian officials have warned of a looming humanitarian crisis and urged those who left during the occupation not to return. Similar challenges are emerging elsewhere in the country as the impact of Russia's shift in strategy toward pummeling civilian infrastructure becomes clearer as winter approaches.

Ukrainian President Volodymyr Zelensky on Thursday said more than 10 million Ukrainians are without electricity, adding that Kyiv, Odessa and Sumy were among the hardest hit.

The situation in Kherson, the only regional capital the



A woman holds a can of food she got from an aid group in Kherson's central square in Ukraine.

Russians had taken since the beginning of the war in February, is significantly worse.

"The Russians did everything they could to leave nothing in the region," Kyrylo Tymoshenko, deputy head of the Ukrainian presidential administration, wrote on social media.

About one-quarter of Kherson's prewar population of 320,000 remain in the city. Revellers who packed the square in

recent days to celebrate the return of the Ukrainian army were absent on Friday as the temperature plunged toward freezing. Several hundred jostled to get necessities, including food and diapers, from trucks parked on the main square. The regional governor, Yaroslav Yanushevych, tried to restore order. "People, be respectful," he called. "One by one." He then launched into a rendition

of the Ukrainian national anthem, and the crowd joined in.

As they waited for aid, sometimes just potatoes, water and bread, people said that while conditions were bad, they were relieved the Russian forces left.

Olga Pilipchuk, 58 years old, said she wasn't sure what she was waiting in line for, but was hoping to get some kind of food or personal-hygiene products.

"We're still super happy, and these problems can't undo our happiness," she said.

Valentina Sherbakova, 49, was trying to find diapers for a co-worker who has a child. "Yes, it's uncomfortable, but we can finally walk in the streets without fear," she said.

Specially equipped tents were being erected in Kherson where people could go to warm up, get hot drinks and food, charge their phones and use the internet, Mr. Tymoshenko said on Friday.

Locals said the euphoria of the past few days was fading amid wet and cold weather, and the challenge ahead. "We're slowly coming back to figuring out our daily problems, the lack of electricity and water," a man on the main square said.

Ukrainian authorities said they aim to restore electrical power to the city, as they try to make it habitable ahead of winter. Three neighboring regions are sending aid to the city, including food, water, ambulances, fire trucks and buses. Other regions are assembling teams to help restore infrastructure.

Two cafes opened on Friday including one called Aroma that was powered by a generator that residents were also using to charge their cellphones.

—Jan Lovett contributed to this article.

Blast Traces Found Near Pipeline, Sweden Says

By KIM MACKRAEL AND ANNA HIRTENSTEIN

Swedish authorities investigating a series of blasts that damaged undersea natural-gas pipelines in the Baltic Sea said they found traces of explosives on several foreign objects nearby, a potential break in an international probe into who is responsible for what authorities have called sabotage.

The blasts in September have turned into one of the biggest whodunits of the Russia-Ukraine war, with officials from Western nations initially pointing the finger at Moscow. Russia has denied involvement and suggested blame lies with the West. Both sides have coalesced around the idea that the blasts were sabotage.

The pipelines, called Nord Stream and Nord Stream 2, have been a key in the economic war playing out alongside the conflict between Russia and Western-backed Ukraine. The pipelines run from Russia to Germany. As a major conduit of Russian natural gas to Europe, they provided Moscow with economic leverage over the continent early in the war.

Sweden, Denmark and Germany have been investigating the blasts, which caused severe damage to the pipelines and sent gas bubbling to the surface of the Baltic Sea for days. The probes haven't made public evidence that points to who might have carried the blasts out.

The discovery of traces of explosives could help investigators learn the origins of the material. A press officer at the Swedish security service said they are working to trace the remnants of explosives to a suspect. Explosive traces, when examined on a molecular level, can act as a fingerprint and potentially reveal where the material was manufactured and if it is military grade.

Kremlin Says Possible Griner Swap in Works

By ANN M. SIMMONS AND LOUISE RADNOFSKY

MOSCOW—Russia said Friday that it is working with the U.S. on a potential prisoner swap in which it hoped Russian arms dealer Viktor Bout would be exchanged for one of the U.S. citizens being held in Russia, raising the possibility that he could be swapped for WNBA star Brittney Griner.

Russian Deputy Foreign Minister Sergei Ryabkov told Russia's state news agency TASS that Moscow and the U.S.

are "working professionally through a special channel" on the issue of the prisoner exchange. He said the two sides "have not reached a common denominator, but it is undeniable that Viktor Bout is among those who are being discussed, and we certainly count on a positive result," TASS reported.

The Russian diplomat's comments come a day after lawyers for Ms. Griner said she began serving her nine-year drug conviction at a penal colony notorious for harsh conditions.

The U.S. has said it has of-

fered a "substantial proposal" to free the basketball star and another American, former Marine Paul Whelan, who was convicted of espionage in 2020 and, like Ms. Griner, is officially considered by the U.S. to be wrongfully detained.

The State Department said Friday that it would refrain from commenting on the specifics of proposals "other than to say that we have made a substantial offer that the Russian Federation has consistently failed to negotiate in good faith."

The statement added that

the U.S. government has "continued to follow up on that offer and propose alternative potential ways forward," it said, adding that Moscow's "failure to seriously negotiate on these issues...runs counter to its public statements."

U.S. officials haven't explained how they arrived at the conclusion that Ms. Griner is wrongfully detained, but the designation commits the U.S. to securing her release.

People familiar with the prisoner-exchange talks have said that the U.S. has been will-

ing to trade Mr. Bout, who was sentenced in 2012 in the U.S. to serve 25 years for conspiring to sell weapons to people he believed represented Colombia's FARC rebels but actually were Drug Enforcement Administration agents. Russia has signaled that a 2-for-1 swap would be insufficient.

Ms. Griner was detained in February upon arrival at Moscow's Sheremetyevo Airport to play for her Russian professional team. She pleaded guilty in July to possessing less than a gram of hashish oil.



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Images, from top: Barbara Mitchell (center right) and Tyrone Mitchell (far right) at the opening of the exhibition *Synthesis* at Just Above Midtown, Fifty-Seventh Street, November 18, 1974. Photograph by Camille Billops. Courtesy the Hatch-Billops Collection, New York; *Tickets de premières: Meret the Rebellious (Meret l'insoumise)*, 1984. Digital film (color, silent). © RTS Raido Télévision Suisse; Refik Anadol. Sample data visualization of *Unsupervised — Machine Hallucinations — MoMA — Fluid Dreams*, 2022. Data sculpture: custom software, generative algorithm with artificial intelligence (AI), real time digital animation on LED screen, sound. The Museum of Modern Art, New York. © Refik Anadol Studio; Guillermo del Toro on the set of Guillermo del Toro's *Pinocchio*, 2022. Image courtesy Jason Schmidt/Netflix

WORLD NEWS

Saudi Prince Has Immunity in Trial, U.S. Says

BY STEPHEN KALIN
AND SUMMER SAID

The Biden administration told a U.S. court that Saudi Crown Prince Mohammed bin Salman's status as a sitting head of government shields him from a civil lawsuit brought by the fiancée of slain Saudi journalist Jamal Khashoggi.

The decision comes amid a political dispute between the U.S. and the Saudis about oil production that sent the nearly 90-year-long diplomatic relationship to the breaking point this year. The Saudis angered the White House by engineering a large production cut with the Organization of the Petroleum Exporting Countries and its Russia-led allies last month. But U.S. officials are looking to the group's next oil output decision in early December with hope for an increase.

Prince Mohammed had long desired the immunity designation in the U.S., according to people close to him, believing he was owed it as the de facto leader, with his father, King Salman, delegating most duties. Without being assured of immunity from prosecution or lawsuits, the people said the prince avoided travel to the U.S. He hasn't been there since 2018.

Mr. Khashoggi, a former

royal insider who criticized Prince Mohammed's policies in Washington Post columns, was killed in 2018, and his body dismembered by Saudi agents during a visit to the kingdom's Istanbul consulate where he was seeking papers needed to marry Hatice Cengiz, a Turkish citizen.

The U.S. intelligence community concluded that the crown prince likely ordered the killing. The Saudi government initially denied involvement in Mr. Khashoggi's death but later acknowledged that government officials carried out the killing and said the crown prince wasn't personally involved.

In a filing Thursday, the State Department said "common law principles of immunity" informed its determination of Prince Mohammed's status, but that "does not reflect a judgment on the underlying conduct at issue in the litigation." The de facto Saudi leader was deputy prime minister at the time of the killing but in September he was named prime minister, a title traditionally held by the king—currently his father, King Salman.

White House National Security Coordinator John Kirby said the decision was in line with "longstanding international law in keeping with the crown prince's position as



Saudi Crown Prince Mohammed bin Salman has been accused of ordering the killing of Jamal Khashoggi.

prime minister." The legal determination has nothing to do with the merits of the lawsuit or with the U.S. relationship with Saudi Arabia, which Mr. Kirby called "tense right now."

The court is expected to take up the issue in a hearing next month. Getting Ms. Cengiz's lawsuit dismissed would help Saudi Arabia move past an episode that drove a wedge

between Prince Mohammed and Western allies, particularly the U.S.

The decision removes the possibility of using the U.S. court system to hold Prince Mohammed accountable for Mr. Khashoggi's killing, an act that caused friction in relations with President Biden. While prosecution in the U.S. for Mr. Khashoggi's death always was

unlikely, the prince wanted to remove any doubt, said the people close to the prince.

While then-President Donald Trump expressed support for the prince after the killing, Mr. Biden has taken a harder line, vowing during his 2020 presidential campaign to treat Saudi Arabia as a pariah. Barely a month into office, he released the long-delayed in-

telligence report about the prince's role in the killing and sanctioned several Saudi security officials without penalizing the prince himself.

Supporters of Mr. Khashoggi criticized the court filing as a betrayal, and Ms. Cengiz said the administration's decision was unexpected. "We thought maybe there would be a light to justice from #USA," she tweeted. "Jamal died again today."

The case was brought in 2020 jointly with Democracy for the Arab World Now, a U.S.-based nonprofit set up to promote human rights and the rule of law that Mr. Khashoggi founded while living in self-exile in Washington.

"It's beyond ironic that President Biden has single-handedly assured MBS can escape accountability when it was President Biden who promised the American people he would do everything to hold him accountable," Sarah Leah Whitson, executive director of the nonprofit, said, using Prince Mohammed's initials.

A Saudi court has handed down final sentences to eight low-ranking officials for their role in the killing, repealing death sentences after Mr. Khashoggi's eldest son pardoned them. The public prosecutor declared the case closed.



Mourners attend a funeral for people killed in a shooting attack amid recent unrest in Izeh, in Iran's Khuzestan Province.

Children's Deaths Anger Iran Protesters

BY BENOIT FAUCON

Mourners gathered Friday for the funeral of a 9-year-old Iranian boy shot during one of the protests that have shaken the country, chanting for the death of Supreme Leader Ayatollah Ali Khamenei as anger grows over the deaths of dozens of children involved in the demonstrations.

In a protest movement that is overwhelmingly made up of young people, the presence of minors has been common at demonstrations, especially teens who have driven the movement with actions at schools. Of the 381 protesters that human-rights groups say have been killed, at least 57 have been minors. Their deaths have contributed to the anger of demonstrators, instead of instilling fear, said activists and victims' families.

On Friday, in the southwestern Iranian city of Izeh, hundreds of people attended the funeral of nine-year-old Kian Pirfalak, who was killed during a protest Wednesday.

Kian's mother told mourners

her son was in a car when it came close to a large crowd and a heavy police force Wednesday. "This is when they drew their firearms and sprayed bullets at our car," she said in footage of the funeral's speech posted on social media.

At the boy's funeral, mourners chanted "death to Khamenei," who is unpopular in Khuzestan Province, where a Sunni Arab minority often has complained of discrimination from the Shia Persian majority. The mourners also slammed the paramilitary Islamic Revolutionary Guard Corps.

The Iranian government says seven people died in Izeh on Wednesday, blaming a terrorist attack for the death of Kian and others. The government said two gunmen on motorcycles attacked security forces with rifles. The authorities held a separate funeral Friday for people they said were killed in the attack.

Kian's mother said it was police, not gunmen on motorcycles, who killed her son.

Both the IRGC and opposition groups circulated a video of

Kian playing with a handmade miniature boat but for different reasons—the IRGC to drum up sympathy for victims of a terrorist attack and the opposition to draw outrage about government forces killing children.

Kian's death also was the subject of calls for protests internationally, with Hamed Es-

Human-rights groups say at least 57 of the 381 marchers killed have been minors.

maeilion, an Iranian-Canadian who has played a key role in demonstrations against the government abroad, asking for demonstrations Saturday.

A 14-year-old child also was killed in Wednesday's protest in Izeh, according to the Free Union of Iranian Workers, an umbrella of trade unions, and other opposition websites.

Nationwide protests have gripped the country for two

months since the death of Mahsa Amini, a 22-year-old woman who died in police detention after being arrested for allegedly breaching Iran's strict Islamic dress code. The protests have shifted from calls for the end of the mandatory headscarf, or hijab, to demands for the end of Islamic governance.

The use of lethal force, particularly in remote provinces inhabited by ethnic minorities, has taken a toll on minors. At least 10 children were killed on Sept. 30 when security forces shot live ammunition at a crowd in Zahedan, in eastern Iran, according to rights organization Amnesty International.

Meanwhile, protesters have escalated their attacks on symbols of the Islamic rule. On Thursday, protesters torched the old family home of the late Ayatollah Ruhollah Khomeini, Iran's former supreme leader and the founder of the Islamic Republic. Videos verified by Storyful, which is owned by News Corp, the parent company of The Wall Street Journal, show protesters marching past the blaze.

Gaza Fire Kills 21 Members of a Family

BY DOV LIEBER
AND ANAS BABA

JABALIA CAMP, Gaza Strip—A fire in a residential building in the Gaza Strip killed 21 people at a family gathering, including many children, Palestinian officials said, in one of the enclave's deadliest incidents in recent years outside of its conflict with Israel.

The blaze began in a multi-story building Thursday night in the crowded Jabalia refugee camp and spread fast because of a large amount of gasoline being stored there, said the ministry, which didn't clarify how the fire started.

Neighbors said the victims all belonged to the Abu Raya family, who had gathered for a 2-year-old's birthday and a celebration for another relative who was earning a doctorate. The lighting of a birthday candle ignited leaking cooking gas and started the fire, they said.

Videos published by local media showed flames engulfing the top floor of the building and spewing from its windows as firefighters worked to prevent the blaze from spreading.

"Preliminary investigations showed that the storing of a large amount of benzene inside the burning house contributed to the massive escalation of the fire and the occurrence of this number of deaths," said Iyad al-Bazim, Gaza's Interior Ministry spokesman.

An energy crisis in Gaza causes many people to store

gasoline and cooking gas in their homes. The enclave has been under an Israeli-Egyptian blockade since being taken over by Islamist militant group Hamas in 2007.

Mutassim Abu Nasr, a neighbor of the Abu Raya family, said firefighters took an hour to arrive, and that civilians in the area tried to save people but were forced back by the flames. Tamer Abed, another neighbor, said hundreds of people gathered around the burning house and could hear the screams from inside but were unable to intervene.

On Friday, thousands attended the funeral for those killed in the fire. Their bodies were draped in Palestinian flags and carried through the streets on stretchers.

Palestinian Authority President Mahmoud Abbas declared Friday a day of mourning.

Hamas's leader, Ismail Haniyeh, blamed the fire on the blockade, saying Israel bans rescue teams in Gaza from having the advanced equipment needed to deal with such a big fire.

Cogat, the Israeli military body responsible for liaising with the Palestinians and the border crossing into the strip, said Hamas was responsible for Gaza's lackluster fire services.

"The Hamas terror organization prefers investing in rockets and terror tunnels—rather than establishing civil and medical infrastructures for the residents of Gaza," Cogat said.



Firefighters battle a deadly blaze in Gaza's Jabalia refugee camp.

EU and Canada Will Back Climate Fund—Only If China Helps Pay

BY MATTHEW DALTON
AND STACY MEICHTRY

SHARM EL SHEIKH, Egypt—The European Union and Canada are willing to back the creation of a fund that would pay for damage linked to climate change in the most vulnerable countries—but only if wealthier developing nations such as China contribute.

The proposal, made by the EU at United Nations climate talks in Egypt, calls into question China's status as a developing economy that traditionally receives climate funds from the wealthy world. China has been pushing for this climate-

damage fund as part of a coalition of 133 developing nations.

The proposal seeks to break a deadlock at the COP27 talks about payments for what is known as loss and damage, when extreme weather that scientists link to global warming causes destruction that is sudden or potentially irreversible. The issue has emerged as the major sticking point in the final days of the summit, which was set to end Friday but was likely to stretch into the weekend.

A delegate for China, the world's largest emitter, said his country only would contribute to such a fund on a voluntary basis. Developed countries

were trying to shift responsibility for making loss-and-damage payments, because they don't want to come up with the money, the delegate said.

A Saudi delegate said the EU proposal aims to more or less redefine what it means to be a developing nation.

Developing countries have pushed for the creation of a new fund to provide finance for damage that scientists say is growing as global temperatures rise. The U.S., Canada, Europe and other wealthy nations say a new fund isn't strictly necessary, and that money can flow from the institutions that already exist to fi-

nance the developing world's response to climate change.

Frans Timmermans, the EU climate envoy, said Friday the new fund could be established in as little as a year. In exchange, the EU is seeking new efforts from countries to cut greenhouse-gas emissions, including a commitment to hit peak global emissions before 2025.

The EU proposal would, for the first time, divide developing countries into different categories under the U.N. climate talks and put some of them on the hook for providing funds. Doing so has been a red line for China and other major developing economies since the U.N.

climate treaty of 1992 established a clear divide: The U.S., European nations, Japan and a few other economies were considered the developed world, while most other countries were considered developing.

Canadian Environment Minister Steven Guilbeault said the proposal goes in the right direction by focusing funding on the most vulnerable countries, while excluding higher-income ones like China and Saudi Arabia as potential funding recipients.

Developing nations say wealthy countries should be on the hook for funding because they bear responsibility for the bulk of historical emis-

sions that have been pumped into the atmosphere.

"They are really creating the scenario to shift the burden to developing countries," said Diego Pacheco, chair of the Like Minded Developing Countries group, which includes China, India and Pakistan.

Developed nations say the divide no longer makes sense given China's rapid economic growth and industrialization. Moreover, oil-rich countries such as Saudi Arabia and the United Arab Emirates fall under the U.N.'s developing definition, angering the U.S. and European nations that are called upon to provide climate finance.

WORLD NEWS

U.K. Treasury Chief Defends Budget Cuts

Jeremy Hunt says other nations will need to copy reduced spending, tax increases

By Max Colchester

LONDON—U.K. Chancellor of the Exchequer Jeremy Hunt defended his decision to implement steep tax increases and public-spending cuts, saying many other governments are going to have to follow suit after years of ramped-up spending from the pandemic and new energy subsidies.

The U.K. on Thursday became the first Western economy to say it would sharply curtail its spending growth, even as a recession begins to take hold. Mr. Hunt announced £55 billion (\$65.3 billion) of budget cuts and tax increases aimed at convincing investors that the U.K. government is serious about tackling its rising debt load and combating inflation running at 11.1%.

“We are dealing with problems that all countries are having to face up to,” Mr. Hunt said in an interview on Friday. “And we’re dealing with them first and we’re dealing with them decisively.”

The U.S. and most European governments have piled on debt in past years, particularly

during the pandemic as they sought to shield their economies from lockdowns and other restrictions. Now European countries are loosening purse strings to help protect economies from high energy prices following the Russian invasion of Ukraine. While most governments have outlined costly energy subsidies for the next year or so, European energy prices could remain high for years, forcing governments to figure out how to pay for them in the longer run, economists say.

Other governments will have to begin tightening their spending or raising taxes or both, said Mr. Hunt. “Everyone is going to be broadly doing the same things because we’re all facing the same energy crisis, the same economic pressures,” he said, citing the Inflation Reduction Act in the U.S., which imposes new taxes on large corporations, as an example.

So far, the U.K. is the only country that has had its financial markets tested by investors over worries about debt, despite having a relatively light debt load as a percentage of its economy compared with the U.S. and some European peers. In late September, investors began selling off U.K. assets after the previous government of Prime Minister Liz Truss unveiled a large energy subsidy as well as the biggest

tax cuts in a generation, funded by debt.

After growing chaos that threatened a full-blown financial crisis, Ms. Truss fired her finance minister and replaced him with Mr. Hunt, a former health secretary, who quickly reversed the tax cuts. He has now taken economic policy in the other direction by squeezing taxpayers even as the economy slows. Ms. Truss has since resigned.

“This is a path through to the other side and there’s clarity in the U.K. that we are gripping those issues,” he said. “Everyone’s facing higher inflation, higher energy bills, the backlog following the pandemic, issues to supply chains and we’re dealing with these clearly in the U.K.,” he added.

U.K. financial markets have largely returned to normal in recent weeks. After Mr. Hunt outlined the budget plans for coming years under new Prime Minister Rishi Sunak, the yield on U.K. government debt climbed slightly, with the 10-year yield sitting at 3.265%, well below a peak of around 4.5% in late September. The pound was flat against the dollar on Friday at \$1.19.

“The markets seem to feel that the U.K. is heading to a period of stability and that’s what we want,” he said.

The outlook for the U.K.



“This is a path through to the other side,” Jeremy Hunt said of the tax increases and spending cuts.

economy is somber. The tax burden will hit its highest level since World War II, according to the Office for Budget Responsibility, a government finances watchdog. The Resolution Foundation, a research group, estimates that U.K. household disposable incomes will be lower at the start of 2028 than they were in 2019. Critics say Mr. Hunt risks unnecessarily hobbling the economy as it enters a recession that official forecasts say will shrink the U.K. economy by 1.4% next year, the biggest fall of any Group of Seven nation.

“If the U.K. was a business, I would say we’ve made the right decisions for the long term even though it’s very uncomfortable in the short

term,” Mr. Hunt said. He added that tax rates would come down in the longer term, with the OBR predicting growth after next year’s recession.

He added that the months of chaos that had engulfed the Conservative Party were largely behind it. Not a single Conservative lawmaker posed a hostile question in the House of Commons after Mr. Hunt presented the plan, which “demonstrates that the Conservatives are rallying around this approach,” he said.

Mr. Hunt also addressed on-going trade friction with the European Union following Brexit. Since leaving the EU’s single market for goods and services, export volumes to

the nation’s biggest trading partner have dropped. Now that the heat of the Brexit issue has cooled, Mr. Hunt is confident trading access to the EU will improve over time.

“I think [trade barriers] are going to come down over time. I don’t think this is an immediate thing...This is because it’s in the economic interests of both sides to minimize the friction to trade.”

Falling household incomes contributed to a contraction in the U.K. economy during the three months through September. The OBR expects a recession that will last for a little more than a year.

—Paul Hannon contributed to this article.

Xi Fills Government With Science, Tech Experts to Battle U.S.

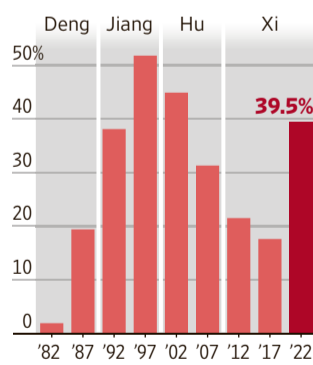
By Karen Hao

HONG KONG—Chinese leader Xi Jinping has packed the top ranks of the Communist Party with a new generation of leaders who have experience in aerospace, artificial intelligence and other strategically important areas, as Beijing seeks to become a science and technology superpower that rivals the U.S.

The roster of officials with backgrounds in science and technology on the party’s 205-member Central Committee has rebounded to roughly the length it had during former leader Jiang Zemin’s first five-year term, beginning in 1992, when he kicked off a rapid acceleration of scientific research and innovation. The increase comes as Washington takes steps both to contain China’s tech sector and boost U.S. innovation.

Chinese officials with technical expertise occupy 81 seats, nearly 40% of the total, in the

Share of technocrats among full members of the Chinese Communist Party Central Committee



Source: Cheng Li, Brookings Institution

new Central Committee—the elite body that decides major national policies—according to data compiled by the Washington-based Brookings Institution think tank and shared exclusively with The Wall Street Journal. That compares with less than 18% in the previous Central Committee. The new one was announced last month during a twice-a-decade conclave in Beijing.

On the party’s ruling 24-person Politburo, the core of the Central Committee, the number of science- and tech-savvy decision makers rose to eight from two.

For most of its 73 years in power, the Communist Party has wrestled with the value of recruiting elites with technical knowledge, so-called technocrats, as opposed to purely political operators—the “red vs. expert” debate, as it is known. Though Mr. Xi often draws ideological comparisons with

Mao Zedong, who was skeptical of experts, he has repeatedly espoused his belief in the importance of science and technology to bolster China’s economic and military might.

“We must regard science and technology as our primary productive force, talent as our primary resource, and innovation as our primary driver of growth,” Mr. Xi said at the recent Communist Party congress.

“Those are not just empty words or an empty goal,” says Cheng Li, director of the China Center at Brookings, who compiled and analyzed the data. “He deliberately promoted leaders from that area to enter the Chinese leadership.”

Under Mr. Xi’s predecessor, Hu Jintao, several top leaders had engineering backgrounds, but the party’s lower ranks were thin on such experience. This left few candidates available in subsequent years to promote to more influential positions in the central government. Those roles went instead to leaders with training in economics and social sciences.

The new wave of appointments came a month after U.S. national security adviser Jake Sullivan announced the U.S.’s own strategic shift to start maintaining “as large of a lead as possible” over competitors such as China in foundational technologies. In October, the U.S. Commerce Department released sweeping export controls to throttle China’s ability to make and access advanced chips, one of Beijing’s self-identified chokepoints critical to a swath of its economic and military ambitions.

Many of the new technocrats in the Central Committee come from emerging industries that Beijing has identified as strategic priorities, including semiconductors, environmental science and biotechnology. Brookings counted only individuals who earned a degree in science or engineering and subsequently practiced in the field. It didn’t include those who specialized in economics and finance.

Aerospace experts lead with 20 seats. Their dominance highlights the importance Mr. Xi places on the industry’s role in Beijing’s civil-military fusion strategy and as a source of national pride, Mr. Li says.

The sudden jump in science and technology experts is abetted in part by the changing makeup of China’s political elite. Most senior officials under Mr. Hu had come of age during the Cultural Revolution and so were denied educational opportunities, said Ruihan Huang, a research associate at Chicago-based think tank MacroPol.



An epidemic-control worker gives Covid-19 tests in Beijing. China this week reported more than 24,000 new locally transmitted cases.

Covid-19 Cases Are Rising in China

By Sha Hua

SINGAPORE—China’s central government has laid out preparations to deal with surging Covid-19 infections, while warning local authorities against “irresponsible loosening” of pandemic-control measures.

China would continue to “rectify the practice of excessive measures such as lockdowns, while also opposing irresponsible attitudes and prevent a loosening up,” said Mi Feng, spokesman for China’s National Health Commission on Thursday.

China reported more than 24,000 new locally transmitted Covid-19 cases, according to data from the National Health Commission on Friday, edging closer to the high point seen during Shanghai’s monthslong lockdown this year. Infections were recorded nationwide, with numbers rising in two-thirds of the provincial-level regions.

Beijing reported more than

450 new cases, close to Monday’s record and bringing total cases in the nation’s capital to nearly 2,500 since the government unveiled measures aimed at easing the impact from stringent pandemic controls. On Friday, officials urged residents of Beijing’s biggest district, Chaoyang, to stay home this weekend.

Zhengzhou—where Apple Inc. supplier Foxconn Technology Group has faced an outbreak at the world’s biggest iPhone assembly plant—found more than 1,600 new infections. About 4,700 new cases were detected in China’s southwestern metropolis of Chongqing.

Guangzhou, the provincial capital of China’s manufacturing powerhouse Guangdong, had the highest tally, with more than 9,000 new cases among its 19 million residents.

China’s leadership issued a notice recently that instructed local governments to ease Covid controls, cut the length

of quarantines and reduce unnecessary mass testing. But editorials in The People’s Daily—the Chinese Communist Party’s flagship publication—continued to call on China’s population to stick with its approach of staying vigilant and nipping outbreaks in the bud.

The mixed messaging has left local governments trying to figure out how to handle Covid cases without resorting to the most stringent rules of China’s zero-tolerance approach.

At Thursday’s briefing, Beijing also unveiled plans for the hospital system to deal with a surge of new infections by building more facilities for treating severe Covid cases, and to ensure that intensive-care units account for 10% of all hospital beds.

China has relaxed the categories of people who must be isolated in response to the loosening instructions, but it still requires every infected

person and close contacts to enter quarantine.

Guangzhou has announced plans to add beds for nearly a quarter of a million people to handle surging infections, including 132,015 in hospital isolation wards and 114,392 for people who are infected but have no symptoms.

Sudden and sometimes prolonged closures of workplaces, schools and neighborhoods have been fueling frustration and protests across China this year.

In one possible hint at future easing, Chinese leader Xi Jinping said on Friday that China is considering hosting a large infrastructure conference next year.

China’s Ministry of Culture and Tourism, meanwhile, removed limits on the number of visitors allowed at theaters, concerts and music festivals, provided the event is held in a low-risk area with no continuing outbreak.

WORLD WATCH

INDIA

Privately Developed Rocket Is Tested

India tested its first privately developed rocket on Friday with a successful suborbital launch that marks a step forward in the country’s push to develop a commercial space industry.

The Vikram-S rocket, which was developed by the startup Skyroot Aerospace, blasted off at around 11:30 a.m. local time from the Sriharikota spaceport off the southern Indian state of Andhra Pradesh. It reached an altitude of 55.6 miles, with all of the rocket’s systems working as planned, the company said.

Space experts said the launch is a crucial step forward for the nation’s space industry, which has been dominated for decades by

India’s national agency, the Indian Space Research Organisation.

“It’s an important milestone,” said Rajeswari Pillai Rajagopalan, a New Delhi-based space expert and director of the Centre for Security, Strategy and Technology at the Observer Research Foundation.

“This is hopefully the beginning of a new phase in India’s space program where the private sector can actually be more active,” he added.

—Shan Li

THAILAND

Washington, Beijing Resume Trade Talks

U.S. Trade Representative Katherine Tai met with Chinese Commerce Minister Wang Wentao on Friday to discuss trade issues, in Ms. Tai’s first face-to-

face meeting with a senior Chinese official since taking office in 2021, her office said.

The session came after of President Biden’s meeting with Chinese President Xi Jinping on Monday, in which the leaders agreed to maintain communication among key senior officials to discuss global and bilateral issues.

The meeting between Ms. Tai and Mr. Wang came on the sidelines of a gathering of the Asia-Pacific Economic Cooperation nations in Bangkok, and marked the resumption of top-level trade discussions between the world’s two largest economies.

Trade relations have been strained since China failed to meet its key commitments under a bilateral trade deal signed by former President Donald Trump that expired last December.

—Yuka Hayashi

NORTHERN IRELAND

Bomb Damages A Police Vehicle

Police in Northern Ireland said Friday that two officers escaped injury when their vehicle was damaged by a homemade bomb. The force said it was treating the attack as attempted murder.

The Police Service of Northern Ireland said the blast in Strabane on Thursday “appears to have been a targeted attack on police.” Assistant Chief Constable Bobby Singleton said “a strong line of inquiry” is whether an Irish Republican Army splinter group known as the New IRA was responsible. A 1998 peace agreement largely ended three decades of violence in Northern Ireland.

—Associated Press

FROM PAGE ONE

FTX Fall Was Years In Making

Continued from Page One
whom. Prosecutors are now investigating its collapse.

Mr. Bankman-Fried's companies had neither accounting nor functioning human-resources departments, according to a filing in federal court by the executive brought in to shepherd FTX through bankruptcy. Corporate money was used to buy real estate, but records weren't kept. There wasn't even a roster of employees, to say nothing of the terms of their employment. Bankruptcy filings say one entity's outstanding loans include at least \$1 billion to Mr. Bankman-Fried personally and \$543 million to a top lieutenant.

The lives of the people who ran FTX and its related companies were similarly blurred. Ten of them lived and worked together in a \$30 million penthouse at an upscale resort in the Bahamas. The hours were punishing, and the lines between work and play were hard to discern. Romantic relationships among Mr. Bankman-Fried's upper echelon were common, as was use of stimulants, according to former employees.

Mr. Bankman-Fried, 30 years old, kept a hectic schedule, toggling between six screens and getting by on a few hours of sleep a day. He was at times romantically involved with Caroline Ellison, the 28-year-old CEO of his trading firm, Alameda Research, according to former employees.

"Nothing like regular amphetamine use to make you appreciate how dumb a lot of normal, non-medicated human experience is," Ms. Ellison once tweeted. A lawyer for Ms. Ellison declined to comment.

To the outside world, Mr. Bankman-Fried was the mayor of cryptoland, the man charged with convincing lawmakers, investors and enthusiasts that he'd built a new kind of finance. He urged Congress and regulators to approve his model for crypto trading. On his cryptocurrency trading exchange, FTX, positions and risk were cross-checked by computers, and algorithms would react within milliseconds to protect bad trades from spilling over to hurt other customers, he said. On Twitter, he admonished competitors for practices he called unsafe.

But behind the scenes, Mr. Bankman-Fried was taking huge risks himself. Though he said publicly that Alameda was just a regular user on the exchange, the firm ran up a bill of \$8 billion buying stakes in startups, trading on credit that no other user could get. Much of that money, much of which belonged to FTX's customers, is likely gone.

FTX's swift collapse—it went from paragon to bankrupt in just over a week—has renewed questions about crypto's viability, its unregulated status and how so many well-heeled investors could have been misled for so long. Investors have poured hun-



Scenes from the neighborhood of downtown Nassau on the island of New Providence, Bahamas.

dreds of billions of dollars into digital currencies in recent years. Staid financial institutions were finally getting in on the action, too.

The executive tapped to guide Mr. Bankman-Fried's companies through bankruptcy said the state of FTX's affairs was the biggest mess he had seen in a decadeslong career that includes unwinding the accounting scandal that was Enron Corp. In a court filing he said many of the firm's records of its digital assets seemed to be missing or incomplete; in many cases, he was unable to locate relevant bank accounts.

In last week's bankruptcy papers, a Kenya-based money-transfer company was listed as an FTX entity. That surprised its CEO, Elizabeth Rossiello.

In a 2021 financial report, FTX said it had agreed to buy her company for about \$220 million. FTX never did. There was no agreement, at any price, said Ms. Rossiello. "We were going to be their exclusive partner in Africa," she said, nothing more.

"From compromised systems integrity and faulty regulatory oversight abroad, to the concentration of control in the hands of a very small group of inexperienced, unsophisticated and potentially compromised individuals, this situation is unprecedented," John J. Ray III said in court papers.

A full accounting of what went wrong at FTX is likely months away, but a reconstruction of what the firm did and how its executives operated makes plain its public image—a team of brilliant quants bringing a sophisticated, digital approach to risk—was a mirage.

Mr. Bankman-Fried has blamed the misuse of customer funds on sloppy record-keeping and a flood of unexpected customer withdrawals.

"I'm sorry. That's the biggest thing," he tweeted Nov.

10. "I f—ed up, and should have done better."

Golden boy

Mr. Bankman-Fried's combination of bravado and humility captivated crypto bros and the Davos set. Investors poured billions into the firm run by the mop-headed "League of Legends" fan who wore ratty T-shirts and slept on a beanbag chair. He was raised on the Stanford University campus by two well-known professors, fluent in the language of the highly educated.

FTX, unlike most young startups, seemed to be turning a tidy profit taking a cut of billions of dollars in daily crypto trades. Mr. Bankman-Fried wasn't like the other crypto founders. He said he was amassing a fortune for the sole purpose of giving it away, part of a movement

Hours were punishing and lines between work and play were blurry.

known as effective altruism. He lobbied lawmakers to tame the wily crypto market.

Mr. Bankman-Fried's businesses appeared to be pillars of stability. FTX was seemingly flush with cash after having raised about \$2 billion from investors such as Sequoia Capital and Ontario Teachers' Pension Plan.

Yet late last year, the company started calling Bahamian banks with an unusual offer: Deposit your cash in FTX's crypto-lending platform in exchange for interest of as much as 12%, according to bankers.

Then, in May, the crypto market crashed, taking down several crypto firms. Mr. Bankman-Fried played the role of

white knight.

FTX and Alameda, the trading firm, extended hundreds of millions of dollars in credit to prop up one struggling lender, BlockFi, and made an unsuccessful bid to keep lender Voyager Digital out of bankruptcy.

Mr. Bankman-Fried's heroics drew comparisons to John Pierpont Morgan's private bailouts that helped end the Panic of 1907.

"There really was significant and irresponsible risk that was taken on by some of the smaller names that are running into problems," he told The Wall Street Journal in July.

No boundaries

Behind the scenes, Alameda the trading firm and FTX the exchange were far more entangled than outsiders realized.

One potential investor was concerned about the seeming lack of barriers between the two firms. Alex Pack first met Mr. Bankman-Fried in December 2018 in the Cafe Gray Deluxe on the 49th floor of Hong Kong's Upper House hotel.

Then a managing partner with Dragonfly Capital, a crypto-focused venture firm, Mr. Pack was considering an investment in Alameda. He was captivated by the disheveled founder, who shuffled in 20 minutes late for the meeting, dressed in shorts and a T-shirt.

A monthslong due-diligence process turned up an April 2018 trading error that cost Alameda more than \$10 million. Dragonfly only learned about the loss after chatting with Alameda's traders; the financials the firm supplied didn't go back far enough to reveal it, Mr. Pack said.

Mr. Bankman-Fried seemed nonchalant when asked about the loss, Mr. Pack said. "We were like, this is some pretty reckless risk-taking," said Mr. Pack, now a managing partner

with Hack VC.

The talks fell apart when Mr. Bankman-Fried revealed that Alameda was working on the crypto exchange that would become FTX—but only wanted Dragonfly's money for Alameda, not for the new project. "Alameda and FTX were tied at the hip," Mr. Pack said. "Proposing to use our money, if we were to invest, to finance his new business to the detriment of the business we were investing in—that left a pretty sour taste in our mouths," he said.

Mr. Bankman-Fried often said Alameda played by the same rules as any other trader on FTX. "There are no parties that have privileged access," he told the Journal in July.

He had long extolled the virtues of FTX's "risk engine," a system that monitored traders' bets across a dizzying array of cryptocurrencies. If someone's bet was going bad, the system would demand more collateral. If the trader didn't top up their account in time, FTX could liquidate the trader's assets.

Yet Alameda, according to bankruptcy-court documents, had a "secret exemption" that allowed it to avoid liquidations in certain circumstances. The documents didn't spell out details of the exemption.

Alameda's special status allowed it to effectively rack up an \$8 billion bill with FTX. Much of that money was spent buying stakes in startups and obscure digital currencies that couldn't easily be sold to raise cash, according to a financial document prepared by FTX dated Nov. 7 that was viewed by the Journal.

Alameda spent \$1.1 billion buying stakes in Genesis Digital Assets between August 2021 and April 2022, the document shows. Bitcoin mining companies such as Genesis Digital have plunged in value in recent months.

Alameda also invested in Anthropic, an artificial-intelligence startup founded last year by devotees of the effective-altruism movement. Anthropic said in a press release that Mr. Bankman-Fried and some senior colleagues at FTX had led a \$580 million investment round in the company. Documents say the investment was actually made with company money.

In addition, Alameda invested in venture-capital funds that backed FTX, including \$200 million in two funds run by Sequoia Capital and \$20 million in a Paradigm-run fund, according to the document.

Before they collapsed, Alameda and FTX valued their venture and crypto investments at more than \$5 billion, all told, the document said.

An FTX's Worth

The fates of Mr. Bankman-Fried's trading firm and exchange were intertwined in another big way. Alameda was highly dependent on its holdings of FTX, a cryptocurrency that FTX launched in 2019, according to the financial document viewed by the Journal.

Humans have ascribed value to objects for eons. A

dollar bill is just a piece of paper, after all. But its value comes from traditions and agreements, laws and practices formed over hundreds of years. Cryptocurrencies compress that into the stroke of a key: Make a cryptographic token with some code, give it a name, and get someone to believe it's worth \$10. If you hold a hundred thousand of these tokens, you now have an asset worth a million dollars—in theory.

Crypto investors saw the FTT token as similar to shares of FTX, and its value soared as FTX grew into one of the world's biggest digital-currency exchanges.

Alameda holds the lion's share of FTT in existence. Before it collapsed, Alameda had marked the value of its FTT at \$5.5 billion, according to the document.

The tokens provided Alameda with a sort of superpower: The firm could post its stash of FTT as collateral and borrow other coins to fund its trading strategies.

The strategy had one big flaw: If the price of FTT crashed, Alameda's money spigot would dry up.

The document also listed holdings of \$5 billion of serum and \$1.7 billion of solana, tokens that were sometimes called "Sam coins" because of Mr. Bankman-Fried's role in promoting them. Alameda created serum in 2020 while solana was launched by a startup that was backed by Alameda. FTX listed the tokens on its exchange, giving them credibility among crypto investors and helping to boost their price, while Alameda counted their value toward the assets on its balance sheet.

One of Mr. Bankman-Fried's most vaunted deals helped keep his own ship from sinking. Going into the summer, BlockFi held hundreds of millions of dollars worth of FTT as collateral for loans, according to people familiar with the matter. If the lender failed, the liquidation of those tokens would have crashed FTX. FTX extended a \$400 million revolving credit facility to BlockFi that kept the lender afloat.

"BlockFi was not aware of or involved with any improper business conduct done by FTX or its counterparties," a spokeswoman said.

On June 6, as a wave of layoffs rippled through the crypto industry, Mr. Bankman-Fried tweeted that FTX would "keep growing as others cut jobs."

Later that month, FTX laid off around 20 people, mostly in the Bahamas, people familiar with the matter said, without public notice. FTX required some to sign nondisclosure agreements, they said.

Mr. Bankman-Fried founded Alameda in 2017 and FTX two years later. The exchange specialized in exotic investments like perpetual futures, leveraged tokens and options. Such markets, which U.S. regulators keep off-limits to Americans, allow traders to make huge, debt-fueled bets.

After a stint in Hong Kong, Mr. Bankman-Fried and FTX



'I'm sorry. That's the biggest thing.'

Sam Bankman-Fried in a Nov. 10 tweet

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made their home in the Bahamas, moving in 2021 to take advantage of the island country's crypto-friendly regulatory regime.

On the archipelago's New Providence island, an 80-square-mile oasis that feels to its financial elite like a small club, FTX landed with a splash, according to people on the island. The company rapidly acquired high-end real estate.

Locals said they were excited to be part of what felt like a new wave of industry. The Bahamian prime minister, Philip Davis, hoped FTX would help center his country as a nexus of the crypto world, he said in several public speeches. When given the chance to buy FTX equity earlier this year, one Bahamian FTX worker said employees spent thousands of dollars each on shares.

Mr. Bankman-Fried got his start at Jane Street, a high-tech trading firm, after leaving the Massachusetts Institute of Technology. For fun, he and some colleagues played games that tested their intellects, such as Bughouse chess, a fast version of the game played by four players on two boards.

FTX laid out tens of millions of dollars on residences to turn part of the waterfront resort into an extension of FTX, according to people familiar with the matter. The resort kept a restaurant open 24 hours a day with FTX employees in mind, the people said.

Fundraising prowess

In 2021, Silicon Valley was in a full crypto craze. Coinbase Global Inc.'s direct listing gave the company a blockbuster \$65 billion market capitalization after its first day of trading. Venture capitalists poured more than \$9 billion into crypto and blockchain startups in the first half of 2021, according to PitchBook, nearly triple what they invested in all of 2020.

FTX never really had the red-ink phase common to startups. The exchange generated an operating profit of \$14.4 million on revenue of \$89.9 million in 2020, its first full year in business, according to financial statements reviewed by the Journal. Mr. Ray, the executive charged with seeing FTX through its bankruptcy, in court papers said he has doubts about the company's past financial statements.

Mr. Bankman-Fried was able to dictate the terms of any deal, people familiar with the matter said. One investment firm that Mr. Bankman-Fried pitched was told it had less than a week to decide whether the firm was in, one of the people said. When the firm asked to see more information about FTX's balance sheet, the startup declined to provide it, that person said.

Potential investors said Mr. Bankman-Fried appeared uninterested compared to the typical founder scrounging for money. He frequently deferred to another executive, Ramnik Arora, and moved on to other tasks.

On a call pitching Sequoia Capital, the firm that has backed some of the biggest companies in Silicon Valley, Mr. Bankman-Fried was simultaneously playing the video game "League of Legends," according to an article Sequoia published on its website about FTX in September that it has since removed.

In all, dozens of investors plowed around \$2 billion into his firm in just seven months, flocking as a herd to bet on one of the world's hottest startups.

Big spending

Mr. Bankman-Fried was giving multimillion-dollar donations to Democratic politicians and to fund a variety of causes, including combating climate change and curing tropical diseases. He plunged deeper into the effective-altruism movement.

FTX spent big to attract new customers. The company last year agreed to pay \$135 million over 19 years to emblazon the basketball arena where the Miami Heat play with its logo.

The deal seemed to vault FTX into an upper echelon of corporate America. Additional sponsorships followed, with a Formula One racing team, a prestigious chess tournament, esports organizations and other NBA teams.

Its advertisements featured



FTX threw parties and events for employees at the Swimming Pig, a restaurant inside the Baha Mar resort, above.

sports stars including Tom Brady and Stephen Curry. The message in most was that it wasn't important to understand crypto to join the frenzy, just the FTX app.

In one commercial, retired Boston Red Sox slugger David Ortiz is watching a game on television when he receives a phone call.

"You're getting into crypto? With FTX? Steph and Tom are in?" Mr. Ortiz says. "Oh I'm in, bro."

Cracks emerge

This year's crypto meltdown put a chill on Silicon Valley. But Mr. Bankman-Fried needed more money. He wanted another \$1 billion to buy beaten-down crypto startups and consolidate his control over the industry.

He painted a grandiose vision to potential investors, floating the idea of acquiring Robinhood Markets Inc., according to two investors who spoke to Mr. Bankman-Fried.

But he struck out in Silicon Valley. Mr. Bankman-Fried turned to Middle East sovereign-wealth funds rich with oil money. At the Saudi Future Investment Initiative last month, he met with officials from the Public Investment Fund and pitched them on the company. From there he flew to Abu Dhabi, looking for an investment from the emirate's wealth funds.

He came home empty-handed.

The first cracks appeared in Mr. Bankman-Fried's empire on Nov. 2, when crypto website CoinDesk published an article with details from a leaked copy of Alameda's financials. It revealed that the trading firm's balance sheet was puffed up with billions of dollars worth of FTT and various "sam coins."

Alameda's Ms. Ellison tweeted that the leaked balance sheet reflected only "a subset of our corporate entities," but the damage had been done.

The CoinDesk report drew the attention of Changpeng Zhao, the billionaire head of Binance, the world's largest crypto exchange. Binance was a significant holder of FTT, with more than \$500 million of the token.

On Nov. 6, Mr. Zhao tweeted that Binance would sell its FTT holdings, a move that threatened to crash the price. Although many observers chalked up the move to his long-simmering rivalry with Mr. Bankman-Fried, Mr. Zhao said he was protecting Binance from the risks of holding an illiquid token.

Ms. Ellison tweeted that her firm would "happily" buy the entire pile of FTT tokens at \$22 per coin. Binance contacted her about the offer but never heard back, a person fa-

miliar with the matter said.

In a few tweets Mr. Zhao had ignited a run on FTX. On Sunday, Nov. 7, the crypto exchange was slammed with some \$5 billion worth of withdrawals.

If FTX had managed customer funds as traditional brokerages do, it would have kept them separate from other parts of its businesses.

But FTX had loaned billions of dollars worth of customer funds to Alameda to cover its liabilities, people familiar with the matter said.

Mr. Bankman-Fried has disputed reports that FTX intentionally loaned customer funds to Alameda. In a text exchange published by Vox on Wednesday, he blamed "messy accounting," adding: "I didn't realize [the] full size of it until a few weeks ago."

The hidden loans turned the flood of withdrawals into a deathblow. Mr. Bankman-Fried wrote in a tweet on Nov.

7, which has since been deleted, that "FTX is fine. Assets are fine." Behind the scenes he was scrambling to find a deep-pocketed investor to plug the hole. He approached rival crypto exchanges Coinbase and Kraken, according to people familiar with the talks, but those discussions went nowhere.

He was forced to turn to his nemesis: Binance.

The evening of Nov. 7, Mr. Zhao was in his office in Dubai editing notes for his upcoming speech at a conference of global leaders in Bali when he received a message from Mr. Bankman-Fried over Signal, an encrypted messaging app, a person familiar with the matter said. The FTX CEO congratulated his rival and described Binance as the perfect buyer for FTX, the person said.

On the morning of Nov. 8, Mr. Bankman-Fried sent a message to his team. He apol-

ogized for the chaos and thanked them for their efforts.

"It was clear the game was over," says Nathaniel Whittemore, who was a senior marketing specialist at FTX.

That morning, Binance announced a non-binding deal to acquire FTX. The news shocked investors who had believed in Mr. Bankman-Fried's vision and stunned his employees, the vast majority of whom had no idea of FTX's problems.

As Binance executives pored over FTX's books, they were confronted with a confusing mess, a person familiar with the matter said. Moreover, the hole that needed to be plugged was growing: FTX first put it at \$2 billion, then \$5 billion, then finally more than \$8 billion, the person said.

Many of FTX's lawyers quit

'It was clear the game was over,' said a former FTX employee.

while the talks were under way, part of a broader exodus of employees from the company, according to people familiar with the matter.

On Nov. 9, Mr. Bankman-Fried messaged Binance to ask for an update: "Hey all, we are still extremely excited to work on this with you guys. We are obviously seeing a lot of public pieces coming out claiming leaks but obviously we don't know if that is real. We would love to get clarity from you guys about this."

Three minutes later, Mr. Zhao wrote back to the FTX chief. "Sam, I'm sorry," he said, "we won't be able to continue this deal. Way too many issues. CZ."

Fallout

Mr. Bankman-Fried hustled to raise money from other investors, who pressed him on what happened to the customer funds. In one call on Nov. 9, he told prospective investors that FTX had taken in \$16 billion of customer assets denominated in various cryptocurrencies and loaned more than half of it to Alameda.

Mr. Bankman-Fried searched for words. "There was a... a... let's call it ballpark \$8-ish-billion of um um margin position size and it was quickly going to get to the point where we are not gonna have enough liquid assets to meet withdrawals," he told the prospective investors, according to a recording of the call heard by the Journal.

In a Nov. 9 video meeting with Alameda employees, Ms. Ellison, the CEO, apologized and said that she had disappointed the staff, according to a person familiar with the matter.

Ms. Ellison said she, Mr. Bankman-Fried and two other FTX executives knew about the decision to send customer funds to Alameda, people familiar with the matter said.

Stunned by the revelations, many Alameda employees quit the next day, according to people familiar with the matter.

With her large-framed glasses, Ms. Ellison was known to be sociable with those who shared similar interests, one former colleague said. But she tended to turn quiet during high-pressure trading situations, the person said, and could get bulldozed by louder and more outwardly confident peers, especially Mr. Bankman-Fried.

On Nov. 10, the Journal reported that FTX had used customer funds to prop up Alameda. The crypto community was turning sharply against the FTX chief, who was being called "Scam Bankrun-Fraud" on social media.

"I'm really trying to control my rage," Kraken CEO Jesse Powell tweeted. "This isn't about aiming high and missing. This is about recklessness, greed, self-interest, hubris, sociopathic behavior that causes a person to risk all the hard-won progress this industry has earned over a decade, for their own personal gain."

The next day, FTX filed for bankruptcy.

Its collapse has shaken the crypto world. BlockFi halted withdrawals on Nov. 10 and is preparing to file for bankruptcy. Crypto lender Genesis, which paused withdrawals on Nov. 16, said in a tweet it has hired advisers and is exploring all options.

FTX hired a Bahamian security firm to guard FTX headquarters shortly before the collapse. After the news, the majority of non-local FTX employees left the island. The security guards said they found themselves protecting nearly vacant buildings.

Mr. Bankman-Fried and a skeleton crew of remaining employees spent the past weekend trying to raise funds to plug FTX's \$8 billion hole and repay customers.

Before the company collapsed, FTX staffers frequented Island Brothers, an upscale French bistro a stone's throw from the company's headquarters, restaurant employees said. The owner got to know Mr. Bankman-Fried's father, Stanford tax-law scholar Joseph Bankman, during his visits to Nassau to spend time with his son.

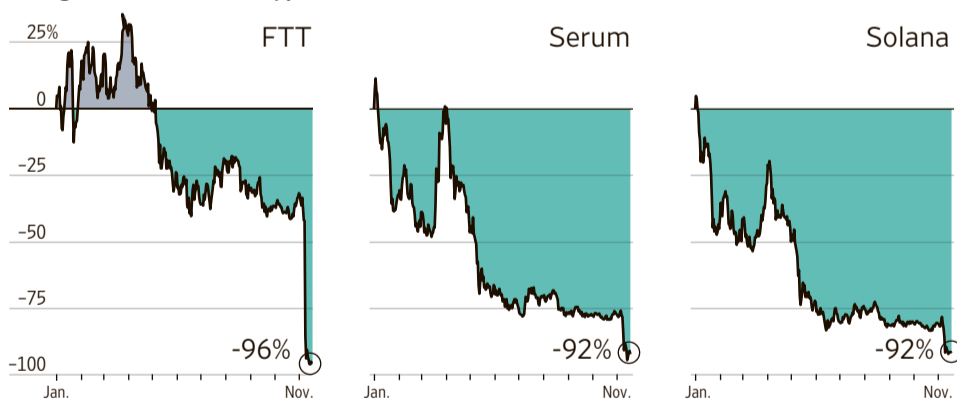
Last week, FTX's downfall brought Mr. Bankman to Island Brothers in a somber mood. After a few pleasantries, the restaurant owner said, Mr. Bankman broke down in tears.

Vicky Ge Huang, Gregory Zuckerman, Paul Vigna, Eliot Brown, Peter Rudegeair, Berber Jin, Elaine Yu, Rachel Louise Ensign, Ben Cohen, Shane Shifflett, Coulter Jones, Julie Steinberg, Rory Jones, Jonathan Weil, Justin Baer, Hannah Miao, Gina Heeb, Ryan DeZember, Dave Michaels contributed to this article.

Sam Coins

The three biggest cryptocurrency holdings on Alameda Research's balance sheet, according to a Nov. 7 document viewed by the Journal, have lost most of their dollar value this year.

Change in dollar value of cryptocurrencies from end of 2021



Island Brothers, an upscale French bistro a stone's throw from the company's headquarters.

OBITUARIES

ALVIN SEGAL
1933 — 2022

Canadian Created Giant In Suits and Sport Coats

By JAMES R. HAGERTY

As he neared his 18th birthday in 1951, Alvin Segal had a stuttering problem and an aversion to schoolwork. When he failed a French exam for the second time and learned he wouldn't qualify to graduate from high school, he wept.

His stern stepfather, Moe Segal, summoned him for a talk.

Instead of giving the young man a lecture, Mr. Segal offered him a job in the factory of his Montreal-based menswear company, Peerless Clothing Inc. Alvin Segal immediately accepted. His schoolboy torments were finally over. He would have a regular paycheck. Better yet, he soon discovered a passion for finding more efficient ways to produce suits and trousers.

Within three years, he was in charge of the factory. Later, during trips to Europe, he discovered new ways to automate the intricate process of making suits. He brought those techniques to North America before rivals caught on.

In a memoir, Mr. Segal wrote that he never set out to head the company and was only striving to make it more successful so he could keep his job. Eventually, he bought out his stepfather and various partners and became the owner, chairman and chief executive of Peerless.

When a new U.S.-Canada trade agreement took effect in 1989, he rushed to establish a major presence in the U.S. and turned Peerless into the biggest supplier of men's suits and other dress apparel in North America. As a result, countless American men who have never heard of the family-owned Montreal company have worn its suits sold under designer or department-store labels.

Mr. Segal had a stroke in October and died Nov. 4 at the age of 89.

To encourage flexibility, he often told colleagues: "I have a long-range plan that changes every day." Another favorite motto: "You should never look back. It only puts a kink in your neck."



He was born in Albany, N.Y., into a Jewish family on Sept. 19, 1933, as Alvin Cramer. His father, a partner in a wholesale grocery firm and a chain of grocery stores, was badly injured in a car accident shortly after Alvin was born and died in 1940 at age 42.

Alvin developed an early interest in taking apart toys and appliances and putting them back together. At school, he struggled. "I had what would probably now be diagnosed as attention-deficit disorder or some other learning disability," he wrote in his 2017 memoir, "My Peerless Story."

At one point, when his elementary school was on the verge of making him repeat a grade, the principal asked, "Alvin, do you want to be the dumbest kid in grade five or the smartest kid in grade four?" He chose to advance to grade five.

When he was a teenager, his mother married Moe Segal, and the family moved to Montreal.

When Alvin Segal began working at Peerless, the company mostly made inexpensive suits and trousers from synthetic fabrics. A sign on the roof declared: "Canada's Best Value in Clothing." Some of the workers were Jewish Holocaust survivors. Mr. Segal be-

friend the sewing-machine mechanic and learned how the equipment worked.

By the mid-1960s, imported clothes were flooding the Canadian market, and Peerless was unprofitable. Seeking higher margins, Mr. Segal began moving the company away from synthetic fibers and into wool.

At one point, he hired Kurt Salmon Associates to tell him how to build a management team.

The consultants said he didn't know how to delegate. They brought in six executives with M.B.A. degrees. Those executives didn't work out, Mr. Segal wrote, and "then I fired KSA."

When the 1989 trade agreement opened the U.S. market, Mr. Segal pounced. Rather than waiting for orders from menswear stores in the U.S., he took the risk of filling a distribution center in Vermont with inventory so he could ship immediately once orders were received. That pleased customers, and Peerless locked up most of the Canadian import quota before rivals could respond.

"No one saw us coming," said Ronny Wurtzburger, who was hired by Mr. Segal to help lead the charge into the U.S.

Most Peerless suits now are sold under designer or department-store labels, though Peerless owns the Tallia and Tailored brands. Mr. Segal's survivors include his wife, Emmelle Segal, three children, eight grandchildren, five great-grandchildren, two sisters and a stepsister. Two earlier marriages ended in divorce.

Mr. Segal loved musicals, especially Yiddish productions. He funded a renovation of what had been the Saidye Bronfman Centre in Montreal. It was renamed the Segal Centre for the Performing Arts and still produces Yiddish and English-language plays among other performances. He also funded a cancer center at Montreal's Jewish General Hospital.

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ELLEN LEVINE
1943 — 2022

Editor Coaxed Oprah To Launch Magazine

Good Housekeeping had been publishing for more than a century in 1994 when Ellen Levine became the first woman appointed as editor in chief of the magazine, whose original mission was "to produce and perpetuate perfection—or as near unto perfection as may be attained in the household."

She also served as editor of Woman's Day and Redbook and later in her career was editorial director for Hearst Corp.'s magazine unit. During the Reagan administration, she served on a federal commission studying pornography.

Her biggest achievement may have been persuading Oprah Winfrey to launch a magazine. That publication—O, introduced in 2000—became what Hearst called its most successful magazine

launch ever. To meet demand, Hearst printed an extra 500,000 copies of the first issue. That brought the total printed copies to 1.6 million.

"If it wasn't for Ellen Levine, there would not have been an O magazine," said Gayle King, editor at large of Oprah Daily, the digital incarnation of the magazine, and a longtime friend of Ms. Winfrey.

Ms. Winfrey dubbed her Hearst collaborator "Queen Levine."

Ms. Levine described herself more modestly as a Little League mom who grew up in the New Jersey suburbs. At supermarkets, she couldn't resist rearranging magazine displays to give hers more visibility.

Ms. Levine died Nov. 6 at her home in Manhattan. She was 79 years old and had dementia.

—James R. Hagerty

ELA BHATT
1933 — 2022

Lawyer Organized India's Lowly Workers

Elly Bhatt was a lawyer for an Indian textile union in the early 1970s when she decided to help other types of workers, ones who were harder to organize and often barely noticed: women balancing heavy loads of fabric, often perched precariously atop their heads, to make deliveries to markets.

She founded the Self-Employed Women's Association, known as SEWA, in 1972 in her hometown of Ahmedabad in the Indian state of Gujarat. It became one of the country's strongest advocates for India's millions of women working informally in many kinds of low-paid positions, including maids, street food vendors and seamstresses. They often kept their families afloat by patching together work of all kinds—yet weren't even recognized as work-

ers in India's official census data.

Unlike a traditional union in which workers negotiate with a single employer or group of employers, SEWA had to organize women working on their own, scattered across many cities and villages. The early victories were often small ones, over piecework or daily wage rates.

Over time the workers were able to gain access to a safety net, often through programs developed by the cooperative itself. The SEWA Bank began in 1974 to offer low-interest loans, so women could run small businesses or cover household needs. The cooperative also developed health- and employment-insurance programs.

Ms. Bhatt died Nov. 2 after a short illness. She was 89.

—Krishna Pokharel

FROM PAGE ONE

Fans Find Beer-Filled Island

Continued from Page One from Pontypridd, Wales. "So, as a bit of a joke, I posted on Twitter: Who's coming to Tenerife?"

Thousands of Welsh fans, it turns out. Tenerife, Spain, the palm-fringed party capital of the Canary Islands, is a long-time British getaway and more welcoming of the singing, swearing and drinking of raucous soccer fans than Qatar.

The island's bars and restaurants are expecting more than 3,200 Welsh fans for the team's opening game Monday against the U.S., potentially a larger Welsh crowd than in Qatar, where only around 2,000 tickets have been allocated to Wales fans for each match.

"The tweet got a little bit of traction. About 200 people liked it and shared it and that got the word out," Ms. Evans said. Interest surged after she pitched the idea on an evening TV news show in July.

"It really snowballed from there," she said.

Ryan Howard joined the avalanche headed to the Spanish sunshine this weekend. He was on the verge of booking a trip to watch the team in person and had planned to stay in Dubai, United Arab Emirates, and then fly to matches in Doha, Qatar.

Then he caught wind of the unofficial Wales watch party in the Atlantic for the group stage games against the U.S., England and Iran. Tenerife spoke to him for two reasons.

"Honestly, the cheap holiday and the beer," said Mr. Howard, a creative designer from Llanberis in North Wales, who will be joined by 13 friends.

"We're making the best of the situation," he said.



Ryan Howard, center, with friends during a Wales home game. Welsh fan Bethany Evans, below, got the ball rolling toward Tenerife.

So are the island's bar and restaurant owners. Kelly Spiers has lived in Tenerife for 26 years and runs The Original Wigan Pier pub, as well as its sister bar, La Flaca. She had expected a quiet crowd while the World Cup played out in Qatar. Now, it looks like she struck oil.

"There's so many of them coming, I was just saying to my husband, 'We don't know what we've let ourselves in for,'" Ms. Spiers said. "The catering company is terrified."

In the past week, she ordered an additional 18 barrels of the local Dorada beer. "Our supplier has set me up with a hotline in case we run out," she said.

Ms. Spiers expects to welcome roughly 400 Wales supporters to her two bars for each game. They have been decorated with red-and-green bunting, the colors of the Wales team. Welsh flags hang on the wall, and a Welsh choir



will serenade fans at halftime. Pints of beer will sell for €1, or roughly one dollar. A special red-and-green cocktail, made of strawberry liqueur and creme de menthe, will be available in 1- or 3-liter pitchers. It has been named the "cwtch,"

the Welsh word for a hug.

"It's going to be like a supporters village for us," said Rhodri Morgan, a 39-year-old account manager for a retail packaging company. He is headed to Tenerife for four days with 23 friends, including

two neighbors, both in their 80s.

"They still like to have a drink and have a party," Mr. Morgan said.

In Qatar, the official FIFA Fan Festival in Doha's Al Bidda Park promises family friendly

entertainment. Beer, which costs nearly \$14 and comes in a commemorative cup, will be sold only from 6.30 p.m. to 1 a.m. On Friday, beer sales were abruptly banned from designated spots outside stadiums, meaning the only adult beverage sold at matches will be Budweiser's zero-alcohol beer.

For Gareth Brookman, knocking back a beer is as much a part of the Wales matchday experience as singing the national anthem and rooting against England. Six years ago, he went to the European Championship in France, where Wales staged a Cinderella run to reach the semifinals.

This time, he picked Tenerife over the host nation because it will have more of a tournament vibe. "The 90-minute game, don't get me wrong, that's one thing I will miss," said Mr. Brookman, who coaches youth soccer in Cardiff. "But for me, it's about the whole experience, being able to walk down the street with a pint in your hand."

Tenerife has its drawbacks. The three-hour time difference with Qatar means Welsh fans will have to negotiate some unusually early kickoffs.

The team's second match against Iran starts at 10 a.m. local time. Ms. Spiers said she would open her two pubs three hours early, in case any fans need something to calm pregame jitters.

"That's my favorite part, the buildup to the games," Mr. Brookman said. "I'll probably just head straight to the bar for breakfast."

Wales could easily have one foot in the round of 16 by the end of the first week of the tournament.

If that happens, the team will remain in Qatar and another red-and-green wave is likely to hit the Canary Islands.

"I'm only out there for four days," Mr. Morgan said. "But looking at the team we've got now, we might never have a better chance. There's already talk that we might go back."

OPINION

America's Right Confronts the 21st Century

By Christopher DeMuth

Political conservatism has general characteristics, notably prudence, practicality and respect for settled traditions and institutions. But conservatives bring these dispositions to bear in a variety of times and places. The American experience is a vivid example of how conservatism adapts to a particular national circumstance.

American conservatism isn't in thrall to the status quo. We have always been a nation of bustling aspiration and earnest self-criticism, perpetually seeking to remake the status quo. Conservatives have been as striving and critical as their neighbors, discontented with the circumstances at hand and impatient to set things right.

The Founders set the pattern. Intent on conserving a century of colonial traditions and self-government, they fought a revolution, then tore up their constitution and wrote a radically new one. The only exception since then has been the Harding and Coolidge administrations in the 1920s, whose rallying cry was "normalcy." Even then, Calvin Coolidge was a zealous reformer of taxing and spending.

Consider the 1950s, a time of political stability, government restraint, and wide embrace of family, religion and public civility. Those were the years when the modern conservative movement was founded by William F. Buckley and his agitated band of Catholic traditionalists, anarcho-libertarians, disaffected Marxists and Southern agrarians. These weren't stand-patters. They saw contented America as on the road to serfdom and foreign domination.

We respect tradition but aren't in thrall to the status quo—especially now that the status quo is woke progressive domination.

Today we are in a new era of conservative discontent. The national conservatives are at the ramparts against the new status quo of woke progressivism in government, the military, business, education, culture and media. Many of them are also dismissive of the conservatism of Buckley & Co. and Ronald Reagan and their legacy of journals, think tanks and policy doctrines that became a settled Washington establishment by the 2000s and 2010s.

In their view, that establishment was complicit in progressivism's political ascent. American conservatism became unduly attached to libertarian individualism, unfettered markets and free trade as ends in themselves—which helped set the stage for anything-goes cultural corruption, the decline of community, family and religion, and the rise of global corporations and institutions that decimated the American heartland.

When the natcons first appeared, following Donald Trump's 2016 election, establishment conservatives struck back forcefully. The newbies, they said, were abandoning age-old conservative commitments to individual liberty, free enterprise and limited government for a loose and dangerous commitment to "the common good" and fantasizing about an integration of government and religion that would subvert American pluralism.

But in recent years the new and

old conservative camps have begun to consider each other's arguments. It has helped that political events have forced them to turn from abstract philosophical questions to immediate practical ones: What should be our next steps following the Supreme Court's decisions on abortion, guns, the administrative state and religion in public schools? How should we counter the indoctrination of schoolchildren in the insidious ideologies of racial essentialism, environmental catastrophism and transgenderism?

An organic feature of our national experience helps explain how conservatives are regrouping in response to today's upheavals: American culture has always been at once strongly libertarian, individualist and pluralist, yet also strongly communitarian, moralist and religious. Our spirit of rugged individualism has been conjoined with, and often a source of, our spirit of common destiny and moral obligation and our talent for association and community:

- The Mayflower Compact was an agreement among Christian adventurers to make their own "just and equal" laws for their common good.

- The religious Great Awakening of the early 18th century emphasized democratic equality, personal responsibility and self-mastery—laying the groundwork for the Revolution, the Declaration of Independence and the Constitution.

- In the years before the Declaration, two images of the American rattlesnake appeared on flags and in newspapers and went viral as icons of our emerging national consciousness. One, a libertarian snake, was captioned "Don't Tread on Me"; the other, a communitarian snake, segmented to represent the individual colonies, read "Join, or Die."

- The Great Awakening of the early 19th century, emphasizing moral obligation, was a vital impetus to the abolition of slavery—an epic expansion of individual liberty.

- Modern conservative leaders such as Buckley and Reagan were both libertarian and socially conservative, thought the combination perfectly natural, and attracted enormous followings.

Today's disputatious conservatives are leading our latest effort to conjoin individual freedom and collective purpose. Many are academics and intellectuals, experts at constructing elegant abstractions and demonstrating their conflict with other abstractions. If you get a headache trying to keep up with the blur of terms such as "classical liberal," "neoliberal," "postliberal," and "antiliberal," try turning your attention to events in the world around you.

Our traditional idea of individual freedom assumed that the individual is shaped by society and exercises his freedoms as a member of that society. It has been replaced by the modern idea of personal autonomy, in which freedom expresses the inner self, is exercised exclusively for that self, and must be honored by society as authentic self-realization. When a high-school boy announces he has discovered he is really a girl and wants to compete on the girls'



DAVID GOTHARD

track team, the girls' team must abandon its collective purpose to make way for his freedom.

When conservatives insist that the boy must find other ways of dealing with his circumstances and otherwise insist that individuals accommodate the proper interests of the community, we don't propose to demote individual freedom. We propose to restore the integration of the individual and the group, of personal freedom and moral obligation. That integration is necessary to realize freedom, including the freedom of those who reject social mores and are prepared to live with the consequences.

Similarly, new conservatives argue that the rights-based liberalism of the American founding has been the seed of many modern disorders. That is because, it is argued, the liberal principles of individual rights, political pluralism and voluntary consent present themselves, and come to be regarded, as complete and sufficient foundations for democratic government. Liberalism then attempts to banish from legitimate politics conceptions of the common good based on cultural tradition, religious belief and standards of conduct and decency—which had previously been regarded as essential complements to liberalism and were customary in American politics and government until the late 20th century. "Liberalism, even if it begins in its 'classical' form, always ends up wanting more for itself," as Shadi Hamid has written.

Yet when you read that some new conservatives are "religious integralists" plotting to install an American theocracy, please notice that conservatives have become the outstanding champions of our constitutional freedoms of speech, religion, inquiry and association. Progressives have abandoned them in the pursuit of enforced secular orthodoxy. Conservatives are picking up those aspects of our liberal, pluralist tradition and integrating them into our own programs of thought and action—precisely to preserve islands of morally robust self-government. One sees this in our efforts to protect religious, classical, and single-sex schools, colleges dedicated to the pursuit of truth, and other private associations and local communities with charters of their own.

A continuing argument among today's conservatives concerns our interpretation of the American past. Many traditional conservatives emphasize the revolutionary

Enlightenment ideals of our national founding, especially the "self-evident" truths of the Declaration of Independence. Natcons, on the other hand, see the Revolution and founding as adapting established traditions of British law and constitutionalism to the New World.

And however momentous the founding, today's America is also the product of the quarter-millennium national pilgrimage that it launched—the conquest of a continent, the Homestead Act, the antitrust laws, women's suffrage, industrialization and urbanization, the Cross of Gold and fiat currency, airplanes, the internet, waves of disparate immigration, and a long succession of wars and plagues, booms and busts.

Our evolved nation may be less lovely and pristine than the one we imagine the Founders bequeathed to us, but it is the only one we have to work with today. Recognizing this is essential to the unromantic situational awareness of practical conservatism. Here are two examples:

First, if our nation hadn't fought and won the Civil War and enacted the 13th, 14th and 15th amendments, the equality principles of the Declaration, sanctified at Gettysburg, wouldn't be central to our national self-conception and political institutions in 2022. Political and legal equality was realized through a terrible war, hundreds of incremental, political, legislative and judicial decisions and changes in social conventions.

If equality is an abstract philosophical imperative, a good in and of itself, then its boundaries are bursting and subject to never-ending expansion. That is how it is used nowadays to justify equal rights for illegal immigrants, racial preferences and the Biden administration's equity programs favoring a long and elastic list of politically selected identity groups, including its catch-all category of those "adversely affected by inequality." In responding to these initiatives, we have much more to go on than the thrilling poetry of the Declaration. We have 150 years of prosaic experience calibrating the dimensions and boundaries of equality in a multitude of circumstances and learning from the results. That gives us the means, and ought to give us the confidence, to accept some contemporary claims and reject others.

Second, today's administrative state is much more than the outgrowth of Woodrow Wilson progressivism, which proposed to re-

place James Madison's fussy separation of powers with efficient, expert government. It is the product of late-20th-century affluence, mass media and expanded political participation, which generated profuse new demands for government action on behalf of personal health, safety and dignity, the natural environment and much else. These were more than a representative legislature could manage, and Congress turned them over to specialized bureaus—bureaucracies—with their thoroughly modern fusion of lawmaking, surveillance and enforcement. Debunking Wilson and reviving Madison may be necessary to taming this

monster, but it isn't remotely sufficient. We need to devise forms of representative lawmaking, due process and federalism suitable to today's circumstances—a big assignment even if we win the intellectual arguments.

The essential purpose of modern American conservatism is to conserve the American nation. My program for doing so would be in part antiprogressive. It would reestablish national borders, reduce our million annual illegal entries to zero, and calibrate lawful immigration to the needs of cultural assimilation, social harmony and economic growth. It would abolish all official racial and other group preferences, quotas and gerrymanders. It would liberate the energy sector.

My program would also address causes of national disorder in which conservative politicians have been fully complicit. This would include returning to a balanced federal budget outside of wars and other emergencies; redirecting federal spending from personal entitlements and income transfers to public goods such as national defense and infrastructure; withdrawing the collective-bargaining privileges of public-employee unions; and instituting stable currency—not 5% inflation, not today's official goal of 2% that quintuples prices in a lifetime, but zero.

And it would include not only the historical tried-and-true but also modern innovations. These include universal school choice and initiatives to mobilize science and enterprise to dominate China in advanced computation, communication and weaponry and to repatriate production of national essentials such as pharmaceuticals.

My to-do list is meant to be suggestive: The purpose of conserving the American nation points to concrete actions rather than abstract desiderata, encourages us to be as bold and disruptive as our illustrious conservative forebears, and is necessary to everything else a modern conservative would want to conserve.

Mr. DeMuth is a distinguished fellow at Hudson Institute and chairman of the Edmund Burke Foundation's National Conservatism Conference. This is based on a talk he delivered at the Hillsdale College Constitutional Celebration in Washington on Sept. 16, which appears in the November issues of the Hungarian Conservative and Quadrant.

'Housing First' Fosters Homelessness in California



CROSS COUNTRY
By Joe Lonsdale and Judge Glock

Five days before winning re-election as California's governor, Gavin Newsom surprised local leaders by rejecting every single plan put forward by a city, county or organization to fight homelessness—and withholding \$1 billion in state money until those plans improve.

He said he'd convene a meeting this month to discuss what really works. He should start with what doesn't work: everything California has done for years.

Residents have known for years what Mr. Newsom has only belatedly recognized: that the government is failing to address the problem. Homelessness is a nationwide problem, but nowhere is it as bad as in the Golden State. More than 150,000 Californians are homeless on any given night. Most of those—about 70%—are unsheltered. They live outside in streets and parks.

Despite billions in state and local spending every year, more than half of the country's unsheltered homeless are in California.

California's failed approach to homelessness is built around the "housing first" model. The goal is to get every long-term homeless person into a permanent, government-subsidized home—with no prequalifications like sobriety, drug treatment or psychiatric care. Until that goal is reached, the state will allow people to camp and sleep almost anywhere and to do almost anything.

Research shows these policies don't work. A 2017 Journal of Housing Economics study found that cities must build about 10 new permanent subsidized homes to get even one person off the street. That's because many such homes end up occupied by people who would have found a place to live anyway. Free homes are attractive, even to those who could conceivably afford to pay. California can't build a million free homes for the homeless, especially when recent "affordable"

housing in the state costs upward of \$700,000 a unit to build.

Studies have also shown that open street camping creates death and distress. University of Pennsylvania criminologists Richard Berk and John MacDonald found that an anticamping enforcement on Los

There is a middle ground between imprisoning the homeless and allowing them to ruin cities.

Angeles's Skid Row after 2006 reduced violence and death among the homeless. But as L.A. has allowed camps to proliferate again, the number of annual deaths on the streets has quadrupled to almost 2,000. About 15% of all violent crime in the city today involves the 1% of the population that is homeless, either as perpetrator or victim.

This policy failure is a choice. A new Missouri law prevents state

money from being spent on utopian housing solutions and requires new programs to show how they will help the homeless get back into the workforce while staying off the streets and out of the hospital. It also requires cities to enforce laws against street camping and sleeping. California radicals want the public to believe that there is no middle ground between imprisoning troubled homeless people and allowing them to wreak havoc. That's not true. Mandating treatment for people who need it can make a real difference.

Unless Mr. Newsom is willing to get serious about confronting the underlying ideological problems with his state's homeless policy, all his recent promises are just talk. Instead of spending billions on dubious housing programs, he should make sure immediate shelters are available for those who need them. He should tie new long-term housing to mandatory drug, alcohol and mental-health treatment. And he should take action against dangerous, unsanctioned public camping.

These solutions are popular across the board. Voters in liberal Austin, Texas, voted in 2021 to reinstate a longtime camping ban in defiance of the City Council, which had repealed it for ideological reasons. Even San Francisco voters approved a camping ban in 2016, though city leaders have allowed the camps to spread.

It remains to be seen if Mr. Newsom is simply distancing himself from California's homeless catastrophe in advance of a possible run for president, or if he's actually willing to stand up to the state's activists and housing nonprofits that former San Francisco Mayor Willie Brown called "the sacred cartel."

We hope it's the latter. California desperately needs some courageous leadership. Hundreds of thousands suffer unnecessarily because of the current lack of courage.

Mr. Lonsdale is managing partner at 8VC and chairman of the Cicero Institute, where Mr. Glock is director of policy and research.

OPINION

REVIEW & OUTLOOK

Biden Turns 80, Eyeing Six More Years

As he turns 80 years old on Sunday, President Biden the man of Catholic faith might be reflecting on a few lines from the Psalmist. “The days of our years are threescore years and ten,” as the King James puts it, unless “by reason of strength they be fourscore years.” Fellow partakers of human frailty should give thanks for modern medicine, as well as Mr. Biden’s continued health.

Yet what Mr. Biden needs to ask himself, and preferably soon, is whether two years from today he will really want “four more years,” as the crowds would chant in 2024. Not to be rude, but the job of President of the United States is not exactly an early bird special at Denny’s. On his first day in the Oval Office, Mr. Biden set the record for the oldest President in history. He’ll be 82 before the next inauguration. He’d be 86 at the end of a second term.

During the 2020 campaign, questioning Mr. Biden’s age was treated as terrible media manners. This omerta has begun to break, however, and one new point of contrast is the end of gerontocracy in Democratic House leadership. Speaker Nancy Pelosi, 82, says she’ll step down, as will her No. 2, Steny Hoyer, 83. The next Democratic leader is likely to be 52-year-old Rep. Hakeem Jeffries, who doesn’t remember Sputnik like it was yesterday.

So far the White House has ignored Mr. Biden’s age and pretended that 80 is the new 40. “I can’t even keep up with him!” press secretary Karine Jean-Pierre chirped this summer, as if enthusiasm could substitute for credibility. There are leaks, though, about aides who protect Mr. Biden’s weekends and worry his shuffling walk might cause him to trip. A doctor’s note last year explained, as only a doctor’s note could: “The President’s ambulatory gait is perceptibly stiffer and less fluid than it was a year or so ago.”

Audiences hold their breath whenever Mr. Biden speaks. “I want to thank the prime minister for Colombia’s leadership,” he said last week in Cambodia. Days earlier he mentioned Russian forces “pulling back from Fallujah,” which was a flashback to the Iraq war. Last month he said Democrats campaigning during 2018 “went to 54 states”—which is two more states than even progressives want to create.

Modern politicians practically live on TV, and

they all goof, but that defense only goes so far. Barack Obama said in 2008 he’d campaigned “in 57 states.” George W. Bush’s verbal slips are easy to underestimate. But Mr. Biden is obviously showing his age, and anyone who doubts it should watch 10 minutes of his aggressive 2012 vice presidential debate with Paul Ryan.

During the 2020 campaign, Mr. Biden was protected by the media. Now he’s being protected by the White House. But there is no way to shield a President when he sits down, one on one, with China’s Xi Jinping or Russia’s Vladimir Putin. The world is entering a dangerous period, with rogues on the march. “If I were just 80 years old,” Jimmy Carter said at age 94, “I don’t believe I could undertake the duties I experienced when I was President.”

Mr. Biden might think he has no choice but to run in 2024, because Donald Trump is doing it, and Democrats have no obvious popular successor. In part that’s Mr. Biden’s fault. He picked his Vice President for the wrong reasons, based on identity politics. Kamala Harris’s approval rating is 40%, worse than Mr. Biden’s or Mr. Trump’s. If Mr. Biden opts to retire, the Democratic primary will probably be a free for all, with Ms. Harris merely one contender.

But that would be politically healthy. The GOP appears set in 2024 for a vigorous argument about whether Mr. Trump, who’s now 76, should get another shot at the White House. Democrats need a similar debate about Mr. Biden.

The 1960 election was a generational shift, when John F. Kennedy became the first President born in the 20th century. Ditto for 1992, when the Boomers shoved aside their elders who’d lived through World War II and the Great Depression. Maybe 2024 will be Gen X’s turn. Gavin Newsom is 55. Ron DeSantis is 44.

For all that has changed since the Psalmist, 80 is still old. Konrad Adenauer was West German chancellor until 87, but in unique circumstances, 1949-63. Two years from 2024, voters already are thinking about it. In a recent poll, 68% percent say Mr. Biden might not be up to another term, and 86% think the presidential cutoff should be 75 or younger. Mr. Biden is asking for political trouble if he ignores such numbers, and Democrats owe the country better than to try to coast with him into the sunset.

Garland’s Special Counsel Mistake

Merrick Garland’s decision Friday to appoint a special counsel in the criminal investigations of Donald Trump is almost certainly a mistake, as such appointments usually are. This won’t offer the Attorney General the political insulation he is seeking, and it won’t change the inherently political nature of any decision to prosecute.

“Based on recent developments, including the former President’s announcement that he is a candidate for President in the next election, and the sitting President’s stated intention to be a candidate as well, I have concluded that it is in the public interest to appoint a Special Counsel,” Mr. Garland said at the Justice Department. “Such an appointment underscores the Department’s commitment to both independence and accountability in particularly sensitive matters.”

It would be nice to think that were true, but more than Mr. Garland’s intentions are involved here. Jack Smith, the counsel Mr. Garland named, has a sterling prosecutorial resume. For all we know he’s Eliot Ness. But no one in the Trump universe is going to believe that any decision to prosecute Mr. Trump would be truly independent of the Attorney General who works

for President Biden. That’s plain reality.

A spokesperson for Mr. Trump was quick to underscore the point: “This is a totally expected political stunt by a feckless, politicized, weaponized Biden Department of Justice.” Robert Mueller, the Russia collusion special counsel, staffed his investigation with partisan Democrats, and his probe turned into a debacle. That’s the unhappy context that Mr. Smith will have to deal with, however unfair that is to him.

The AG has handed Mr. Smith decisions on both the Mar-a-Lago documents case and whether Mr. Trump or others “unlawfully interfered with the transfer of power” after the 2020 election or with the Electoral College vote count. We’ve yet to see evidence that Mr. Trump committed a criminal offense on the latter, and the Presidential Records Act stipulates minor penalties for mishandling documents.

The prosecution of a former President, especially one running against Mr. Biden, had better be for serious offenses. The evidence should be so compelling that it persuades fair-minded Republicans, not merely MSNBC or CNN anchors. Mr. Garland signed up to make these difficult calls when he agreed to be AG, and he should have made them on Mr. Trump himself.

Biden Loses His Last Border Defense

President Biden’s border policy is to pray that illegal crossings stay low while opposing every enforcement measure. Now that a judge has granted his wish for zero deterrence, he owns the migrant surge that’s now going to get worse.

Federal Judge Emmet Sullivan on Tuesday struck down the Administration’s most effective border deterrent, known as Title 42. The policy invokes Covid emergency powers and has been used to expel more than 2.4 million migrants since March 2020. The court gave the Administration five weeks to put a plan together before migrant removals are halted on Dec. 21.

Mr. Biden can blame himself for this mess. He condemned Title 42 on taking office and moved to cancel it this spring. At the same time, the Administration has continued to use it and even expanded it last month to address the rising number of Venezuelan migrants. That’s why a ruling in May that delayed its cancellation was “greeted with quiet relief” by the Administration, according to the Associated Press.

Yet Title 42 has been on a collision course with the law for months, and the President has no excuse for ill preparation. Judge Sullivan points out that the Centers for Disease Control and Prevention ended the emergency on which the policy was based in May, and the Administration hasn’t supplied a new legal rationale. The Department of Homeland Security (DHS) defended the policy in this case mainly to control the time and manner of its cancellation. Another lawsuit is now at the Fifth Circuit Court of Appeals, which may also rule against Title 42.

Title 42’s end will compound a border problem already turning worse. Summer usually marks the high point for illegal crossings, but this year migration has kept surging. The number of migrants detained at the border has risen for the past three months and in October it passed 230,000, the third most in DHS history.

Worse, the U.S. has lost Mexico’s aid against migrants. Title 42 was preceded by the Remain in Mexico policy, a deal struck by President Trump to keep asylum claimants south of the border while they awaited U.S. court dates. The Supreme Court in June let Mr. Biden end that policy, and now Mexico says *no mas*: Its government said last month it won’t hold migrants under the program.

Mr. Biden has been mum about all this and offers no reason to believe a replacement policy is coming. Senate Democrats such as Maggie Hassan and Catherine Cortez Masto, who threatened over the summer to codify Title 42, also seem to have made their peace with a vacant U.S. border policy now that they’ve won re-election.

It’s a shame because rising illegal crossings are the biggest political impediment to the immigration bargain Democrats claim to want. “Our ultimate goal,” Sen. Chuck Schumer said Wednesday, is “a path to citizenship for all 11 million” migrants in the U.S. A necessary step would be to remind the President that the public demands an orderly, legal flow and not the unchecked crossings that undermine support for an immigration policy compromise.

LETTERS TO THE EDITOR

Trump, Trumpism and the Future of the GOP

In “To Beat Trump, Embrace Trumpism” (op-ed, Nov. 15), F.H. Buckley doesn’t need to go on about former President Donald Trump’s healthcare policy, or his true passion to go after government corruption or even his deep thoughts on nationalism (sarcasm should be emanating from that sentence). I can sum up what Mr. Buckley advocates in his article quite briefly: Big government but with people he likes in charge.

JAKE POWERS
Naples, Fla.

Your editorial “Donald Trump’s Presidential Rerun” (Nov. 15) rightly raises questions about a 2024 Trump candidacy, most of them self-involved for the candidate and politically injurious to the GOP. But let’s not overlook the context of a rerun in relation to this month’s midterms.

Along with a carefully timed program for buying votes of 20-and-30-somethings through a student-loan-forgiveness plan that even this White House had to know was beyond President Biden’s lawful powers, the 2022 election results instruct that, rightly or wrongly, any direct association with Mr. Trump is costly in the final ballot tally. With the help of news outlets and social

media, he is incessantly portrayed as the personification of political divisiveness and a “threat to democracy,” though that phrase has less to do with the functioning of our constitutional republic than with the policy agenda of the left wing of the Democratic Party.

Mr. Trump the individual should not be conflated with “Trumpism” as a political guiding principle, meaning energy independence, a secure border, a strong national defense, an interest-based foreign policy and, above all, viewing every government policy through the lens of whether it helps or hurts average Americans.

Until now, the principal vessel of Trumpism has been Mr. Trump. But other standard bearers have emerged since 2020. They deserve to be heard.

STEVEN SARFATTI
Cabin John, Md.

Your editorial lists several of Mr. Trump’s character flaws—“narcissism, lack of self-control, abusive treatment of advisers, his puerile vendettas”—but missed one. Consider mural dyslexia, the seeming inability to read the writing on the wall.

LOUIS VINCENTE
Wilson, N.C.

Noonan, 2024 and Dangers of Mail-in Voting

Regarding Peggy Noonan’s column “Maybe Republicans Will Finally Learn” (Declarations, Nov. 12): What is it that I will finally learn? I’m sure it won’t be that former President Donald Trump gave up a great amount of his senior years to help us all. His reward was constant harassment by Democrats and the media.

I guess Ms. Noonan wants me to support someone else. Well, I would like her to know that I base my vote on how much the Democrats hate each candidate. According to my meter, Mr. Trump is light years ahead of all Republican challengers.

JAMES VOTTO
Lakeview, Ore.

Ms. Noonan writes that slow vote counting in some states is “looking for trouble.” It is worse than that. Lengthy early voting is akin to a jury hearing only the state’s case and then adjourning to deliberate. Universal mail ballots invite participation by too many uninformed people who are indifferent to handing their franchise to collectors gathering them up for one side or the other. Those who argue that stricter rules discriminate against minorities should show us individuals who swear under oath that they were denied their rights solely because of race.

MICHAEL LUCAS
Arcadia, Calif.

Lancet Won’t Defend the Statistic It Hyped

A poor Lancet study made climate headlines across the world by telling us that rapidly rising temperatures now kill 68% more older people (65+) than they did in the early 2000s. This claim is misleading, as I demonstrate in my op-ed “Climate Change and the Lancet’s ‘Heat Death’ Deception” (Nov. 5). Almost the entire heat-death increase is due to the number of older people increasing by 60%.

The Lancet’s reply (Letters, Nov. 12) delivers lots of sciency-sounding

verbiage but, surprisingly, offers no effort to numerically defend its claim. It handwaves that it “disaggregates the effect of demographic changes,” but this is clearly untrue for its central claim: the 68% is an increase in the total, global number of heat deaths in older people. It remains unadjusted for a rapidly expanding, older population. Yet the Lancet’s 68% claim comes first in its summary and it was central for all the climate stories everyone read in the press.

Claiming that temperature rises kill 68% more is based on an amateur statistical error. But with the Lancet’s failure to even remotely defend—or apologize for—its claim, it appears the 68% is not only misleading but, unfortunately, intended to deceive.

BJORN LOMBORG
President, Copenhagen Consensus
Malmö, Sweden

Bravo Company, Military Leaders and the Next War

Ben Kesling captured the sense of purpose that military members embrace. Each of the featured soldiers speaks of a different value within the bond or brotherhood of military service (“Life After War: The Men of Bravo Company,” Review, Nov. 12).

Donald McAlister shares the sense of obligation that leaders feel for those entrusted to their care—including even after their service in uniform has ended. Today, at every volunteer event, it is easy to find those continuing to serve after taking off the uniform. Our successful military members can be found leading businesses and civic organizations and are active within their communities.

ROBERT L. HUFFMAN
Clarksville, Tenn.

Mr. Kesling’s poignant piece is an excellent reminder that the greatest cost of war is most heavily borne by a few. The lessons for future generations of Americans? War is a last resort; engage deliberately, with clarity of purpose and a will to win. There will still be broken minds and bodies in the aftermath, but as a result of victory, rather than defeat.

CRAIG PETERSON
Camano Island, Wash.

Back to the Bull Moose Party

In “A Donald Trump Preview of 2024” (Main Street, Nov. 15), William McGurn only alludes to the consequences of Mr. Trump being denied the Republican nomination. If history repeats itself, Mr. Trump will need a name for his new third party. Maybe he could borrow the “Bull Moose Party” from Teddy Roosevelt, as the outcome will be identical to that of 1912: a split Republican Party and a Democratic president.

THOMAS J. STRAKA
Pendleton, S.C.

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Pepper ...
And Salt

THE WALL STREET JOURNAL



“Wag yer tail when you say that.”

SPORTS

By LAINE HIGGINS

The future of University of Miami's football team was supposed to hinge on Jaden Rashada, a four-star quarterback from California who was a high-profile example of how big money promises to drive success in the new world of college football.

In August, Rashada committed to Miami to begin playing in 2023, lured partly by a lucrative endorsement offer from LifeWallet, the medical-records and data company where billionaire Hurricanes booster John Ruiz is chief executive.

Then something happened that no one expected. Miami started losing a lot of games in ugly fashion, first to Middle Tennessee State, then Duke. At 5-5, the Hurricanes are on the brink of missing out on a bowl game altogether.

Earlier in the week, Hathcock had tweeted "Tomorrow will be a Great Day Gator Fans!!!" on Nov. 9, then "All Good!!! Just a little longer!!!" hours before Rashada's flip.

Hathcock said he has not spoken with Rashada, an interaction that would not be permissible under NCAA rules, and loaned the car to the football team in June to use as a prop during official recruiting visits.

Several people involved with Florida's collectives said that their initial discussions with Rashada never got as far as specific dollar amounts, and added that Rashada is expected to make less money in Gainesville than he would have at Miami.

Rashada reconsidered, they said, because he did not want to quarterback a team in rebuild mode when he could play for a more stable team in the powerful Southeastern Conference instead.

This is the new reality in college sports at a time when athletes can profit from their name, image and likeness, and passionate alumni are willing to throw millions at their favorite teams in hopes of securing a few more wins.

Few programs illustrate this more vividly than Miami. After the NCAA changed its rules in July 2021 to allow college athletes to profit from their likeness, few universities went farther to embrace the new era of athlete compensation.



A free-spending approach was supposed to turn Miami into contenders. Yet in 2022, it has not translated to wins as the Hurricanes are 5-5 this season.

Miami Offered Recruits Big Deals. Then the 'Canes Started Losing.

Fortunes can rise or fall at a time when athletes can profit from their name, image and likeness

supporters saw it as a mechanism to "bring back the U," a reference to the football program's late '80s and early '90s heyday that won three national championships over five seasons—but none since 2001.

Alumni formed three collectives to back athletes financially. Meanwhile, Ruiz, a Florida businessman who was previously known for TV ads pitching his law practice, has become a controversial figure in college sports by spending more than \$7 million through his company to sponsor Miami athletes since July 2021.

This free-spending approach was supposed to turn Miami into contenders overnight. Yet in 2022, it has not translated to wins. Miami suffered upset losses to Middle Tennessee State and Duke plus an ugly 45-3 loss to Florida State earlier this month.

"Obviously a poor performance for our program," Cristobal said after the FSU game. "There ain't no excuse, no side stepping or sugar coating it."

Just as the Hurricanes broke through in the public consciousness with a brash and unapologetic attitude in the '80s, Miami boosters bet

that proudly brandishing big bucks would help with recruiting. But as the losses have piled up this season, that strategy may be in jeopardy.

"These dollars are going to tire out if the team is not winning," said a business owner who works closely with schools and athletes on endorsements and is familiar with Miami.

Some coaches, like Ole Miss's Lane Kiffin, have wondered if the outside dollars flowing into the

Miami boosters bet that proudly brandishing big bucks would help with recruiting.

game have a dark side. "If you have boosters out there deciding who they're going to pay to come play, and the coach isn't involved in it, how does that work?" he said.

Ruiz insists he is not that kind of donor. "This isn't about winning sports games, this is about winning the game of life," he said last week. "Our strategy and platform is different. But everybody else is focused

on wins and losses."

Ruiz is undeterred by Miami's mediocre football season. Ruiz plans to increase LifeWallet's \$10 million marketing budget to \$15 million in 2023 and sign deals not just with Miami athletes, but those in "all 50 states plus Puerto Rico."

Ruiz hasn't been shy about striking eye-popping endorsement deals with Hurricanes athletes to promote LifeWallet. Last spring, he drew ire for promising Kansas State transfer Nijel Pack \$800,000 over two years plus a car.

"I run a lot of businesses and I've never seen the return on investment you get with NIL deals," he said this month. His definition of "return on investment" is tied to social media impressions and brand recognition rather than teams' win-loss records.

In fact, using endorsements as an inducement to attend a school is a violation of NCAA rules. The NCAA in June opened an investigation into several of Ruiz's endorsement deals at Miami, but no consequences appear to have come of it.

Ruiz said that he has not broken any laws and claims his deals have a "90 to 95% approval rating" from the athletes involved.

let's parent company, medical-payment recovery firm MSP Recovery Inc., is less rosy. Ruiz took MSP public earlier this year by combining it with a special-purpose acquisition company at a valuation of more than \$30 billion.

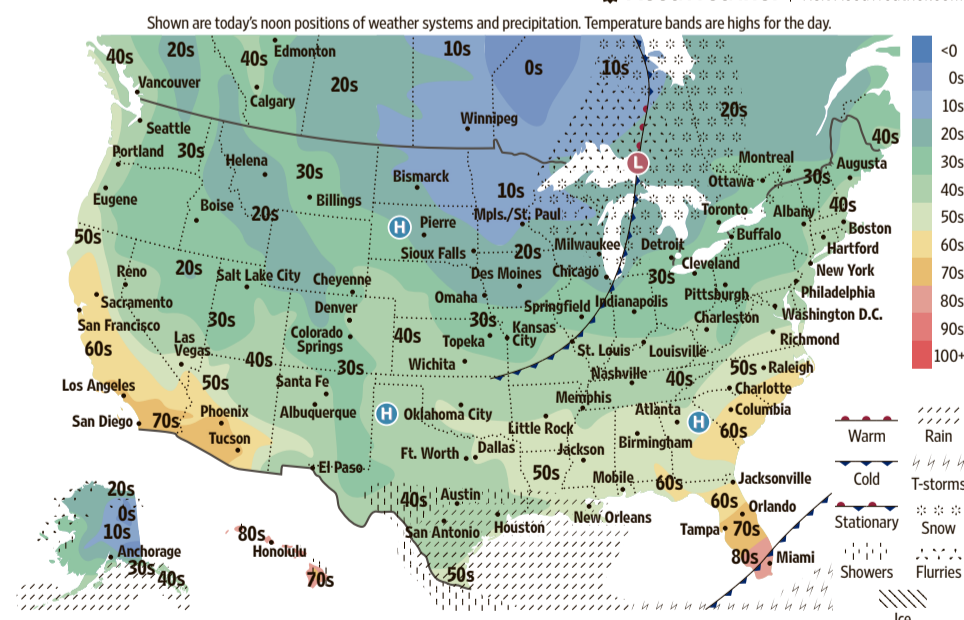
As has become common for such mergers recently, many investors pulled their money out, leaving MSP Recovery with less money than expected from the deal to grow its business.

Without Rashada, the No.7-ranked quarterback in the class of 2023, Miami's football team may be poised for a similarly uncertain future. The first class of players recruited by Cristobal was ranked eighth overall by 247sports when Rashada was committed, only the second time since 2008 that Miami has signed a top 10 class, but has ticked down to ninth overall.

—Amrith Ramkumar contributed to this article.

Weather

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U.S. Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...tstorms; r...rain; sf...snow flurries; sn...snow; l...ice

Table with 2 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists major cities and their forecasted weather conditions.

International

Today (Hi, Lo, W), Tomorrow (Hi, Lo, W)

Table with 2 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists international cities and their forecasted weather conditions.

The NFL's Fantasy Football Sensation

By ANDREW BEATON

EVEN IN THIS GOLDEN AGE of scrambling quarterbacks in the NFL, there isn't anyone quite like the Chicago Bears' Justin Fields. He runs laps around defenses that scheme to prevent him from doing exactly that.

Fields' recent play is through how millions of people track NFL players: fantasy football. Over the past two weeks, he has two of the 50 best all-time fantasy performances for a quarterback.

That's more top-50 showings than Tom Brady has put together in his entire career. When quarterbacks can run—and Fields does that perhaps better than anyone else in the league—they become fantasy football cheat codes.

The problem for Fields is that fantasy doesn't always dovetail with reality. He has displayed abilities that would make it completely unsurprising if he becomes one of the NFL's best players.

Fields, a first-round pick out of Ohio State last year, is now leading one of the NFL's most exhilarating offenses. The Bears are averaging over



Justin Fields is leading one of the NFL's most exhilarating offenses.

30 points per game over the last four games because of him. They also have a 1-3 record over that span, with the team at 3-7 overall.

There are a couple of primary reasons for Chicago's woes despite its newly supercharged attack. The Bears' defensive problems would make members of their famous 1985 team want to bury their faces in a scalding deep-dish pizza.

For one, Fields gets hit an unfortunate amount. He has been sacked a league-leading 36 times, and that's behind a well-regarded offensive line. Why? He holds on to the ball, and for the same reason he has successfully run so much, he trusts his legs to try to extend plays and make some-

thing happen. His average time between receiving the snap and throwing it is 3.06 seconds, the second-highest among qualified passers, according to NFL Next Gen Stats.

The result: Fields has by far the highest sack rate in the league. And the combination of that, plus how often he runs and takes a lick, leads to questions about whether he can continue to take such a physical toll and stay on the field.

That's not the only problem. His frequent brushes with defenders have led him to coughing up an NFL-high 12 fumbles. He has thrown seven picks, giving him the third highest interception-rate in the league.

Fields's professional success will be determined by his ability to fix these bugs.



A Myth Cracks
Grand vision doesn't make tech founders competent **B2**

EXCHANGE

Buyback Bust
A tax on share repurchases looms large **B12**



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THE WALL STREET JOURNAL

**** Saturday/Sunday, November 19 - 20, 2022 | B1

DJIA 33745.69 ▲ 199.37 0.6% NASDAQ 11146.06 ▲ 0.01% STOXX 600 433.33 ▲ 1.2% 10-YR. TREAS. ▼ 12/32, yield 3.817% OIL \$80.08 ▼ \$1.56 GOLD \$1,751.90 ▼ \$8.90 EURO \$1.0326 YEN 140.39



Fans of SFO find the airport easy to navigate, from parking to check-in and security.

NICHOLAS ALBRECHT FOR THE WALL STREET JOURNAL; CHRISTOPHER OCHICONE/BLOOMBERG NEWS

The BEST and WORST AIRPORTS of 2022

San Francisco and Sacramento top The Wall Street Journal rankings for large and midsize airports; Newark and LaGuardia were last

By Dawn Gilbertson

San Francisco International Airport sure tries hard to make travelers forget they're in an airport. The place is oddly quiet, even during rush hour, due to strict limitations on overhead announcements about lost items, gate changes and boarding groups. Signs urge travelers to use headphones as they traverse the terminal and wait for flights. Passengers can retreat to yoga rooms, a museum, art exhibits and outposts of local restaurants like

Bun Mee and Boudin Bakery, or catch occasional live music. New touchless water-filling stations have hot, cold and room temperature settings and might soon dispense free seltzer. It's all scant comfort when flights are delayed—a chronic problem given the city's signature fog—but a topper to a great airport experience when things go well. And things have been going unusually well at SFO since travel began rebounding in 2021. The airport has been running on-time rates of more than 80%, a solid 10 points higher than prepandemic

levels despite major travel troubles in other cities. The one-two punch of more reliable flights and top-notch amenities vaulted the airport to first place in The Wall Street Journal's first ranking of the country's busiest airports since 2019. Atlanta and Minneapolis filled out the top three. Each stands out in a time of upheaval in the travel industry as the crush of passengers, combined with shortages of labor and planes, bring back familiar travel frustrations like long security *Please turn to page B5*

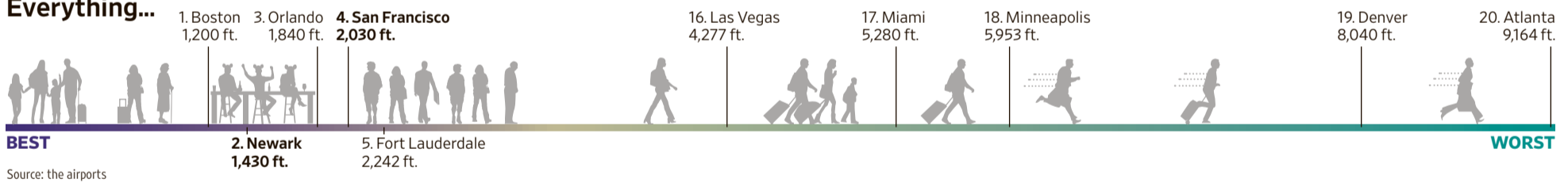
HIGH FLIERS
The leaders in reliability, value and airport grub **B4**

BEST AND WORST
United's tale of two hubs. Sadly, one is Newark. **B5**

FLIGHT PATH
The many factors we used to rank the airports **B4**

We Ranked Everything...

...starting with the walk from the curb to the farthest gate at the 20 busiest airports.



Bankman-Fried Sold \$300 Million Piece Of His Stake in FTX

When FTX raised \$420 million from an array of big-name investors in October last year, the cryptocurrency exchange said the money would help expand the business, improve user experience and allow it to engage more with regulators. Left unmentioned was that nearly

By *Eliot Brown, Caitlin Ostroff and Berber Jin*

three-quarters of the money, \$300 million, went instead to FTX founder Sam Bankman-Fried, who sold some of his personal stake in the company, according to FTX financial records reviewed by The Wall Street Journal and people familiar with the transaction.

Mr. Bankman-Fried's cashout was large by startup-world standards, where such sales historically were taboo because they allow founders to reap profits before investors. Mr. Bankman-Fried told investors at the time it was a partial reimbursement of money he spent to buy out rival **Binance's** stake in FTX a few months earlier, according to some of the people familiar with the transaction. The deal offers a glimpse at the

swirl of money between Mr. Bankman-Fried and multiple entities he controlled while his crypto business flourished, a funding stream that helped finance a burst of political donations, philanthropic commitments and a large purchase of Robinhood Markets Inc. stock in the past year.

That swirl is now under scrutiny in the sprawling bankruptcy of FTX and Alameda Research LLC, Mr. Bankman-Fried's crypto hedge fund. FTX, which lent customer funds to Alameda, faces a funding gap of roughly \$8 billion, Alameda and FTX executives have said.

John Ray, FTX's new chief executive installed to oversee the bankruptcy, said in a court filing Thursday that the process would involve the "comprehensive, transparent and deliberate investigation into claims against Mr. Samuel Bankman-Fried" and other co-founders of the entities.

The filing highlighted numerous failings, including "the concentration of control in the hands of a very small group of inexperienced, unsophisticated and potentially compromised individuals."

Mr. Bankman-Fried's sale of stock *Please turn to page B11*



Ryan Cohen, the 37-year-old GameStop chairman, in Miami where he lives

What's Next for a Meme-Stock King

By *Miriam Gottfried and Caitlin McCabe*

Ryan Cohen is the face of an investing revolution that captivated amateur traders, punished Wall Street and favored memes over fundamentals. Many of his other bets belong to a more conservative playbook.

The 37-year-old billionaire, who made his fortune with online pet retailer **Chewy Inc.**, gained fame during a period of market frenzy

last year when he used a stake in struggling videogame retailer **GameStop Inc.** to push out the executive team and become chairman. His enigmatic tweets—including a picture of himself with chopsticks up his nose—helped his investment gain viral popularity as a so-called meme stock and motivated his followers to seek revenge against professional traders who had bet against the company.

The GameStop bet of roughly \$1 *Please turn to page B6*

Qatar Bans World Cup Beer Sales At Stadiums

By *Joshua Robinson and Andrew Beaton*

DOHA, Qatar—The organizers of the Qatar World Cup reversed course on allowing beer sales within the perimeter of stadiums, upending existing plans among FIFA, the host nation and Budweiser, and upsetting expectations for thirsty soccer fans.

After more than a decade of speculation surrounding how alcohol sales would be handled in a conservative Muslim country during the tournament, the abrupt decision came just two days before the opening match.

FIFA had planned for Budweiser to be sold in tents around the stadiums before and after matches. Now, the main options will be hotels or a FIFA Fan Festival, which is separate from the stadium complexes scattered around Doha.

"Following discussions between host country authorities and FIFA, a decision has been made to focus the sale of alcoholic beverages on the FIFA Fan Festival, other fan destinations and licensed venues, removing sales points of beer from Qatar's FIFA World Cup 2022 stadium perimeters," said FIFA, soccer's world *Please turn to page B2*

THE SCORE

THE BUSINESS WEEK IN 7 STOCKS

TESLA INC.

▼ What is it like to run Tesla and Twitter Inc. at the same time? Billionaire Elon Musk said Monday at a virtual conference that he has "too much work on his plate" since taking over the social-media platform while overseeing the electric-vehicle maker. A Tesla board member testified Wednesday in a trial over Mr. Musk's pay package that Mr. Musk recently floated the possibility of a successor. Mr. Musk also emailed Twitter employees demanding they commit to "long hours at high intensity" or leave. Tesla shares **dropped 2.6% Monday**, and fell 3.9% Wednesday.

NVIDIA CORP.

▼ The semiconductor business is powering down. Nvidia on Wednesday issued a tepid outlook and posted a sharp decline in quarterly sales due to waning demand for its videogaming chips. The semiconductor giant and its peers have been hit hard by pressures on consumer spending, including high inflation and rising interest rates. The muted forecast followed Micron Technology Inc.'s cut in its production plans for next year. The computer-memory chip maker said that it was working to reduce capital spending further. Nvidia shares **decreased 4.5% Wednesday**.

PERFORMANCE OF RETAIL STOCKS THIS PAST WEEK

Source: FactSet



TARGET CORP.

▼ Target's sales were off the mark. The retail giant on Wednesday said consumers pulled back on their spending in recent weeks, sapping sales and profits in the latest quarter. Sales rose at rival Walmart Inc., though it said consumers bought fewer electronics and home goods. The divergent results come ahead of the critical Black Friday, one of the largest single shopping days. Target shares **plummeted 13% Wednesday**.

AMAZON.COM INC.

▼ The nation's largest online retailer became the latest tech company to shed workers amid a slowing economy. On Wednesday Amazon announced it would be trimming from its corporate ranks, in a rare round of cuts for a company that has mostly seen consistent growth through its history. The Wall Street Journal reported that Amazon could cut about 10,000 jobs, which would affect roughly 3% of its corporate staff. The cuts don't appear likely to affect the company's hundreds of thousands of warehouse workers. Amazon shares **fell 1.8% Wednesday**.

LOWE'S COS.

▲ The home-improvement industry is rebuilding. Lowe's on Wednesday reported higher quarterly sales, driven by strong demand from professional customers and improved spending among Americans working on their own projects. A day earlier, rival Home Depot Inc. also logged rising sales, as higher prices offset slowing transactions. Inflation and rising mortgage rates have prompted fears of a slowdown after both companies benefited from a surge in home-improvement spending during the pandemic. Lowe's shares **increased 3% Wednesday**.

LIVE NATION ENTERTAINMENT INC.

▼ Live Nation's Ticketmaster is trying to shake off a Taylor Swift ticket fiasco. The pop star canceled her planned "Eras Tour" public ticket sale after historic demand during the presale period overwhelmed Ticketmaster's system and left few available seats. Hopeful buyers faced glitches and delays, waiting in long virtual queues, getting kicked off the site and receiving error messages. With seat prices ranging from \$49 to \$449—and some VIP packages reaching \$899—Ticketmaster's dynamic pricing system frustrated fans as it pushed prices higher. Live Nation shares **fell 2.9% Thursday**.

GAP INC.

▲ Gap cleaned up nicely. The apparel retailer's efforts to streamline its brand and reduce its inventory resulted in a return to a profit in the latest quarter. The improved performance comes amid a flurry of changes, including a recent deal to sell its apparel on Amazon, cutting ties with Kanye West (who goes by Ye) after his anti-Semitic remarks, and eliminating about 500 corporate jobs. The owner of Old Navy and Banana Republic faces economic uncertainty that has shifted consumer spending habits. Gap shares **gained 7.6% Friday**. —Francesca Fontana

KEYWORDS | CHRISTOPHER MIMS

Twilight of the Tech Gods

The myth that startup founders possess extraordinary powers harms everyday workers and investors



Tech is full of smart people who build, run and invest in successful companies that have produced a tremendous amount of innovation.

But the industry's recent spate of failures and reversals has made one thing clear: Many of its leaders aren't as smart as they thought they were.

Just this month, a pair of the world's mightiest tech names, Amazon.com and Facebook parent Meta Platforms, announced broad layoffs after years of breakneck hiring. Another giant, Google parent Alphabet, came under pressure from an activist investor to slash its costs. Some of the biggest names in venture investing, including Sequoia Capital and SoftBank Group, were left trying to figure out what went wrong after FTX, the \$32 billion golden child of the crypto boom, imploded. And Elon Musk, who perhaps more than anyone embodies the idea of the polymath tech genius, has made a mess of Twitter after paying \$44 billion to buy it.

Silicon Valley has long seemed to operate on a foundational myth that its leading lights, having mastered electronics, code and early-stage investing, are not just a breed apart, but could also defy the laws of business and investment. Their powers could transform any industry, while generating outside returns making them worthy of magazine covers and tremendous wealth.

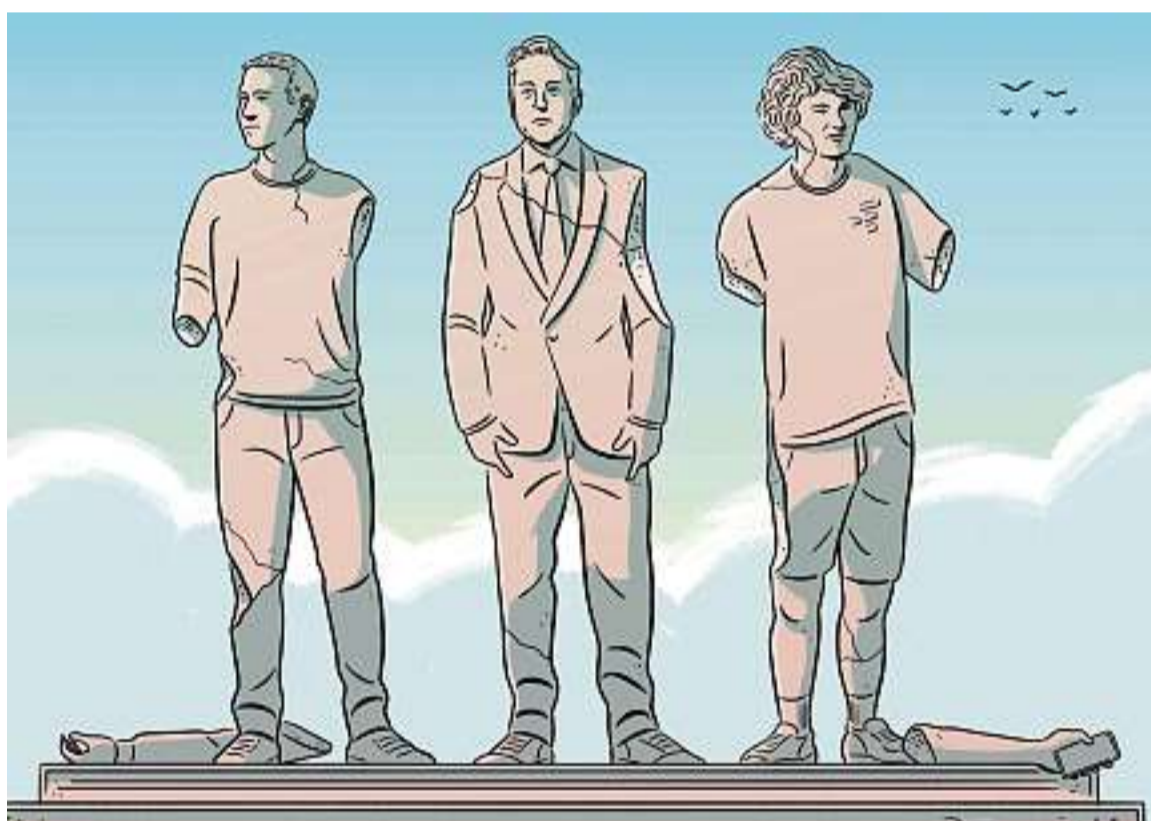
It's the myth of extreme competence. It wasn't only techies who believed this myth. Investors, both professionals and everyday Joes and Janes, bid up tech stocks to stratospheric valuations. Leaders in other sectors often took their cues from Silicon Valley's honchos. Paradoxically, the same belief has also fueled a growing movement to regulate these companies, for fear that it could be the only way to check their power over markets, prices, and even our politics, beliefs and mental health.

A prime example is the company formerly known as Facebook. The idea of a hyper-competent Mark Zuckerberg led investors to value Meta Platforms at more than \$1 trillion as recently as September 2021. At the same time, this myth convinced regulators all over the world that Facebook might be a worthy target of antitrust litigation—until it became clear the company's products might be displaced by competitors like TikTok.

Gods, after all, can be both powerful and vengeful—and must be worshiped or fought accordingly.

In the past couple of weeks, however, it's become clearer than ever that the myth of extreme competence is just that—a myth. The collapse of FTX, the mass layoffs, the rapid unraveling of Twitter—all have put a huge dent in the notion that tech companies are led by anyone other than mere mortals.

To be clear, Amazon and Meta are enormous companies that have created a huge amount of value—and in some cases, a lot of harm. Twitter, while not as big, has long



had influence disproportionate to the size of its user base. FTX is in a different situation. It has collapsed and is under investigation for potential wrongdoing.

In each of these events, what seem to be elementary errors of judgment have been laid bare.

For big tech companies like Meta, there was the delusion, which Mr. Zuckerberg acknowledged when announcing layoffs of more than 11,000 employees, that the world would change little once pandemic lockdowns lifted. "Unfortunately, this did not play out the way I expected," Mr. Zuckerberg wrote in an open letter announcing the layoffs.

In the case of FTX, veteran investment firms collectively dumped nearly \$2 billion into a startup with no real oversight led by a 30-year-old founder, Sam Bankman-Fried, who conducted business meetings while playing videogames. FTX's new CEO, a 40-year veteran of restructurings who took the helm after the company's filing for bankruptcy protection, has said FTX suffered a "complete failure of corporate controls" the likes of which he has never seen.

FTX both welcomed and attempted to leverage skepticism of crypto and regulation of it. Part of the charm of Mr. Bankman-Fried was that, in interviews, he gave the impression that he was not a crypto true believer, and that he was in some sense in on the joke. For example, in May he declared that bitcoin would never be suitable for payments, soon after comparing a common practice in crypto lending to Ponzi schemes.

Economic conditions abetted poor judgment. Years of low interest rates and stimulus by central banks meant there was so much money sloshing around that pumping it into startups hastily made a certain kind of sense.

"The best investors did the logi-

cal amount of diligence for 2021, which was very little," says Jason Lemkin, a venture capitalist and managing director of the SaaStr fund. Investors found themselves in a climate in which they could invest almost unprecedented amounts of money, and quickly flip that investment for an almost unprecedented multiple.

With Mr. Musk, the rise of his two main companies, Tesla and SpaceX, created an aura of limitless acumen around him for many of his followers. With Twitter, though, his style of micromanagement and hubris, along with a series of engineer- and revenue-repelling antics, have damaged the business. Mr. Musk himself has said the company could face bankruptcy.

Together, these unforced errors

These errors seriously undermine the image of extreme competence the tech leaders fostered.

have seriously undermined the image of extreme competence that these companies and their leaders fostered during their ascent. It leaves those both inside and outside tech asking whether these mortals should be given all the accolades and compensation they've accrued.

Indeed, the most obvious expression of this change in sentiment is that America's biggest tech companies have collectively lost more than \$2 trillion in value on the stock market. Compared with their peaks, this has wiped out more than half of the personal wealth of both Mr. Musk and Mr. Zuckerberg.

The realization that these companies aren't omnipotent in the way many people hoped or feared also should reshape the perception of

them by politicians and regulators. On one hand, it raises the possibility that some of the more speculative criticism and pre-emptive regulation of them has been either undeserved or unnecessary. This is especially true for attempts to check these companies' power that assume there is no other way to rein them in. Is antitrust regulation of Meta urgent if, thanks in part to the company's own missteps, TikTok is eating its lunch?

On the other hand, many in Washington also seemed to buy into Mr. Bankman-Fried's snake oil. It's telling that he made many trips to Washington, D.C. to advocate for regulation of crypto. Regulation of crypto was for FTX and Mr. Bankman-Fried not an impediment to doing business, but a validation of his approach.

Regulated crypto exchanges like FTX would have allowed cryptocurrencies to trade as actual securities. This would have made it possible for FTX to connect with the global banking system in a way that could have sent Mr. Bankman-Fried's (now mostly evaporated) \$16 billion net worth into the stratosphere.

Disruption and creative destruction are real, and marvelous new technologies are invented every day that transform the world. But we should lay to rest the myth that those who are best at articulating grand visions also possess the kind of universal competence required to create companies of lasting value.

In the end, the people hurt by this myth aren't the professional investors who banked record returns, or company leaders with their diminished-but-still-incomprehensible levels of wealth. The people it hurts most are the average investor, the retiree with a decimated portfolio, the tens of thousands of laid-off tech workers. The ones it hurts the most, in other words, are most of us.

Qatar Bans Beer Sales At Stadiums

Continued from page B1 governing body.

A spokeswoman for Budweiser brewer Anheuser-Busch InBev SA said some of its plans for the World Cup "cannot move forward due to circumstances beyond our control."

FIFA in a statement said, "The tournament organizers appreciate AB InBev's understanding."

The last-minute switch reflects the glaring tension between a conservative Muslim country and the responsibilities that come with hosting an international sports event so closely associated with drinking. Budweiser spends \$75 million every four years to be the official beer sponsor of the World Cup—and to be the only beer sold at official venues. Now, one of the central markets to sell those beers has suddenly evaporated.

A person briefed on the decision said organizers decided that this World Cup had to treat alcohol differently because there would be a larger number of fans attending from across the Middle East and South Asia, where alcohol isn't culturally appropriate.

Inside and around the stadiums, Budweiser will only be allowed to sell its nonalcoholic option. Fans were caught completely off guard.

"Some fans like beer at the match, and some don't, but the real issue is the last minute U-turn which speaks to a wider problem—the total lack of communication and clarity from the organizing committee toward supporters," the U.K.-based Football Supporters' Association said.

Alcohol will be distributed inside the luxury suites of stadiums, where the price of some ticket packages

It had long been decided that beer wouldn't be sold inside stadiums. Instead, beer would be sold outside them and only nonalcoholic products would be available inside. But even that idea had grown thornier in recent days.

The lack of widespread alcohol availability inside Doha further compounds the problem. In most circumstances, beer and spirits are sold only at bars and restaurants inside high-end international hotels. Even in those places, the scarcity and heavy taxes make Qatar one of the most expensive places in the world to buy booze.

Beer sales in and around the stadium at the World Cup aren't material to Anheuser-Busch InBev's business and are typically dwarfed by the sales of beer elsewhere around the world as fans watch the games at home and in bars, industry analysts say. Television advertising is the primary benefit of the World Cup sponsorship, they said.

One potential silver lining: The policy change could boost the profile of the nonalcoholic Budweiser Zero, said Harry Schuhmacher, publisher of Beer Business Daily.

"It's a bummer for sure, but it's not the reason that AB InBev is part of the deal," Mr. Schuhmacher said. "The TV rights are the main attraction there."

—Benoit Faucon and Jennifer Maloney contributed to this article.

BUSINESS NEWS

Carvana Trims Staff by Additional 8%

Used-car seller, which had an earlier round of layoffs in May, cites economic headwinds

By KATHRYN HARDISON

Carvana Co. plans to lay off about 1,500 employees, or about 8% of its workforce, executives said in a Friday memo to staff.

The workforce reductions come as the online used-car

retailer faces economic headwinds and an uncertain future, Chief Executive Ernie Garcia said in the memo. The move also adds to the 2,500 employees the company planned to lay off earlier this year after it overshot its growth strategy.

More tech companies are laying off employees after rapid growth during the pandemic, a period when people were forced to stay home and spent more time shopping online. Many technology compa-

nies are reporting falling revenues as people return to pre-pandemic habits and respond to persistent inflation and rising interest rates.

Carvana's shares have sunk 97% year to date as demand from consumers remains under pressure. Last year, shares in August traded as high as \$376.83, according to FactSet. Shares closed at \$8.06, down 3% Friday.

People have put off buying or financing new cars as inflation and rising interest rates

have made such purchases unaffordable. Carvana this year has been aggressively cutting costs as its economic outlook has become more uncertain.

"We failed to accurately predict how this would all play out and the impact it would have on our business," Mr. Garcia said in the memo.

The workforce reductions will affect the Tempe, Ariz., company's corporate and technology teams, as well as some operations teams, through eliminated roles, locations or

shifts, he said.

"To those impacted, I am sorry," Mr. Garcia said. "As you all know, we made a similar decision to this one in May. It is fair to ask why this is happening again, and yet I am not sure I can answer it as clearly as you deserve."

Employees affected by the layoffs will receive separation and severance pay through Jan. 1, 2023, plus one additional week of severance pay for every full year of tenure, Mr. Garcia said. They will also

receive extended healthcare coverage for three months and will receive priority consideration once Carvana begins hiring again, among other resources.

Carvana started the year with 21,000 workers before its rounds of layoffs, according to filings with the U.S. Securities and Exchange Commission.

Carvana representatives declined to comment beyond the memo.

—Will Feuer
contributed to this article.

Generator Maker Generac Says Installer Shortage Is Hurting Sales

By BOB TITA

Generac Holdings Inc. said its dealers are struggling to keep up with orders for backup generators, leading the company to lower its sales forecast while customers wait months for installations.

The Wisconsin-based manufacturer opened a new factory in South Carolina last year and has overcome supply-chain bottlenecks and labor shortages that constrained generator production during the Covid-19 pandemic. Now, the company says it needs more dealers and electricians to install its generators as customer orders pile up.

"We ramped up our production beyond what the installers could handle," said Generac Chief Executive Aaron Jagdfeld. "They couldn't keep up with us."

Generac, the sales leader in backup home generators, relies on about 8,500 independent electrical contractors in North America who are authorized to sell and install its generators in homes and businesses. Backup generators are typically wired into a building's electrical system and then connected to natural gas service or liquid propane to fuel the generators when they kick on with the loss of regular electric service.

Demand for Generac's products has been rising in recent years, supercharged by hurricanes, floods and wildfires that have undermined electric service in several states, the company and dealers said. In California, precautionary power outages created to stop sparking electric lines from igniting fires in drought-parched forests have turned the state into one of Generac's best markets, after having almost no business there five years ago, according to the company.



An electrician inspects a new power box for a Generac generator.

Generac's overall sales grew by 50% last year to \$3.7 billion. Through the first nine months of 2022, sales rose 32% higher than the same period a year earlier. The company had expected sales to grow by 36% to 40% in 2022 but lowered that range this fall to 22% to 24% over 2021.

Shares of Generac are down 30% in the past month at \$101.40 a share, compared with an 8% rise in the S&P 500 index, according to FactSet.

Mr. Jagdfeld said the company's dealers are struggling to install the generators they have on hand and are reluctant to order more from the company until they shrink backlogs of customer orders. He said the inventory of generators in the field is twice the normal size. As a result, many customers who have placed orders are waiting months to get their generators.

"We've never had installers be a constraint before," Mr. Jagdfeld said. "We have to find more dealer installers." Maureen McCord of Hurri-

cane, W.Va., said her home lost power several times last winter because of weather-related outages. Determined to avoid a repeat this winter, she and her husband Charles put down \$7,000 on an \$8,500 Generac generator at the beginning of August.

"The dealer said they were a little bit behind on orders, but it shouldn't be a problem," Ms. McCord said.

Four months later, the retired couple is still waiting, she said. Securing a backup power source has become more urgent since her husband, who requires breathing treatments, underwent heart bypass surgery about two weeks ago, Ms. McCord said.

Many of Generac's electrical contractors are owner-operated businesses with small staffs of electricians to install generators, Mr. Jagdfeld said. Some companies also sell other generator brands, including models made by Kohler Co., Briggs & Stratton Corp. and Cummins Inc., and contractors often do other

types of electric work as well. The booming residential and commercial construction market this year diverted some electricians from installing backup generators, Mr. Jagdfeld said.

Jeff Lanum, owner of Electric Doctor in Bettendorf, Iowa, said he doubled the number of licensed electricians on staff to 22 when orders surged, and he paid bonuses to attract electricians in a tight labor market. He said the company's order backlog grew to 150 generators in 2021 and stayed there for a year, as rising customer demand collided with shortages of generators and electrical components, including cable, switches and circuit breakers.

"I've never seen anything like that in my life," said Mr. Lanum, who has owned Electric Doctor for 19 years and has worked as an electrician for nearly 40 years. Mr. Lanum said orders for generators remain elevated, but improved supplies of generators and components have helped shrink the backlog.

Dealers said some of their orders this year are the result of pent-up demand from buyers who were unable to get generators in 2021 because supply-chain problems reduced the availability. Generac is trying to sign up more dealers to relieve the pressure on the company's dealer network, Mr. Jagdfeld said. The company added about 300 dealers during the third quarter. He predicted Generac's sales during the first half of next year will be lower as dealers hold off on ordering more generators while they work through their installation backlogs.

Mr. Jagdfeld said he has no plans to create a company-owned force of dealers and installers because of the difficulty staffing.

American, JetBlue Spar With DOJ

By ALISON SIDER

A Justice Department lawyer asked a federal judge to dissolve a partnership between American Airlines Group Inc. and JetBlue Airways Corp., winding down arguments in an antitrust trial that could determine the alliance's fate.

Attorneys for the airlines defended their arrangement, arguing that working together has allowed them to more vigorously challenge rivals in New York and Boston, enhancing competition in markets where American and JetBlue would have otherwise struggled to grow.

American, the world's largest airline, and JetBlue agreed to their Northeast Alliance in 2020, working together at three New York-area airports and in Boston. They sell seats on one another's flights along certain routes, coordinate schedules and share revenue from flights within the scope of the partnership.

The department, along with six states and the District of Columbia, filed an antitrust suit against the alliance last year, alleging it has eroded competition and will lead to higher fares for fliers. The chief executives of American and JetBlue, along with other senior executives from those airlines and their rivals, testified in Boston over the course of the trial, which began in late September.

"The defendants' argument is that bigger is better," Justice Department lawyer William Jones said as he delivered the government's closing argument Friday before Judge Leo Sorokin, who will decide the case. "But getting bigger through cooperating and collaborating rather than competing, Your Honor, isn't better. It's just a shortcut. And consumers pay a price for that shortcut."

Attorneys for the airlines countered in their closing arguments that the alliance has been good for consumers.

"This is a case about a manifestly pro-competitive venture that makes these markets more competitive than they otherwise were," said Dan Wall, a lawyer for American, adding that the department could still challenge the arrangement later if it eventually proved to be harmful. "If we're wrong and time proves otherwise, the antitrust laws are going to still be there," he said.

Judge Sorokin, who oversaw the trial, said Friday he would review the evidence and would schedule a hearing to ask additional questions as quickly as he is able to.

The suit is part of the Biden administration's broader push to more aggressively challenge corporate deals it believes will suppress competition. That effort has had mixed results. Antitrust enforcers lost cases in the healthcare and agriculture industries this year. Last month, a federal judge blocked Penguin Random House from acquiring rival publisher Simon & Schuster, a deal that the Justice Department had argued would reduce competition in the market for U.S. publishing rights and harm writers.

The department has argued that the structure of the American-JetBlue partnership gives the airlines an incentive to reduce capacity and drive up fares along routes where the Justice Department has said they now face limited competition, and department officials have estimated that the alliance will cost consumers close to \$700 million a year. Mr. Jones said the alliance is particularly problematic in Boston, where JetBlue had already established itself as a dominant carrier.

Taylor Swift Responds To Ticketmaster Saga

By ANNE STEELE
AND ALYSSA LUKPAT

Taylor Swift has responded to the Ticketmaster debacle that blocked many of her fans this week from getting tickets to her tour, saying Friday that it was "excruciating for me to just watch mistakes happen with no recourse."

Millions of fans swarmed Live Nation Entertainment Inc.'s Ticketmaster site Tuesday, causing it to crash. Many trying to get presale tickets for the "Eras Tour" didn't get them or had to wait for hours.

The Justice Department is investigating Live Nation over whether the company has violated antitrust laws, according to people familiar with the matter. Live Nation didn't immediately respond to a request for comment about the investigation. The New York Times earlier reported the investigation, which predates this week's outcry over glitches during Ms. Swift's presales.

Ms. Swift didn't publicly address the situation until Friday, in her comments appearing to shift blame to Ticketmaster without naming the company directly.

"It's really difficult for me to trust an outside entity with these relationships and loyalties," she wrote on Instagram.

Shares in Live Nation closed down 7.9% Friday to \$66.21.

Ticketmaster and representatives for Ms. Swift didn't immediately return requests for comment Friday.

Ticketmaster canceled its

general sale scheduled for Friday because of what it said Thursday was "insufficient remaining ticket inventory to meet demand."

Ms. Swift said there were a multitude of reasons why people had a hard time and she's trying to figure out how the situation can be improved going forward. It is unclear how many tickets are left and how they may be available for purchase.

During an investor day on Thursday for Liberty Media Corp., which owns a majority stake in Live Nation, the promotion company's chief executive, Michael Rapino, opened a presentation with a joke about the presale. He told investors everyone had a ticket under their seat. He went on to say that Ticketmaster has the most robust platform in the world. "We regret some slowdown in some queues and some error codes for a short period for some fans, we did manage to recover," he said, adding "12 million kids tried to jam the door to buy two million tickets."

"There's no nice way to tell 10 million Swifties, there's no tickets," said Mr. Rapino.

Liberty Media CEO Greg Maffei later said Ms. Swift's promoter AEG Presents, a competitor, "chose to use us because, in reality, we are the largest and most effective ticket seller in the world." An AEG spokesman disputed that comment, saying, "We didn't have a choice. Ticketmaster's exclusive deals with the vast majority of venues on the Eras tour required us to ticket through their system."



Volkswagen has already downsized annual capacity in a Shanghai plant to around 50,000 units as part of its push into EV sales.

VW Cuts Output of Some Models in China

By RAFFAELE HUANG

SINGAPORE—Volkswagen AG plans to stop manufacturing manual-transmission cars at one of its two China joint ventures, as Chinese consumers shift their buying from traditional combustion-engine cars to electric vehicles.

The German car maker will end production of such vehicles at its joint venture with Chinese state-owned auto maker SAIC Motor Corp. in August 2024 due to changes in market demand, a Volkswagen spokesman said Friday. The move won't involve job cuts and affected workers will be

reassigned to different production lines, a person familiar with the company said.

Global auto makers are racing to produce more electric cars as regulators worldwide introduce more stringent emissions targets. China has led the world in the electrification of vehicles, with Beijing dangling consumer and production incentives to attract car makers and new Chinese auto startups to produce more EVs.

The German car manufacturer has previously said it plans to phase out manual transmissions in its major markets in favor of focusing on EVs. Last July, Volkswagen

forecast battery EVs to form half of its global vehicle sales by 2030.

In China, demand for manual cars has been declining. Such vehicles formed 10% of all combustion-engine cars sold in China in the first three quarters of the year, down from over 40% in 2017, according to the China Association of Automobile Manufacturers.

This past week, Volkswagen said it planned to shutter a factory co-run with SAIC in Shanghai after it stops making manual transmissions in late March 2023. The plant, which began operation in 2001 and employs about 230 staff, pro-

duces transmissions used in smaller-size sedans such as the Volkswagen Santana and Lavalda.

The car maker had already downsized its annual capacity in the Shanghai plant to around 50,000 units from 500,000 this year as part of Volkswagen's push toward giving priority to EV sales. Manual transmissions are used in only a fraction of the vehicles made by the joint venture, the Wolfsburg-based auto maker said.

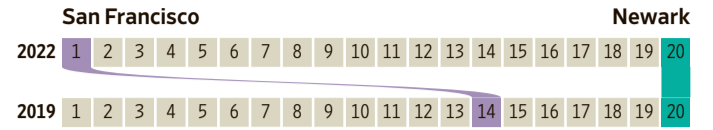
In the first nine months of this year, Volkswagen delivered more than 366,000 battery EVs globally, around 30% of which were sold in China.

EXCHANGE

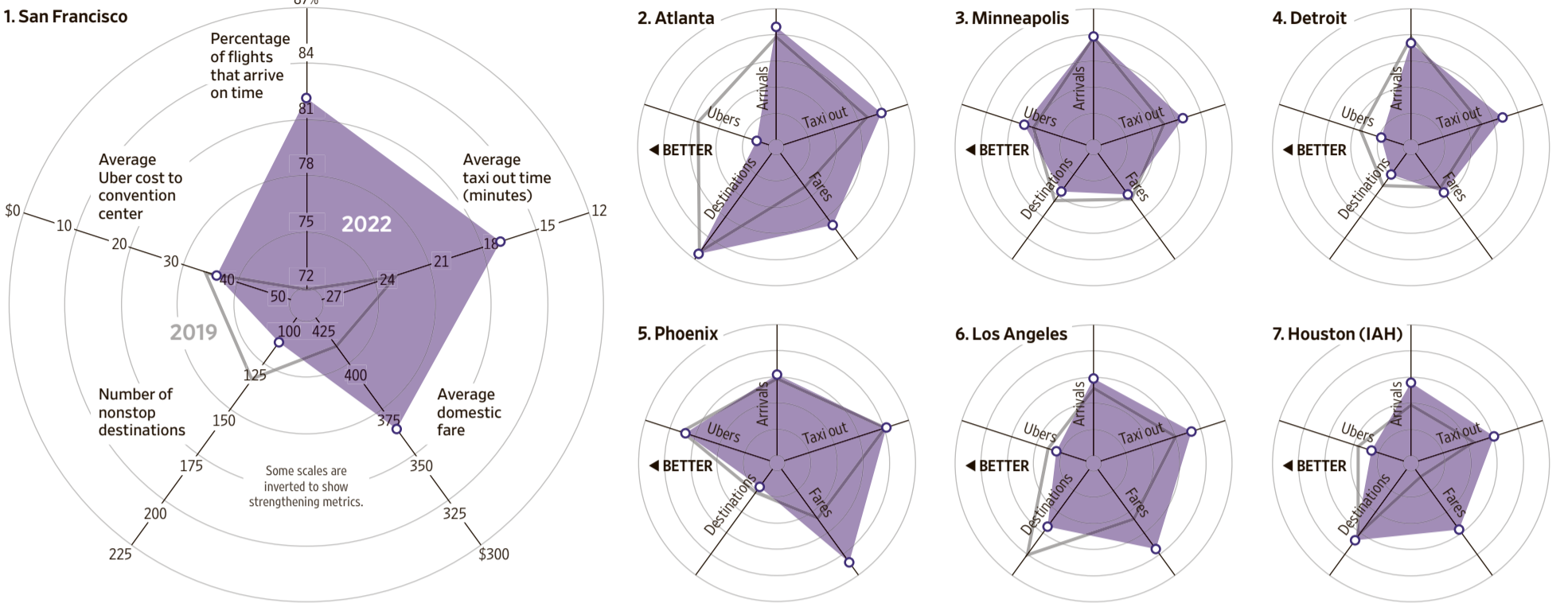
The Best Large Airport in the U.S.

The Journal ranked the 20 largest airports, weighing 19 factors. Below are the best and worst performers in several categories.

Change in ranking since 2019*



Airports to Put on Your Radar | Greater flight reliability helped push San Francisco up 13 spots since 2019.



More Takeoffs, Less Waiting

San Francisco finished in the top five for fewest flight cancellations, shortest departure delays and highest on-time departure rate. It ranked 17th in security waits. Newark finished at or near the bottom in all four categories related to delays and cancellations.

Category	Airport	Value
Airports ranked highest	1. Atlanta	Miami
	2. Minneapolis	Los Angeles
	3. Phoenix	Detroit
	4. San Francisco: 1.5%	Boston
	5. Los Angeles	Houston (IAH)
Airports ranked lowest	16. Fort Lauderdale	Seattle
	17. Boston	San Francisco: 81.1%
	18. New York (JFK)	Newark: 80.5%
	19. Dallas/Fort Worth	New York (JFK)
	20. Newark: 4.7%	Denver

The Hubs for Grub

San Francisco topped the list for airport dining, while New York's JFK had travelers packing a lunch.

Airport	Average Yelp review of on-site restaurants
San Francisco	2.82
Denver	2.81
Dallas/Fort Worth	2.75
Charlotte	2.72
Phoenix	2.65
Philadelphia	2.46
Seattle	2.43
Houston (IAH), Newark	2.40
Chicago (ORD)	2.33
New York (JFK)	2.07

Parking Paradises

Houston had the lowest minimum daily parking rate. San Francisco and Newark both made the most-expensive list.

Airport	Cost of on-site parking per day
Houston (IAH)	\$7
Denver	\$8
Atlanta, Charlotte	\$10
Dallas/Fort Worth, Las Vegas, Orlando	\$12
Chicago (ORD), Detroit, Fort Lauderdale, Philadelphia	\$15
New York (JFK)	\$20
Minneapolis, Newark, San Francisco	\$21
Boston, Miami	\$25
Los Angeles	\$30
Seattle	\$34

Here's how the 20 airports broke down in several key categories.

Best airport in each category / Worst	RELIABILITY						VALUE		CONVENIENCE			
	Flights arriving on time	Flights departing on time	Average arrival delay (minutes)	Average departure delay (minutes)	Average taxi out time (minutes)	Average taxi in time (minutes)	Flights cancelled	Waits less than 15 minutes at security	Average domestic fare	Average rental car cost	J.D. Power score	Nonstop destinations
1. San Francisco (SFO)	82.2%	84.4%	11.7	11.0	17.0	5.9	1.5%	81.1%	\$364	\$428	796	114
2. Atlanta (ATL)	84.8%	82.3%	10.6	10.9	15.2	7.6	1.3%	85.6%	\$340	\$336	782	219
3. Minneapolis (MSP)	83.8%	82.9%	12.9	11.9	17.1	6.6	1.4%	91.5%	\$376	\$508	800	145
4. Detroit (DTW)	83.0%	82.5%	13.2	12.7	16.8	9.3	1.8%	98.9%	\$378	\$488	791	125
5. Phoenix (PHX)	81.2%	78.7%	12.9	13.6	14.8	7.4	1.5%	85.9%	\$315	\$512	765	121
6. Los Angeles (LAX)	80.8%	81.1%	12.6	12.5	16.0	10.2	1.5%	99.3%	\$332	\$349	753	168
7. Houston (IAH)	80.4%	79.5%	13.7	14.8	17.8	8.5	2.3%	97.0%	\$354	\$406	758	184
8. Las Vegas (LAS)	76.9%	74.8%	13.6	15.5	15.6	7.8	1.7%	87.3%	\$240	\$432	790	153
9. Charlotte (CLT)	82.8%	81.1%	12.8	11.3	20.7	11.1	2.3%	92.0%	\$382	\$500	768	179
10. Seattle (SEA)	81.8%	82.6%	10.3	9.9	17.9	9.7	1.9%	81.3%	\$338	\$427	764	120
11. Denver (DEN)	77.8%	72.3%	14.3	17.4	16.9	9.8	2.5%	56.7%	\$304	\$404	759	216
12. Boston (BOS)	77.0%	78.9%	15.8	13.9	18.1	7.7	3.1%	97.8%	\$340	\$755	754	126
13. Philadelphia (PHL)	78.4%	79.6%	15.4	13.8	20.4	7.3	2.5%	90.2%	\$334	\$390	729	127
14. Chicago (ORD)	79.9%	77.8%	14.9	14.1	20.8	13.0	2.7%	92.0%	\$333	\$428	751	232
15. Orlando (MCO)	71.8%	72.0%	18.6	19.0	17.0	10.4	2.4%	84.9%	\$248	\$276	786	139
16. Miami (MIA)	75.5%	73.6%	17.1	17.7	19.7	9.4	2.5%	99.9%	\$281	\$310	770	159
17. Dallas/Fort Worth (DFW)	77.8%	75.4%	16.9	15.7	18.5	11.7	3.5%	94.3%	\$360	\$402	778	264
18. Fort Lauderdale (FLL)	72.9%	72.4%	17.8	18.9	17.0	7.5	2.7%	89.1%	\$247	\$281	764	146
19. New York (JFK)	75.4%	75.0%	18.6	18.2	23.4	10.6	3.1%	57.0%	\$350	\$310	791	168
20. Newark (EWR)	70.1%	70.3%	20.1	20.3	22.3	12.9	4.7%	80.5%	\$331	\$366	719	158

*The airport rankings weren't conducted in 2020 and 2021 due to the Covid-19 pandemic. Some criteria have changed since 2019. Rankings do not include San Juan, Puerto Rico.

Sources: the airports (daily parking, nonstop destinations); Bureau of Transportation Statistics (average arrival and departure delays, average fares, flights canceled, on-time arrivals and departures, taxi in and out); Hertz (rental cars); J.D. Power (score); Transportation Security Administration (security waits); Uber (fares); Yelp (ratings). Print design by Tristan Wyatt/THE WALL STREET JOURNAL

How The Wall Street Journal Compiled Its 2022 Airport Rankings

The Wall Street Journal ranked the 50 busiest airports based on 19 measures that span a journey, from ticket purchase through takeoff and landing. We divided the airports into two categories: the 20 largest airports, in terms of number of passengers, and the next 30 we call midsize. Factors are grouped into three broad categories important to travelers: reliability, convenience and value. Sources for the data include Bureau of Transportation Statistics, Transportation Security Administration and the airports.

Reliability

We placed the most weight on reliability.

- On-time arrivals.** The percentage of flights that arrived at the gate less than 15 minutes after schedule.
- On-time departures.** The percentage of flights that left the gate less than 15 minutes after schedule.
- Average arrival delay.** How tardy those arriving flights were, in minutes.
- Average departure delay.** How tardy those outbound flights were, in minutes.

- Flight cancellations.** The percentage of flights canceled in the 18-month period ended June 30, 2022.
- Average taxi-in.** That "are we there yet?" time between landing and arriving at the gate, measured in minutes.
- Average taxi-out.** That "we will ever leave?" time between leaving the gate and takeoff, in minutes.
- Security-checkpoint waiting times.** The percentage of travelers who wait less than 15 minutes in standard Transportation Security Administration Lines.
- Flight delays due to major security issues.** Not to be confused with run-of-the-mill security waits, this metric measures security issues that held up flights. They include evacuation of a terminal or concourse, a security breach that required the reboarding of a flight or a breakdown in screening equipment that caused longer-than-normal lines.

Convenience

- J.D. Power customer satisfaction score.** We used airports' scores in the 2022 J.D. Power North



Reliability, as measured by punctual departures and arrivals, counted the most in the Journal's airport rankings.

America Airport Satisfaction Study. It covers six measures of the airport passenger experience, from check-in to baggage claim. This metric carried the most weight in

the convenience category, on par with the reliability statistics.

- Nonstop destinations.** Nonstop flights reduce travel time, so airports with a higher number scored better. The figures are reported by the airports.
- Longest walk.** The longest possible walk, in feet, from the curb of the terminal to the farthest gate, including use of escalators, moving walkways and trains or trams.
- Yelp restaurant rating.** Average review of on-site restaurants, provided by Yelp.

Value

- Average domestic fare.** Ticket price data for January through March 2022 from BTS.
- Cheapest on-site parking.** Parking at the airport is a big time-saver but can be pricey, ruling it out as an option for budget travelers. Daily fees for the cheapest option, as reported by the airports.
- Rental-car taxes and fees.** Airport rental-car fees can be steep enough to affect travelers' transportation choices. In late September, we priced the total cost of renting a

large sedan from Hertz from Oct. 24-26, using the "pay later" option on its website.

- UberX fare from convention center to airport.** We priced a one-way trip from each city's major convention center to the airport around 3 p.m. local time on Friday, Sept. 30, or, in a few cases, Oct. 7. The convention center served as a proxy for a city's center. For Newark, we used the Javits Convention Center in New York City.
- Leading airline's market share.** A measure of competition at the airport, which affects ticket prices.
- Cheapest bottle of water.** As a proxy for overall concession prices, we asked airports for the lowest-priced water bottle of 16.9 fluid ounces or more.

—Dawn Gilbertson, Harry Carr and Laura Casey

Watch a Video



Scan this code for a video about the factors that make San Francisco International stand out.

EXCHANGE

Best and Worst: United's Tale of Two Hubs

The airline holds a distinct position: It relies heavily on both the top-rated and the worst-rated airports

By JACOB PASSY

United Airlines Inc. knows what it's like when airports work well—and when they don't. It operates hubs in the best-performing and worst-performing large U.S. airports, according to a new set of rankings from The Wall Street Journal.

The Chicago-based carrier has major U.S. hubs at seven airports. One, the San Francisco International Airport, ranked No. 1 among the 20 busiest airports. In June, United operated about 6,700 flights there, according to internal numbers provided by the airline.

Two other hubs didn't fare as well. United had roughly 13,700 flights at Chicago's O'Hare International Airport, which finished 16th in the Journal's rankings, and around 12,400 at the Newark Liberty International Airport. Newark ranked last. United accounts for roughly 65% of flights there, a spokesman for the airline said.

Newark is a prime launch point for transatlantic flights, making it a major revenue driver for the airline. But it has a big problem: delays. Newark had the lowest percentages of flights that arrived and departed on time, and the highest percentage of canceled flights.

United Chief Executive Scott Kirby has publicly lamented the situation at Newark, blaming low-cost carriers for scheduling more flights than the airport could handle each hour. United cut dozens of flights a day at Newark this past summer in response to cancellations and delays.

"If the airport has more flights than it can handle, it's going to do poorly," Mr. Kirby says.

Rick Cotton, who operates the airport as executive director of the Port Authority of New York and New Jersey, says the number of flights depends on the Federal Aviation Administration. The FAA says the demand for flights is



United flies out of the top-ranked large airport, San Francisco, left, and has a hub at the worst-ranked large airport, Newark, right.



managed through voluntary cooperation by the airlines.

Newark's design also creates hurdles that San Francisco International and others don't. Even though United controls all of Newark's Terminal C, some evenings it lacks the space to park all of its planes at its gates overnight. John Weigand, United's managing director for airport operations at Newark, must scramble to find parking spaces.

The Port Authority of New York and New Jersey operates so-called ballparks on the airfield where planes can park. It often lets United use spots typically reserved for flights operated by package carriers United Parcel Service Inc. and FedEx Corp. overnight, Mr. Weigand says.

Another issue for United, according to Mr. Weigand, is that



Portland International Airport has sneaker cleaning at Jackson Shine Co., which has two locations at the airport.

Newark's Terminal C was designed to handle Boeing 727 planes that first flew in 1963. Many of the flights United operates there use newer aircraft like the Boeing 767, which is almost 30 feet longer and has a wingspan that's nearly 50 feet wider. These larger planes take up more gate space. When they move in and out of the terminal they block other aircraft.

One executive who knows what it's like to work at Newark as well as San Francisco is David Page, who oversees United's station operations center in San Francisco and is assisting the airline's Newark team as it prepares for the opening of a new terminal.

Newark, he says, deals with much more extreme weather than San Francisco does. Weather can shut down virtually all operations some days. San Francisco copes with fog and rain, but the adverse conditions generally just affect capacity and cause adjustments to the flight schedule.

The challenges at Newark are perhaps most apparent when it snows. The lack of space at the airport means that plows don't have any free space to pile snow. Instead, Newark relies on machines that melt the snow to get

At Daniel K. Inouye International Airport in Honolulu, outdoor gardens draw upon Hawaiian, Chinese and Japanese culture with native plants and koi fish.

rid of it, Mr. Weigand says. Each of these machines occupies an entire gate's worth of space, further limiting capacity.

Newark on Dec. 8 is adding a new Terminal A, where United will have nine gates. That could also provide challenges for United's operations team. The new terminal won't have a dedicated stop on the airport's AirTrain monorail system, which services the other two terminals, parking garages and a regional and commuter rail station. Instead, visitors to the airport will be able to take the AirTrain to a stop that also serves a parking garage and access the new Terminal A via a pedestrian walkway. The stop will be renamed to signify its connection with Terminal A.

A spokeswoman for the Port Au-

thority said the walk between the AirTrain station and the new Terminal A takes approximately 15 minutes. In light of that, the airport will operate a shuttle bus between the parking garage and the terminal, she said.

United operates most of its flights out of Terminal C, and has hired an outside company to operate shuttle buses between the two terminals. Mr. Weigand and Mr. Page say the airline had to think strategically about which flights will operate out of United's Terminal A slots. "We want to cut down on the amount of connecting passengers, so they don't have to get on the bus and ride over to C," Mr. Weigand says.

Things are much smoother for United in San Francisco, Mr. Page says. San Francisco International has completed several improvement projects in recent years, including new walkways that connect Terminals 2 and 3, allowing fliers to move between them without going through security again.

"Every local airport has their own spin on where their challenges are and where they have to focus," he says.

—Dawn Gilbertson and Allison Pohle contributed to this article.

Airports, From First To Worst

Continued from page B1

lines, flight cancellations and pricey airline tickets. This year's airport report card ranks the 50 largest U.S. airports on 19 factors from on-time performance and security waits to J.D. Power customer-satisfaction score and ticket prices. Reliability matters most to passengers and carries the most weight in our rankings. The airports are divided in two categories: the 20 biggest, by number of passengers, and the next 30, categorized as midsize.

Sacramento International Airport, just 100 miles northeast of SFO and a competitor for some Northern California fliers, nabbed the top spot among midsize airports and the highest score overall. Airport director Cindy Nichol, who used to work at San Francisco International, attributes Sacramento's high score to good weather, plenty of runway space and customer service. The airport's landscapers even pitch in to direct travelers, she says, earning passenger compliments.

The San Diego and San Jose airports were Nos. 2 and 3 among midsize airports, creating a California trifecta.

The worst performers in the large and midsize classes, respectively, were Newark and LaGuardia Airport. Both are plagued by flight delays and other issues but have big plans for fixes. LaGuardia's physical makeover is already well under way and you won't recognize the place if it's been a while. And Newark's new Terminal A makes its debut in early December.

It says a lot about the complexity of air travel that airports at the top or bottom of our rankings didn't shine or stink in every area. San



Waiting areas at San Francisco International Airport, above, are unusually quiet. Airport director Ivar Satero, left.



Francisco and Minneapolis had among the highest domestic ticket prices in the country. Washington Dulles, Charlotte, N.C., and Salt Lake City topped the list. Florida airports, which fared poorly overall due to congested airspace, had the lowest ticket prices due to intense competition from budget carriers like Spirit Airlines Inc.

Let's also not forget the industry is effectively graded on a curve on many metrics: an 80% on-time rate still means 20% of flights were tardy. And the U.S. government's definition of an on-time flight—those that arrive and depart less than 15 minutes behind schedule—would make Swiss watchmakers shudder.

tion, the latter due to a pilot's nose-bleed.

He finds the airport easy to navigate from parking through security, and loves the multiple security checkpoints, which eliminate bottlenecks that develop at airports with centralized screening.

"It is a dream," says Mr. Swalin, whose previous home airports were Philadelphia and Raleigh-Durham, N.C.

San Francisco Airport director Ivar Satero, who has worked there for nearly 30 years and run the place for the past six, says the airport has made adjustments to reduce delays and cancellations. Those include adopting recent Federal Aviation Administration landing proce-

dures allowing the use of both parallel runways in low visibility and investing \$10 million in new GPS landing technology.

When bad weather struck one day in early November, the airport handled 37 flight arrivals an hour thanks to new GPS technology, the airport says. It handles 60 an hour on a normal day.

"Five years ago it would have been down to 25 flights an hour," says airport spokesman Doug Yake, who worked in operations for Virgin America and United Airlines Inc. before joining the airport in 2010.

Mr. Satero says those systems and other improvements, including additional gates, will help the airport manage operations when business fully returns, which he expects in the next two years. Before the pandemic, the airport was investing to handle a projected 72 million passengers, from 58 million at that time. This year, about 40 million passengers will pass through.

Mr. Satero said he is encouraged by how smoothly operations are running during morning rush hour, when traffic can be as busy as it was before the pandemic.

Whether San Francisco can retain its crown is questionable. The airport improvements will continue at the big spending city-owned airport, but the on-time stats may not hold up.

That's because the big improve-

Indianapolis had the lowest overall Yelp rating.

ment in reliability has been fueled not by airport magic but by a pandemic hangover.

The number of flights and passengers at SFO, where United has a hub, are still down sharply from 2019 in contrast to most major airports. Both metrics were down more than 25% for the year through August, according to airport statistics. United Chief Executive Scott Kirby calls it the least-recovered major air travel market in the country.

He blames the slow travel recovery in San Francisco on the region's technology companies, which ha-

Stressed out at San Francisco International Airport?

Pet Alex the Great, a 28-pound Fleming Giant rabbit.

Other stress-relief animals in the airport's Wag Brigade are LiLou, a pig, and dogs.

ven't restored business travel to pre-pandemic levels and likely won't anytime soon, given recent belt tightening and continuing Covid restrictions in key Asian markets, especially China. Hong Kong, the airport's second-largest international market after London before the pandemic, only recently reopened. Cathay Pacific recently resumed service but with a fraction of its usual flights. Qantas, Air China and China Eastern have yet to return.

Fewer flights means less congestion, plus a cushion when weather issues or other trouble arises. Instead of weather delays rippling past midnight, Mr. Kirby says, airlines can catch up more quickly.

He visited San Francisco earlier this month and says employees there were giddy about the airline's performance and hopeful it will continue.

"Everything about [the airport] feels different," he says.

Mr. Kirby says the lesson in San Francisco's strong showing is that an airport shines when it operates a reasonable number of flights relative to its capacity.

"When they were given a hand of cards that they could win, they won," he says.

When flights are overscheduled, he says, "it's a guaranteed bad experience for customers." Exhibit A, Newark, where United also has a hub. Mr. Kirby has been pressing the FAA to enforce flight limits at the New Jersey airport and made flight cutbacks of its own during the summer to ease congestion.

Newark airport officials say the number of flights depends on the FAA, and the airport can only do its best to be supportive of the operations. The FAA says it doesn't have enforcement authority at Newark, and that the demand for takeoff and landing timings at Newark is managed through voluntary cooperation and schedule adjustments agreed on by airlines and the FAA.

—Harry Carr and Allison Pohle contributed to this article.

Washington (D.C.) Dulles is the most expensive airport to fly from. Airfares are about \$100 more than other airports.



EXCHANGE

More Than A Meme Stock King

Continued from page B1
billion represents less than half of Mr. Cohen's more than \$2.5 billion net worth, according to people familiar with the matter. The vast majority of his portfolio is tied up in roughly 10 stocks. These holdings include passive stakes in big, brand-name companies that could also be found in the brokerage account of any prudent retiree.

Mr. Cohen is a large shareholder of tech giant Apple Inc., with 6.2 million shares worth more than \$900 million as of Friday's close. He also owns shares of big U.S. banks, including Wells Fargo & Co. and Citigroup Inc., and is in the process of building up a passive stake in Netflix Inc. He said he believes the streaming giant is undervalued after its stock plunged earlier this year. Mr. Cohen's investments in Citigroup and Netflix haven't previously been reported.

Mr. Cohen, in his first set of interviews since the meme-stock mania, said he doesn't invest in venture capital, private equity, hedge funds, bonds or cryptocurrencies. His investment strategy borrows from models established by two legends of the finance world: value investor Warren Buffett and corporate agitator Carl Icahn. Like the 92-year-old Mr. Buffett, who oversees Berkshire Hathaway Inc., he wants to find companies that are undervalued, buy their stock cheaply and hold them long term. Like the 86-year-old Mr. Icahn, he wants to identify more companies he views as mismanaged and press them to change.

Mr. Cohen met with Mr. Icahn last month. He said he has also spoken with Mr. Buffett. Mr. Buffett confirmed having had a conversation with Mr. Cohen, but said he "doesn't remember any particulars" from it.

When Mr. Cohen barreled into GameStop, his disdain for the way the company was being run earned him few admirers in the boardroom or among its then executives. Some individual investors who followed him into shares of GameStop are sitting on losses. He has plenty of doubters in the professional-investment world who have a dim view of the prospects for GameStop; so-called short sellers, or those who are betting that the stock will fall, hold nearly 18% of the company's shares outstanding, according to FactSet.

Even Mr. Icahn indicated to Mr. Cohen at their meeting last month



Ryan Cohen became famous with a bet on GameStop. He also owns shares in Apple, Netflix and big U.S. banks.

and poutine. His dad also took him to videogame store EB Games, a predecessor of GameStop, where the young Mr. Cohen would buy games he liked to play such as "Call of Duty."

When the younger Mr. Cohen was 12 or 13, his father showed him an 80-year history of the stock market. Returns for stocks had exceeded those for real estate. Mr. Cohen began purchasing stocks on his own, using money he made building websites for local businesses. His first shares, he said, were Apple and Toronto-Dominion Bank.

He never worked at his father's glassware business but did build a website for it. His father, he said, supported his decision to skip college and focus on being an entrepreneur. "He said, 'It doesn't matter what I think; whatever decision you make is the right decision for you.'" Mr. Cohen started freelancing in affiliate online marketing, which involved purchasing internet ads and earning a fee when they generated a sale for a merchant.

He came up with the idea for Chewy in 2011 after visiting his neighborhood pet store to buy products for his poodle; he and his co-founder, a computer programmer from the state of Georgia whom he had met years earlier in a chat room, ditched their plans to open an online jewelry store instead. Mr. Cohen said his father became his "silent board member," acting as a sounding board for his decisions despite having no role or stake in the company.

He launched Chewy in Florida, where his grandparents vacationed, and within a matter of years built it into a self-sustaining business whose growth made it a major threat to established industry players. By 2016, same-store sales were declining at rival PetSmart Inc.—the product, at least in part, of Chewy's rapid rise. Raymond Svider, chairman of private-equity firm BC Partners, which owned PetSmart, eventually emailed Mr. Cohen asking if he wanted to sell Chewy.

Nancy Peretsman, a partner at investment bank Allen & Co., which had invested in Chewy, advised Mr. Cohen in the negotiations. She urged him to raise more money as an insurance policy so he wouldn't be forced to sell, putting him in a stronger negotiating position with PetSmart. Mr. Cohen agreed even though it would mean diluting his existing investors and himself.

"Ryan, up until that point, could have been easily categorized solely as an entrepreneur," Ms. Peretsman said. "Many of his ilk would have said: 'We're gunning for it.' I think

it was the first breadcrumb of what you've seen him evolve into, which is a much more balanced and conservative business person."

If he didn't sell, Mr. Cohen would have faced the difficult task of preparing Chewy for an initial public offering. That seemed like a risky option, given how other public e-commerce companies were trading. Then his father suffered a major heart attack, just weeks after the birth of Mr. Cohen's first son. The elder Mr. Cohen survived.

The \$3.35 billion PetSmart paid for Chewy in 2017 set a record for the highest price for an e-commerce company. Mr. Cohen sold his entire stake, earning about \$1 billion before taxes. He left as the CEO in 2018.

'Papa Cohen'

Mr. Cohen's father died in December 2019. Not long after that, the son turned to activist investing.

It started with GameStop. When he began buying shares of the retailer earlier in 2019 he said he saw an inexpensive stock beset by a high volume of wagers against it. He liked its loyal customer base—something that reminded him of Chewy. With the right leadership, he thought, the company could be revitalized.

"The more diligence I did, the more I got to understand [its] leadership and management, the more I realized they were the opposite of me," he said. "They couldn't possibly do the right thing because they weren't risking their own capital."

Mr. Cohen publicly revealed his activist position in GameStop in August 2020 in a regulatory filing, sending the company a letter in November 2020. In January 2021, the retailer added him and two of his former Chewy colleagues to its board.

Interest in GameStop had already been brewing in online communities such as Reddit's WallStreetBets forum. News of Mr. Cohen's appointment to GameStop's board helped kick the stock into overdrive. GameStop bulls sent the stock as high as \$483 a share that month, up from less than \$20 at the start of the year. Online they began calling Mr. Cohen "Papa Cohen."

Mr. Cohen pushed for GameStop executives, including its then-chief executive and chief financial officer, to step aside and urged the company to invest in becoming a more modern retailer. Following a mass exodus of directors and officers, GameStop named him chairman in June 2021.

Thousands of individual investors continue to scour Mr. Cohen's social media posts for clues about where the company or stock might be headed. For example, many interpreted the photo he tweeted last year, which featured him with chopsticks up his nose and split between his nostrils, as a hint about GameStop's forthcoming stock split.

"He'll post a picture of Blockbuster or chopsticks up his nose,

and immediately, people are going to try to start interpreting what that means," said Sam Elder, a 23-year-old from South Florida who left his job in software engineering last year to trade full-time. He learned about Mr. Cohen on Reddit in early 2021 and bought shares in GameStop.

People who have worked with Mr. Cohen say the meme-stock phenomenon came as a surprise to him but that he embraced it, and it has added a bit of swagger to his otherwise unassuming personality.

"I don't think he's doing this for notoriety, but that notoriety actually helps him," said Jay Park, who made an early investment in Chewy while at BlackRock Inc. and has since founded private-equity firm Prysm Capital.

Because Mr. Cohen avoids touting his own holdings or giving investment advice—something his father cautioned him against—he doesn't engage directly with individual investors. His tweets are a demonstration of his personality, he said. "I'm just being me; I'm just being myself." He added: "I don't want to speculate on how people interpret it."

The retailer's stock price has since fallen from its meteoric highs, and Mr. Cohen has remained tight-lipped on the company's turnaround



At left, a young Ryan Cohen and his father, who influenced his investment philosophy. At right, legendary activist investor Carl Icahn in shorts and pink polo poses next to Mr. Cohen for a photo that Mr. Cohen tweeted last month.

plan. He says he doesn't spend much time looking at what analysts have said about his strategy—or that of any company, for that matter.

He collects no compensation for his role at the company. But so far, his more than 36 million shares have earned him roughly \$900 million in paper profits, regulatory filings show.

Mr. Elder, the 23-year-old individual trader, said he hasn't been excited by some parts of the company's attempted turnaround, such as its expansion into nonfungible tokens, but he continues to back Mr. Cohen. "I've got a lot of high hopes, enough so that my money touches

whatever he touches," he said.

New criticism

Business lessons imparted by his father also helped motivate Mr. Cohen's activist campaign at Bed Bath & Beyond Inc.

"Like my dad, I much prefer to associate with productive members of society who actually do real work," Mr. Cohen said. "When I think of Wall Street or board directors, they don't do anything, and they make all kinds of money. When I see the establishment making hundreds of thousands of dollars in risk-free compensation, it hits a nerve."

He criticized what he described as the outside compensation for Bed Bath & Beyond executives when revealing in March a 9.8% position in the company. He also urged it to narrow its focus and explore either a separation of its Buybuy Baby chain or a sale of the entire company.

Within weeks, the company struck an agreement with Mr. Cohen, adding three new directors of his choosing. Still, sales declines and liquidity problems worsened over the subsequent months.

Then, in August, something unexpected happened: Bed Bath & Beyond's shares began rallying as meme-stock mania swept over the markets again. Days later, when a new filing showed that Mr. Cohen's stake in the company had increased due to Bed Bath & Beyond stock buybacks, shares of the company surged higher.

But as the stock climbed, Mr. Cohen began selling, unloading his entire stake. He earned a profit of about \$60 million. Bed Bath & Beyond shares fell sharply after Mr. Cohen disclosed his sale. The move led to a lawsuit accusing him of engaging in a so-called "pump-and-dump" scheme.

A spokesman for Mr. Cohen at the time called the lawsuit "meritless" and "built on unsubstantiated claims," saying that Mr. Cohen would seek dismissal. Mr. Cohen said he couldn't comment on Bed Bath & Beyond due to a standstill agreement with the company. Bed Bath & Beyond didn't respond to a request for comment.

Lessons from Teddy

Mr. Cohen said he now spends most of his days reading newspapers, financial statements and proxy statements or conference-call transcripts, sleeping as little as four or five hours each night. He is on the search for other low-priced stocks, he said, and hasn't ruled out another activist campaign. He said he doesn't have time to socialize much.

In mid October he called Mr. Icahn and asked to meet him at his Miami home. He said he had no agenda and just wanted to meet the activist investor who gained fame in the 1980s clashing with companies such as TWA. Mr. Cohen, who is not a wine connoisseur, said he brought a \$1,000 bottle of Chateau Mouton Rothschild, because he had heard of Mr. Icahn's taste for fine wines.

At the end of the meeting, Mr. Cohen asked for a picture with Mr. Icahn. He obliged but according to people familiar with the matter was surprised to see Mr. Cohen post it the next day on Twitter, where he has more than 300,000 followers. The uncaptioned picture showed Mr. Cohen in a white oxford and slacks and Mr. Icahn in rumpled shorts and a pink polo. Social-media commenters suggested it signaled Mr. Icahn had endorsed GameStop. In fact, the elder activist had indi-



Ryan Cohen, the co-founder of Chewy, came up with the idea after visiting a pet store for his poodle.

that he thought GameStop was overvalued. Mr. Cohen says that doesn't bother him. "He's the O.G. I have a lot of respect for what he's done," he said of Mr. Icahn.

Father and son

Mr. Cohen grew up in Montreal, the younger of two brothers. His father, Ted Cohen, ran a business importing glassware that Mr. Cohen's grandfather started. His mother was a kindergarten teacher.

As his son tells it, the glassware business was struggling when the elder Mr. Cohen took it over and turned it around. He would arrive for work at 6 a.m., remove his suit jacket and go to the warehouse to help the workers unload pallets. He then returned to his office dripping with sweat to turn his attention to the company's sales and accounting and keeping tabs on his inventory of 500 different products.

His father, Mr. Cohen said, also bought stocks with every dollar he didn't need to comfortably support his family. He preferred blue-chip companies, railroads and utilities and owned shares in Canadian banks. He read the newspaper from cover to cover each day.

Mr. Cohen said he and his father became closer as he grew older. They played catch and went to the movies together and on certain weekends would ride snowmobiles across a frozen lake north of Montreal before a lunch of hamburgers

cated to Mr. Cohen he thought GameStop was overvalued, the people said.

For now, Mr. Cohen said he is working on a series of children's books called "Teddy," based on lessons he learned from his father. They include the importance of working hard, saving money and investing.

His father, he said, also taught him to treat the little guy with respect.

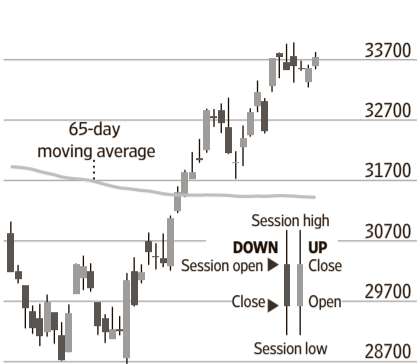
"I admire the individual investors, and institutional Wall Street mocks them," Mr. Cohen said. "Frankly, it makes me sick."

—Cara Lombardo and Akane Otani contributed to this article

MARKETS DIGEST

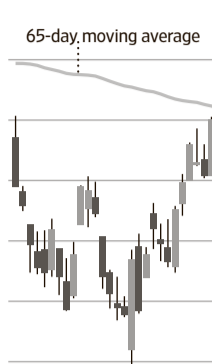
Dow Jones Industrial Average

33745.69 Last 20.98 Year ago 22.10
Trailing P/E ratio 20.98 22.10
P/E estimate* 18.36 18.53
Dividend yield 2.04 1.94



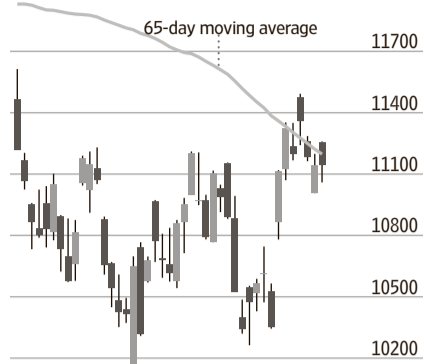
S&P 500 Index

3965.34 Last 19.22 Year ago 28.90
Trailing P/E ratio* 19.22 28.90
P/E estimate** 17.75 22.43
Dividend yield* 1.68 1.28



Nasdaq Composite Index

11146.06 Last 24.37 Year ago 36.08
Trailing P/E ratio** 24.37 36.08
P/E estimate** 22.54 30.47
Dividend yield** 0.94 0.63



Track the Markets: Winners and Losers

A look at how selected global stock indexes, bond ETFs, currencies and commodities performed around the world for the week.

Table listing market performance for various indices and commodities. Includes Currency, Commodity, and Exchange-traded fund categories.

Major U.S. Stock-Market Indexes

Table showing performance for Dow Jones, Industrial Average, Transportation Avg, Utility Average, Total Stock Market, and Barron's 400.

Table showing performance for Nasdaq Stock Market, Nasdaq Composite, and Nasdaq-100.

Table showing performance for S&P 500 Index, MidCap 400, and SmallCap 600.

Table showing performance for Other Indexes including Russell 2000, NYSE Composite, Value Line, NYSE Arca Biotech, NYSE Arca Pharma, KBW Bank, PHLX Gold/Silver, PHLX Oil Service, PHLX Semiconductor, and Cboe Volatility.

\$ Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Trading Diary

Volume, Advancers, Decliners

Table with columns for Total volume, Adv. volume, Decl. volume, Issues traded, Advances, Declines, Unchanged, New highs, New lows, Closing Arms, and Block trades.

Table with columns for Total volume, Adv. volume, Decl. volume, Issues traded, Advances, Declines, Unchanged, New highs, New lows, Closing Arms, and Block trades.

*Primary market NYSE, NYSE American, NYSE Arca only. (TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand, above 1 indicates selling pressure.

International Stock Indexes

Table showing performance for various international stock indexes across different regions and countries.

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Table listing top percentage gainers with columns for Company, Symbol, Close, Net chg, % chg, High, Low, % chg.

Percentage Losers

Table listing top percentage losers with columns for Company, Symbol, Close, Net chg, % chg, High, Low, % chg.

Most Active Stocks

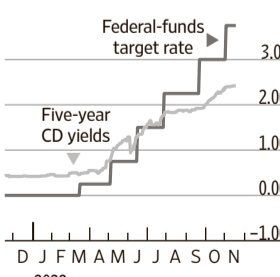
Table listing most active stocks with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session, % chg, 52-Week, High, Low.

*Common stocks priced at \$2 a share or more with an average volume over 65 trading days of at least 5,000 shares. †Has traded fewer than 65 days

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

5-year CDs

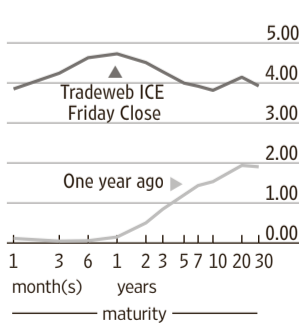
Table listing rates for Bankrate.com avg, VirtualBank, TAB Bank, Colorado Federal Savings Bank, First Internet Bank of Indiana, Indianapolis, IN, and CFG Community Bank.

Table showing interest rates for Federal-funds rate target, Prime rate, Libor, Money market, Five-year CD, 30-year mortgage, 15-year mortgage, Jumbo mortgages, Five-year adj mortgage, and New-car loan.

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. † Excludes closing costs. Sources: FactSet; Dow Jones Market Data; Bankrate.com

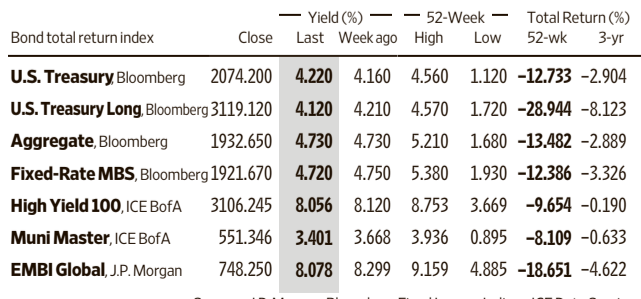
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Corporate Borrowing Rates and Yields

Table showing corporate borrowing rates and yields for U.S. Treasury, U.S. Treasury Long, Aggregate, Fixed-Rate MBS, High Yield 100, Muni Master, and EMBI Global.

Sources: J.P. Morgan; Bloomberg Fixed Income Indices; ICE Data Services

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table showing U.S.-dollar foreign-exchange rates for various countries and currencies.

Sources: Tullett Prebon; Dow Jones Market Data

Commodities

Table showing commodity prices for DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Natural gas, and Gold.

Sources: Tullett Prebon; Dow Jones Market Data

Sources: FactSet (indexes, bond ETFs, commodities), Tullett Prebon (currencies).

THE WALL STREET JOURNAL

Methodology

Performance reflects price change (except DAX, Bovespa, and Tel Aviv 35, which reflect total returns). Commodities are represented by the continuous front-month futures contract. Bond exchange-traded fund performance may diverge from that of their underlying index. Bond categories are represented by the following ETFs: U.S. Bonds Total Market; Vanguard Total Bond Market; 1-3 Yr U.S. Treasury; iShares 1-3 Year Treasury; U.S. 7-10 Yr Treasury; iShares 7-10 Year Treasury; 20+ Yr U.S. Treasury; iShares 20+ Year Treasury; Treasury Inflation-Protected Securities (TIPS); iShares TIPS; Investment Grade Corporate Bonds; iShares iBoxx \$ Investment Grade Corporate; High Yield Corporate Bonds; iShares iBoxx \$ High Yield Corporate; Municipal Bonds; iShares National Muni; International Bonds; Vanguard Total International; Emerging Market Bonds; iShares J.P. Morgan USD Emerging Markets.



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MARKET DATA

Futures Contracts

Metal & Petroleum Futures table with columns for Contract, Open, High, Low, Settle, Chg, and Open interest. Includes Copper-High, Gold, Palladium, Platinum, Silver, Crude Oil, Light Sweet, and NY Harbor ULSM.

Cattle-Live, Hogs-Lean, Lumber, Milk, Cocoa, Coffee, Sugar-World, Sugar-Domestic, Cotton, Orange Juice, and Ultra Treasury Bonds tables.

Treasury Bonds, Treasury Notes, 5 Yr. Treasury Notes, 2 Yr. Treasury Notes, 30 Day Federal Funds, 10 Yr. Del. Int. Rate Swaps, Three-Month SOFR, Eurodollar, and Japanese Yen tables.

Canadian Dollar, British Pound, Swiss Franc, Australian Dollar, and Currency Futures tables.

Agriculture Futures table with columns for Contract, Open, High, Low, Settle, Chg, and Open interest. Includes Corn, Oats, Soybeans, Soybean Meal, Soybean Oil, Wheat, and Wheat KC.

Index Futures table with columns for Contract, Open, High, Low, Settle, Chg, and Open interest. Includes Mini DJ Industrial Average, Mini S&P 500, and Euro.

Mini S&P Midcap 400, Mini Nasdaq 100, Euro, and Mini Russell 1000 tables.

Bonds | wsj.com/market-data/bonds/benchmarks

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Global Government Bonds table with columns for Country, Maturity, Yield, Spread, and Change. Includes U.S., Australia, France, Germany, Italy, Japan, Spain, and U.K.

Source: Tullent Prebon, Tradeweb ICE U.S. Treasury Close

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Investment-grade spreads table with columns for Issuer, Symbol, Coupon, Yield, Maturity, Spread, and Change. Includes BNP Paribas, Intesa Sanpaolo, John Deere Capital, FedEx, Lloyds Banking, etc.

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Exchange-Traded Portfolios table with columns for ETF, Symbol, Closing Price, Chg, and YTD (%). Includes XLY, XLF, XLE, XLI, etc.

ETF table with columns for ETF, Symbol, Closing Price, Chg, and YTD (%). Includes IHSRussell1000, IHSRussell2000, IHSRussell3000, etc.

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

November 18, 2022

Key annual interest rates raised to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation table with columns for Index, Level, and Chg From (%). Includes Oct. index, Sept. '22, Oct. '21.

U.S. consumer price index table with columns for All items, Core, and Chg From (%).

International rates table with columns for Country, Week, and High/Low.

Prime rates table with columns for Country, Week, and High/Low.

Policy Rates table with columns for Euro zone, Week, and High/Low.

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.

New Highs and Lows table with columns for Stock, 52-Wk High/Low, and Chg. Includes ACEV, AEF, AERJ, etc.

Stock table with columns for Stock, 52-Wk High/Low, and Chg. Includes ABCI, ACST, ADIAN, etc.

Dividend Changes

Dividend Changes table with columns for Company, Symbol, Yld, Amount, Frq, and Payable/Record. Includes AMNB, AUNB, BANC, etc.

Source: FactSet; Dow Jones Market Data

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S21: stock split and ratio; SO: spin-off.

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE American and Nasdaq Stock Market listed securities.

Footnotes:
+New 52-week high, -New 52-week low, dd-Indicates loss in the most recent quarter.

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

Friday, November 18, 2022

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, % PE, Last, Net Chg. Includes major stocks like AAPL, MSFT, GOOGL, AMZN, etc.

DEF

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, % PE, Last, Net Chg. Includes stocks like DCP, DISH, DTE, etc.

Mutual Funds

Data provided by LIPPER

Top 250 mutual funds listings for Nasdaq-published share classes by net assets.

e-Ex-Distribution, p-Previous day's quotation, f-Footnotes x and s apply, F-Footnotes e and s apply, K-Reallocated by Lipper, using updated data, p-Distribution choices apply.

1-20% Reduction charge may apply, a-Stock split or dividend, S-Stock split or dividend, v-Footnotes x and e apply, V-Footnotes x and e apply, N-Not available due to incomplete price, performance or cost data, NE-Not released by Lipper, data under review, NN-Fund not tracked, NS-Fund didn't exist at start of period.

Friday, November 18, 2022

Table with columns: Fund, YTD NAV Chg, % YTD NAV Chg, % YTD NAV Chg, % YTD NAV Chg. Lists various mutual funds like Vanguard, Fidelity, etc.

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, % PE, Last, Net Chg. Includes stocks like FLY, FLEX, FND, etc.

GHI

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, % PE, Last, Net Chg. Includes stocks like GFL, GSK, GME, etc.

OPQ

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, % PE, Last, Net Chg. Includes stocks like OGE, ORG, ORX, etc.

JKL

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, % PE, Last, Net Chg. Includes stocks like JDO, JBL, JHY, etc.

MNO

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, % PE, Last, Net Chg. Includes stocks like MTR, MDC, MFG, etc.

RS

Table with columns: YTD %Chg, 52-Week Hi, Lo, Stock, Yld, Sym, % PE, Last, Net Chg. Includes stocks like RBC, REX, RHM, etc.

WXYZ

Table with columns: Fund, YTD NAV Chg, % YTD NAV Chg, % YTD NAV Chg, % YTD NAV Chg. Lists various mutual funds like Vanguard, Fidelity, etc.

BUSINESS & FINANCE



Dr. Tennille Johnson, in red shirt, started working with a Chase mentor to help her get a business loan for her scrubs apparel line.

JPMorgan Widens Lending

Program aims to help minority-owned small businesses with funds as well as mentoring

By DAVID BENOIT

HOUSTON—JPMorgan Chase & Co. is launching a national program to try to get more loans into the hands of minority small-business owners and close a persistent racial gap in financing.

The country's biggest bank has been quietly piloting a special-purpose credit program this year here and in Dallas, Detroit and Miami that allows it to offer more loans to business owners who might have otherwise been rejected.

JPMorgan isn't changing its lending rules based on race. Instead, it is targeting minority-majority neighborhoods across the country with loans and business mentoring. All customers who apply in those areas will benefit from the changes.

Other banks have been working on similar projects and pilots, but JPMorgan's is the first with national reach. The bank says the lending, and a program starting next year on credit cards, will help the bank open 100,000 new accounts over five years.

Chief Executive Jamie Dimon said the bank put a focus on small-business lending when looking at its broader commitment to spend \$30 bil-

lion on racial equity because of feedback from communities.

"One of the biggest things we heard was, 'Go help our minority small businesses,'" he said.

In 2021, small businesses owned by people of color were more likely to apply for financing than white-owned firms, but were about half as likely to get all the funding they requested, according to a Federal Reserve survey. Even minority applicants with good credit scores were less likely to get financing.

The JPMorgan Chase Institute, the bank's in-house think tank, found that 90% of businesses in majority-Black, Hispanic and Latino communities had less than two weeks of cash on hand, compared with a third of businesses in white areas.

In 2019, Dr. Tennille Johnson, a pharmacist and admitted fashionista, grew tired of her scrubs. She and two partners decided to launch a side business, Scrubs to the Rescue, selling higher quality and better-fitting uniforms. A longtime Chase customer, Dr. Johnson tried to get a loan but was rejected. She was told she hadn't been in business long enough and didn't have enough profit.

"What do I need to do to qualify next time?" she asked herself.

This year, Dr. Johnson dove in more fully. She started working with a Chase mentor, quit her day job and bought

out her partners. She was able to get a Chase credit card and \$100,000 in loans to expand offerings and hire more staff, including her daughter, Imani Wilson. Dr. Johnson wants to sign contracts with local medical offices to land bigger sales. She is on track to double her revenue this year to \$300,000 and expects to do the same next year.

She is working with Chase now on a line of credit that will help her pay for inventory, technology and more staff. The 45-year-old says she needs to fund her growth with ideas such as scrub subscriptions. "We want to innovate," she said.

Banks seek to strike a balance in creating special-purpose lending programs. They don't want to make loans that are bad for the bank or the customer. They have struggled to change the credit criteria, including credit scores, cash flows and business history, that make it more likely minority applicants are rejected.

The Office of the Comptroller of the Currency has been urging banks to try to solve the issue. As part of that program, Citigroup Inc. this summer started a pilot program to lend to minority small-businesses in Los Angeles, by changing rules concerning credit scores and requirements around how a business operates.

This summer, Chase revamped its small-business lending procedures to consider more information about an en-

trepreneur, including cash flows in and out of their deposit accounts and third-party and fintech data about their businesses. In the few minority cities, Chase took the new data and tweaked the criteria for approval, including taking lower credit scores.

Chase found that it was increasing lending to minority borrowers, said Ben Walter, the head of business banking.

"It appears to be doing exactly what it was supposed to do, which is closing the gap," he said.

Sherice and Steve Garner, Chase customers who started selling barbecue in 2010 in Houston, didn't think the banks would help them. They used their personal bank account and bought equipment with cash after another bank turned them down for a loan for a food truck.

One day, Ms. Garner was trying to get a Chase teller to come buy some barbecue, when the teller told her she should meet the business bankers.

When Chase lent them \$110,000 to finish a renovation, they were surprised. This March, they fulfilled one of their top goals, buying their location with a \$1 million loan from Chase. They have gone from \$400,000 in annual revenue to \$2 million, Ms. Garner said.

"They were supporting us," Ms. Garner said. "We were doing it the hard way and we didn't even know it."

Indonesian Tech Giant GoTo Axes 1,300 Employees

By DAVE SEBASTIAN

HONG KONG—Indonesian ride-hailing, e-commerce and financial-services company GoTo Group is laying off 12% of its employees, or 1,300 people, as it seeks to cut costs and chart a course through a difficult period for global technology companies, its chief executive told staffers.

The Jakarta-based company is seeking to give priority to core products and businesses and make its organizational structure more efficient, Chief Executive Andre Soelistyo said, adding that while savings had been made across the group's operations, job cuts were necessary because of the uncertain market conditions created in large part by the pandemic.

"Unfortunately, it is also clear now that these uncertainties will linger for a while," Mr. Soelistyo told employees Friday in an email viewed by The Wall Street Journal. "As a result of our organizational review, we have to part ways with some of you."

The company, whose formal name is PT GoTo Gojek Tokopedia Tbk, operates Gojek, an app connecting motorcycle taxis and cars with passengers in places such as greater Jakarta, a densely populated metropolitan area of about 30 million people. Gojek last year combined with Tokopedia, a popular online marketplace, to form GoTo Group. As of June 30, the company said it had 9,630 permanent employees.

Global tech companies that were flush with funds and enjoyed strong growth at the height of the Covid-19 pandemic have had to cut head counts in the face of high inflation, rising interest rates and a stronger dollar—as well as after hiring too many workers in recent years. Southeast Asia's tech giants haven't been spared.

GoTo—whose April initial public offering on the Indonesia Stock Exchange raised about \$1 billion—is notifying affected employees Friday, said a company spokesman, who declined to comment on where the cuts would be felt most within the group. Those laid off will receive at least one additional month's salary on top of their statutory payout, as well as psychological, financial and career counseling until the end of May, the spokesman said.

Sea Ltd., a Singapore-based e-commerce, videogaming and

digital-finance company, has cut about 10% of its workforce in the past six months, according to people familiar with the matter. The New York-listed company had about 67,300 employees at the end of 2021, according to its annual filing with the U.S. Securities and Exchange Commission.

Sea's recent job cuts were mostly related to market exits, reassessment of priorities for its business initiatives and adjusting the size of different functions and teams, Chief Corporate Officer Yanjun Wang said on an earnings call this week. The company this year said its Shopee e-commerce platform was closing operations in India.

Grab Holdings Ltd., the ride-hailing and delivery company that went public in New York through a blank-check merger

GoTo said it plans to list on an overseas exchange by the end of 2023.

In December 2021, also plans to reduce its regional head count, finance chief Peter Oey said on an earnings call this past week, without specifying details about the size of planned cuts. Mr. Oey said the company has slowed the pace of hiring, streamlined certain functions and chosen not to fill some positions made vacant by natural attrition. Grab had 8,834 full-time employees as of the end of 2021, according to a regulatory filing.

GoTo said in its prospectus that it plans to list on an overseas exchange by the end of 2023 depending on market conditions, with New York among the options being considered. Its shares, which have fallen 34% from their IPO price, closed 3.7% higher on Friday.

In October, GoTo said it was exploring a coordinated secondary offering with pre-IPO backers after the lockup period for the shares they hold expires at the end of November. The company counts SoftBank Group Corp., Alibaba Group Holding Ltd., Alphabet Inc.'s Google and Tencent Holdings Ltd. as its backers. SoftBank recently sold some of its stake in the parent of Paytm, an Indian mobile-payments giant.

Venture Capitalist Touts His Turning From China

By JOYU WANG

TAIPEI—Tim Draper, a venture capitalist known for his early bets in Elon Musk's Tesla Inc. and SpaceX, is feeling good about his decision to stop investing in China.

In an interview in Taiwan, where he is pursuing new investments, Mr. Draper slammed China's Xi Jinping, whom he called a "weak leader," saying the country is going backward after more than four decades of former leader Deng Xiaoping's "reform and opening up" policy.

"It's not a place where you invest money to get a return," he said. "I see China as a place where the government is trying to control everybody."

An early investor in Baidu Inc.—China's equivalent of Google—Mr. Draper said he pulled out completely and froze investment in the country around 2014 after a startup he had invested in was fined by regulators. It was a sign, he said, of the government's increasing interference in the market.

In the years since, Mr. Xi has launched a sweeping campaign to corral the ambitions of China's most successful internet companies and reassert state control over the economy.

Mr. Draper said he is now looking toward Taiwan, a democratic island lying 110 miles across the Taiwan Strait from the Chinese mainland that the Communist Party claims as part of China, despite never having ruled there.

The American investor spoke while traveling to Taipei to meet with senior government officials and to film his reality TV show, "Meet The Drapers." At the same time, President Biden was conducting his first face-to-face meeting with Mr. Xi as heads of state, on the sidelines of the Group of 20 summit in Bali. The meeting between the two leaders helped re-establish severed lines of communication between the world's two superpowers and signaled a

Tim Draper: 'It's not a place where you invest money to get a return.'

new phase in the relationship focused on preventing conflict rather than promoting trade.

Tensions between Washington and Beijing have been running high, especially after U.S. House Speaker Nancy Pelosi paid a whirlwind visit to Taiwan in August, prompting China's military to briefly encircle the self-ruled island with a flurry of jet fighters, warships and missiles.

"There is a big dark cloud hanging over Taiwan, which is President Xi," Mr. Draper said, referring to Communist Party threats to take control of the island of 23 million, by force if necessary. But he said Taiwan derives a measure of protec-

tion from its strategic importance, noting the presence of Taiwan Semiconductor Manufacturing Co., the world's largest contract chip maker.

"It's so important to everyone around the world," he said. "I don't think the free world is going to want to give it up."

Mr. Draper's fund made its first investments in Taiwan last year, when it bought stakes in Taipei-based digital news company TNL Media Group and other startups. He said he would continue to invest in the island, which he believes will attract frustrated entrepreneurs from China with its openness.

"I'm coming to Taiwan. I'm not going to China," he said, praising the democracy's "freedom and trust."

In his support for Taiwan, Mr. Draper differs with Mr. Musk. The Tesla chief executive and new owner of Twitter Inc., whose business fortunes are partly linked to Tesla's sprawling operations in China, said in an interview with the Financial Times in October that China should "figure out a special administrative zone for Taiwan that is reasonably palatable." The comment elicited praise from China's ambassador to the U.S.

"He's done so many great things for the world," Mr. Draper said of Mr. Musk, whom he described "as one of the most brilliant people in the world." On Taiwan, however, "I think there, I disagree," the investor said.



Foot Locker now expects annual sales to decline 4% to 5%; its prior forecast saw a 6% to 7% drop.

Foot Locker Raises Its Outlook

By DEAN SEAL

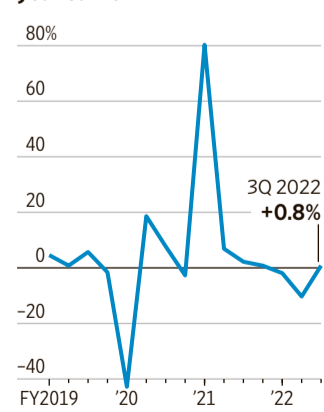
Foot Locker Inc. raised its outlook for the year after posting better-than-expected third-quarter results, with sales at existing stores edging higher.

Shares rose nearly 9% to \$35.88 in Friday trading. The New York City-based sneaker and athletic-wear retailer said same-store sales, which strip out effects of store openings and closings, were up eight-tenths of a percentage point from record levels seen last year.

Overall sales slipped slightly to \$2.17 billion due to the stronger dollar. Excluding the impact of currencies, Foot Locker said sales would have been up 3.3%. Analysts polled by FactSet expected sales of \$2.09 billion.

For the quarter ended Oct. 29, Foot Locker posted a profit of \$96 million, or \$1.01 a share, down from \$158 million, or \$1.52 a share, in the same

Foot Locker's comparable store sales, change from a year earlier



Note: Latest fiscal quarter ended Oct. 29
Source: the company

quarter a year ago.

Stripping out one-time items, adjusted earnings were \$1.27 a share. Analysts polled by FactSet had been expecting \$1.11 a share.

Gross margin slipped, as the chain stepped up promotional activity and faced what

it called modest supply-chain cost pressure.

Heartened by its third-quarter performance, Foot Locker lifted its outlook for the year. It now expects annual sales to decline 4% to 5%, compared with its prior forecast for a 6% to 7% drop. Adjusted earnings are projected to reach \$4.42 to \$4.50 a share, an 11-cent jump from the midpoint of its previous guidance.

Foot Locker's results come amid a mixed week of earnings from retailers ahead of the crucial holiday shopping season. Macy's Inc. and Kohl's Corp. reported a drop in sales for their latest quarters as shoppers delayed their holiday purchases. Target Corp. said sales slowed, and it cut its outlook for the fourth quarter.

Meanwhile, Walmart Inc. attracted more shoppers in its latest quarter, as its reputation for low prices attracted consumers feeling the effects of inflation.

