

What's News

Business & Finance

- ◆ **The FTC and 17 states** sued Amazon, alleging the online retailer illegally wields monopoly power that keeps prices artificially high, locks sellers into its platform and harms its rivals. **A1**
- ◆ **OpenAI is talking** to investors about a possible share sale that would value the AI startup behind ChatGPT at between \$80 billion and \$90 billion. **A1**
- ◆ **Stocks fell sharply** Tuesday. The S&P 500, Nasdaq and Dow dropped 1.5%, 1.6% and 1.1%, respectively. **B1**
- ◆ **JPMorgan Chase paid** \$75 million to settle a lawsuit alleging that the bank aided Jeffrey Epstein's sex trafficking. **A1**
- ◆ **Hollywood writers**, in the deal ending their strike, secured staffing guarantees, increased pay and the potential for more upside when streaming shows hit it big. **B1**
- ◆ **A senior investment banker** at Nomura has been told by Chinese officials that he can move freely within the mainland but not leave. **B1**
- ◆ **The FCC chairwoman** said she would push to restore utility-like net neutrality regulations on America's internet-service providers. **A2**
- ◆ **Target is closing** nine stores in the New York City, Seattle, San Francisco and Portland, Ore., markets, citing elevated levels of theft. **B3**
- ◆ **3M is looking at** a government investigation in Belgium over water emissions from a company plant. **B3**
- ◆ **Alibaba received** a green light from Hong Kong's stock exchange to take its Cainiao logistics business public. **B11**

World-Wide

- ◆ **A New York judge** found that Donald Trump and his family business committed fraud by making misleading valuations on much of his real-estate empire and ordered the cancellation of legal certificates that have allowed the Trumps to do business in New York. **A1**
- ◆ **The Senate moved** ahead with its own approach to averting a partial government shutdown, advancing legislation that would extend funding through Nov. 17 while also providing about \$6 billion apiece for Ukraine and for disaster relief. **A4**
- ◆ **The Supreme Court** rejected Alabama's bid to maintain white majorities in six of its seven congressional districts. **A3**
- ◆ **Gov. Newsom signed** a measure into law that will make California the first state in the nation to impose an excise tax on gun and ammunition sales. **A3**
- ◆ **Hunter Biden sued** Rudy Giuliani and his longtime lawyer in federal court, alleging that the two unlawfully accessed and disseminated his personal data. **A6**
- ◆ **Cory Booker and** other colleagues of Bob Menendez said the New Jersey Democrat should resign. **A6**
- ◆ **U.K. prosecutors** say Jan Marsalek, a former fintech executive wanted in Germany for fraud, conspired with five people arrested in the U.K. on suspicion of spying for Moscow. **A8**
- ◆ **Died: Brooks Robinson**, 86, Hall of Fame third baseman for the Baltimore Orioles. **A14**

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Amazon Accused of Monopoly

FTC suit says online retailer wielded its power illegally to harm competitors

By DAVE MICHAELS AND DANA MATTIOLI

WASHINGTON—The Federal Trade Commission and 17 states on Tuesday sued Amazon, alleging the online retailer

illegally wields monopoly power that keeps prices artificially high, locks sellers into its platform and harms its rivals.

The FTC's lawsuit, filed in federal court in Seattle, marks a milestone in the Biden administration's aggressive approach to enforcing antitrust laws and has been anticipated for months. The agency's chair, Lina Khan, is a longtime critic of Amazon who wrote in the Yale Law Journal in 2017 that

earlier generations of competition cops and courts abandoned the law's concerns over conglomerates such as Amazon. Khan has had trouble convincing courts of her antitrust views, however. Having earlier lost cases against both Microsoft and Meta Platforms, she and her agency now face a crucial test in taking on Amazon.

David Zapolsky, Amazon's general counsel and head of public policy, said the FTC is

"wrong on the facts and the law."

"The practices the FTC is challenging have helped to spur competition and innovation across the retail industry, and have produced greater selection, lower prices, and faster delivery speeds for Amazon customers and greater opportunity for the many businesses that sell in Amazon's store," Zapolsky said.

Please turn to page A2

N.Y. Judge Rules Trump Engaged In Fraud

Decision gives win to state authorities ahead of trial on real-estate values

By JAMES FANELLI AND CORINNE RAMEY

A New York judge found on Tuesday that Donald Trump and his family business committed fraud by making false and misleading valuations on much of his real-estate empire and ordered the cancellation of legal certificates that have allowed the Trumps to do business in the state.

The ruling handed a significant early victory to state Attorney General Letitia James, a Democrat, on part of her civil-fraud case against Trump, which is scheduled to go on trial next week. She sued the former president last year and has accused Trump in court filings of inflating his annual net worth by as much as \$3.6 billion between 2011 and 2021 by falsely valuing his properties.

Overvaluing his real estate, including his flagship Manhattan building Trump Tower, his Mar-a-Lago resort in Florida and his golf courses, allowed Trump to obtain bank loans on more favorable terms, James has alleged. She is seeking financial penalties of \$250 million. The cancellation of the business certificates also was a centerpiece request in the attorney general's case, a remedy that could cripple the Trump Organization's ability to operate in New York.

Trump, the Republican front-runner for the 2024 presidential nomination, has denied the allegations and attacked the case as politically motivated.

Chris Kise, a lawyer for Trump, said the ruling was outrageous and disconnected

Please turn to page A4

Biden Joins Striking Auto Workers' Picket Line



UNITED: President Biden rallied striking United Auto Workers members outside of a General Motors plant in Belleville, Mich., on Tuesday, becoming the first U.S. president to walk a picket line, according to the White House and historians. **A4**

Epstein Suit Costs JPMorgan \$75 Million

By DAVID BENOIT

JPMorgan Chase closed a dark chapter involving one of Wall Street's most infamous clients by paying \$75 million to settle a lawsuit alleging that the bank aided Jeffrey Epstein's sex trafficking.

The payment is the latest in a string of legal settlements

by big banks, billionaires and the late Epstein's estate that have exposed how deeply the convicted sex offender was embedded in the highest levels of finance and how he ensnared powerful businesspeople and world leaders.

More than \$700 million, including proceeds from the sales of Epstein's private is-

land in the U.S. Virgin Islands and his New York City mansion, has now been earmarked for settlements and claims, including to the dozens of women who have accused the disgraced financier of abuse.

"This litigation proves that survivors have a voice, and corporate America is finally ready to listen," said Brittany

Henderson, a lawyer representing Epstein accusers. Her firm brought class-action lawsuits against JPMorgan and Deutsche Bank that were settled earlier this year.

Articles in The Wall Street Journal this year, based on thousands of Epstein emails and daily schedules, have re-

Please turn to page A6

OpenAI Aims for \$90 Billion Value With Stock Sale

By DEEPA SEETHARAMAN AND BERBER JIN

OpenAI is talking to investors about a share sale that would value the artificial-intelligence startup behind ChatGPT between \$80 billion to \$90 billion, roughly triple its level earlier this year.

The startup, which is 49% owned by Microsoft, has told investors that it expects to reach \$1 billion in revenue this year and generate many billions more in 2024, people familiar with the discussion said.

OpenAI ignited the current artificial-intelligence fever in Silicon Valley by releasing ChatGPT in November. While the basic version of the app is free, the company has been able to generate revenue mainly by charging individuals for access to a more powerful version of ChatGPT and licensing the large language models behind that AI bot to businesses.

A valuation of \$80 billion or more would make OpenAI one of the most highly valued global startups, behind Elon Musk's SpaceX and TikTok owner ByteDance. The figure underscores the extent to which OpenAI has been able to reshape the landscape of Silicon Valley and force even richer, more established tech companies to overhaul their product road maps and follow its lead.

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INSIDE PERSONAL JOURNAL Cruise lines are buying private islands to create the 'ultimate beach day.'

Cruise lines are buying private islands to create the 'ultimate beach day.' **A11**

America's Pet-Pampering Obsession Hits Tiniest Critters

Rodent and reptile owners splurge on spa days, faux leather sofas for little friends

By JOSEPH PISANI

Zelda loves her couch by celebrity designers Nate Berkus and Jeremiah Brent. She crawls onto the faux leather sofa and basks under the warmth of her heat lamp, cracking her mouth open. "She smiles automatically," says Melanie Janes, who bought the 9-inch brown sofa for Zelda, who is a pet bearded dragon. "It's so soft. She's got a way better couch than me."

People have splurged on their cats and dogs for ages, but now the pet high life is trickling down to tinier creatures. Small animal lovers say it's about time. Cats and dogs

A Tuition Crisis Is Brewing At U.K. Universities

While U.S. college prices keep rising, Britain caps student charges, forcing schools to cut back on teaching and research

By DAVID LUHNOW AND HUMZA JILANI

CAMBRIDGE, England—The U.K.'s storied universities have a problem. They lose money on almost every British student they teach. The country's university system boasts 11 of the world's top 100 universities, with three in the top 10—in a country that has just 1% of the global population. The system's health has an

outsized impact on both the future of the world's sixth-biggest economy and globally important research.

That system is increasingly at risk from politics. Unlike in the U.S., where private universities and many state schools set their own tuition, in England and Wales the government sets a price cap on tuition for all domestic undergraduate students—the same cap for every college from Cambridge to Coventry. Since

Please turn to page A10

Salesforce. #1 CRM.

Ranked #1 for CRM Applications based on IDC 2022 Revenue Market Share Worldwide.

Year	Salesforce	Microsoft	Oracle	SAP	Adobe
2018	18.0%	5.0%	4.0%	3.0%	2.0%
2019	19.0%	5.0%	4.0%	3.0%	2.0%
2020	20.0%	5.0%	4.0%	3.0%	2.0%
2021	21.0%	5.0%	4.0%	3.0%	2.0%
2022	23.0%	5.7%	4.8%	4.6%	3.6%

Source: IDC, Worldwide Semiannual Software Tracker, April 2023.

salesforce.com/number1CRM

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U.S. NEWS

FCC Chair Aims to Restore Net-Neutrality Rules

Proposed regulation of broadband service comes as Democrats gain 3-2 majority

BY RYAN TRACY

WASHINGTON—Federal Communications Commission Chairwoman Jessica Rosenworcel said Tuesday she would push to restore utility-like “net neutrality” regulations on America’s internet-service providers, rekindling a long-running battle that has pitted broadband companies such as Comcast and AT&T against Google, Netflix and other tech giants.

Net-neutrality rules are aimed at preventing internet providers—mostly cable and phone companies—from favoring some internet content over others, for instance through

higher speeds. Tech giants cheered the Obama administration’s initial decision to establish the rules, while cable giants successfully pushed for their repeal during the Trump era.

Rosenworcel announced the initiative to restore the rules one day after a third Democrat was sworn in to serve on the five-member commission, giving her party a 3-2 FCC majority for the first time in the Biden presidency.

“Today, there is no expert agency ensuring that the internet is fast, open and fair,” Rosenworcel said in a speech to an audience of net-neutrality advocates and reporters at the National Press Club in Washington. “Access to the internet is now access to everything, and common sense tells us that the nation’s leading communications watchdog should have the muscle it

needs to protect consumers.”

Telecom industry groups are expected to oppose the move, potentially taking the agency to court as they did during the Obama years. They have said that despite the fears of net-neutrality proponents, internet providers haven’t discriminated between traffic from various websites based on financial or political considerations. They also argue that additional regulation will discourage investment in broadband networks.

Rosenworcel said she would circulate a proposal for her colleagues to consider at the agency’s Oct. 19 meeting. The proposal, she said, will look largely similar to one dating to 2015, the last time Democrats controlled the agency.

That would mean subjecting internet providers to regulations faced by phone companies, including obligations to

report outages, keep consumers’ data private and treat all traffic equally as it crosses the network.

Rosenworcel said the agency has no intention of regulating the prices providers charge consumers—a big fear of the telecom industry and its investors.

Jonathan Spalter, CEO of USTelecom, a trade group representing AT&T, Verizon and other internet providers, said the potential regulation could curb the investment needed to meet the U.S. goal of providing fast internet service to all households.

“America’s broadband providers are fiercely committed to an open internet. That has not and will not change,” he said. “Powering up an outdated regulatory time machine to impose rules designed for a long-forgotten era runs directly counter to, and will likely de-

rail, the critical achievement we are so close to reaching—universal connectivity.”

The Computer & Communications Industry Association, a trade group that represents Google, Amazon, and other tech companies, praised Rosenworcel’s announcement.

“Ensuring the nondiscriminatory provisioning of broadband internet access service has already been deemed to be within the FCC’s statutory authority,” said a statement from CCIA Senior Vice President Stephanie Joyce. “Reinstating those protections will ensure that America’s digital economy is inclusive, open, and stable.”

FCC Commissioner Brendan Carr, one of two Republicans on the commission, said any attempt to restore net-neutrality rules would likely run into a brick wall in the form of the conservative-leaning Supreme Court’s “major questions” doc-

trine, which restricts federal agencies from significant regulations without clear congressional authority.

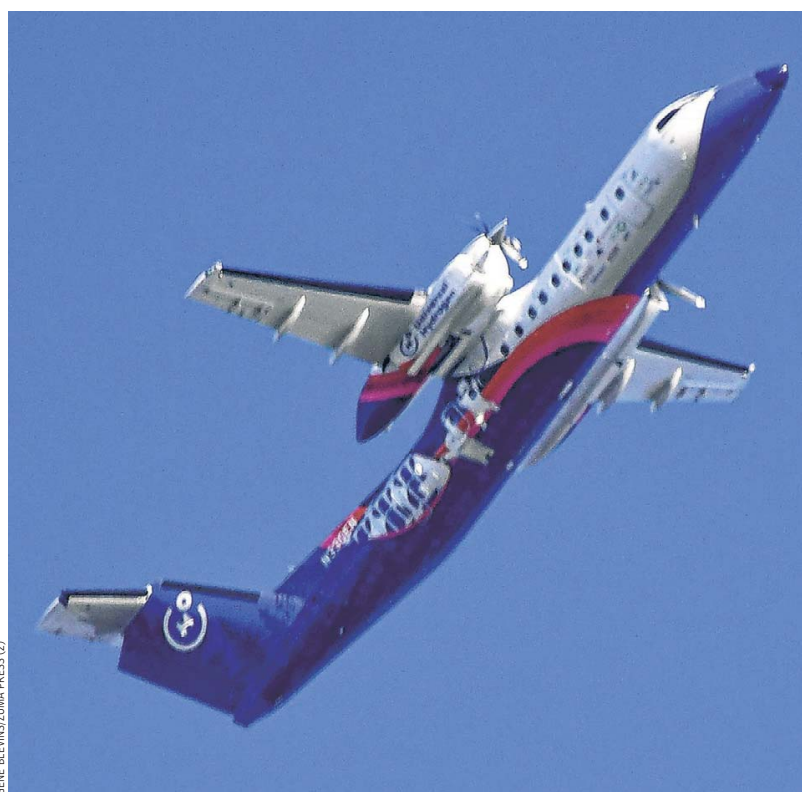
He said the FCC should instead focus on other work, such as freeing up radio-frequency spectrum for consumer-facing wireless service and addressing Chinese-made equipment in the telecommunications supply chain that could threaten national security.

Net neutrality “takes a tremendous amount of staff resources,” Carr said in an interview, adding that taking it on “would not only push all of those things to the back burner, in many cases it would knock them off the stove entirely.”

Rosenworcel contended that if the FCC doesn’t act, the result would be a patchwork of state laws setting inconsistent obligations for internet providers.

Air Travel of Future, Powered by Hydrogen

Universal Hydrogen’s zero-emission airplane conducted a demonstration flight on Tuesday in Mojave, Calif. The 40-passenger plane conducted its first test flight in March using hydrogen fuel cell propulsion.



Amazon Faces FTC Lawsuit

Continued from Page One

The FTC and the states alleged that Amazon violated antitrust laws by using anti-discounting measures that punished merchants for offering lower prices elsewhere. The government also said sellers on Amazon were compelled to use its logistics service if they want their goods to appear in Amazon Prime, the subscription program whose perks include faster shipping times. Such “tying,” the complaint alleges, illegally “restricts sellers’ choices” and “reduces product selection available to Amazon’s rivals.”

The FTC also said sellers feel they must use Amazon’s services such as advertising to be successful on the platform. Between being paid for its logistics program, advertising and other services, “Amazon now takes one of every \$2 that a seller makes,” Khan said at a briefing Tuesday.

“Amazon is now exploiting its monopoly power to enrich itself while raising prices and

degrading service for the tens of millions of American families who shop on its platform and the hundreds of thousands of businesses that rely on Amazon to reach them,” Khan said in a statement.

The FTC said it is seeking a court order “that would prohibit Amazon from engaging in its unlawful conduct and pry loose Amazon’s monopolistic control to restore competition.”

The lawsuit says the agency could seek “structural relief,” a term that often means a break up, but Khan declined to say whether the agency would pursue a break-up.

Amazon started as an online bookseller in 1994 and today commands 38% of all online retail in the U.S. It is the world’s largest cloud-computing company and the third-largest digital advertiser by revenue in the U.S. Amazon makes the top-selling voice assistant and streaming device and commands 82% of ebook market share in the U.S., according to Codex. That reach gives the company leverage in negotiations with partners, including its third-party sellers.

The FTC’s investigation began during the Trump administration, but Tuesday’s lawsuit echoes some criticisms that Khan developed as a law-school professor and lawyer for the

House Judiciary Committee.

With the latest complaint against Amazon, the U.S. government is now challenging three of the world’s largest technology companies. The Justice Department is currently trying its case against Alphabet-owned Google in federal court, alleging the company used illegal agreements with Apple and others to cement its dominance in online search. It has also sued Alphabet to break up its advertising-technology business.

The FTC sued Facebook owner Meta Platforms in 2021, attacking what the agency alleges is a monopoly in social media and is seeking the divestment of platforms WhatsApp and Instagram. A trial date hasn’t been set, but is expected next year.

Progressive policy groups cheered, saying that antitrust cops sat on the sidelines for too long as digital monopolies expanded. At the same time, the case has the potential to rally conservatives to Amazon’s cause. Khan has recently faced a barrage of criticism from House Republicans, who have

probed her agency’s record on merger enforcement and its investigation of X, the company formerly known as Twitter.

Until recently, it has been rare for federal agencies to file monopoly lawsuits seeking to break up companies accused of anticompetitive behavior. While the FTC and Justice Department regularly seek to block what they see as illegal acquisitions, the government doesn’t often move to break up companies for anticompetitive behavior unrelated to acquisitions.

“The FTC doesn’t have a particularly good history of bringing monopolization cases,” said Rick Rule, who headed the Justice Department’s antitrust division during the Reagan administration. “Most of the last ones that they brought were in the ‘60s and ‘70s and lasted into the ‘80s, and there were various theories but they never went anywhere.”

The FTC under Khan has a spotty record of using the antitrust laws to challenge big companies in court. The agency sued to block acquisitions by Meta Platforms and Microsoft

and lost both cases in district court. It also threw in the towel on a challenge of Amgen’s \$278 billion purchase of Horizon Therapeutics, allowing the merger to close.

Khan’s critics, including some former commissioners, have accused her of using novel theories that have led to the FTC losses. Many in the business community see her as antibusiness; the U.S. Chamber of Commerce wrote earlier this year that under her leadership the FTC sought to “effectively micromanage the U.S. economy on shaky authority.”

“This case is entirely pro business,” Khan said Tuesday. “We believe that this lawsuit, if we’re successful, will actually entirely restore the promise of free competition.”

The states that joined the Amazon lawsuit, mostly controlled by Democrats, include New York, Connecticut, Michigan and Massachusetts. Oklahoma and New Hampshire, whose attorneys general are Republicans, are also listed among the plaintiffs.

The FTC’s lawsuit alleges that Amazon, despite its reputation for low prices and convenient delivery among many consumers, steadily grew into a gatekeeper of online commerce that used its size to squash any budding rivals.

OpenAI Seeks to Triple Value

Continued from Page One

Alphabet’s Google, which pioneered some of the artificial-intelligence technology behind ChatGPT, is preparing Gemini, a general-purpose AI program to rival GPT-4, OpenAI’s most advanced large language model. Meta is working on an open-source model that it hopes will have the same capabilities. Leaders at both companies have become increasingly involved in these efforts as the

AI race heats up.

OpenAI is aiming to sell a few hundred million dollars worth of existing shares to Silicon Valley investors. In the past, venture-capital firms like Sequoia Capital and Khosla Ventures have purchased OpenAI shares through tender offers, though the bulk of its external funding is from Microsoft.

The transaction would immediately give Microsoft a huge paper profit. The technology giant invested billions of dollars in the startup in January to help finance the intensive computing costs necessary to train its advanced AI models. At the time, OpenAI was valued at a bit under \$30 billion.

The company, run by Chief

Executive Sam Altman, only began generating significant revenue after the release of ChatGPT in November, and its fast growth speaks to the speed at which some companies are embracing generative AI products.

This employee share sale could set a minimum price for any such additional fundraising from outside investors. OpenAI is widely expected to raise more money by issuing new shares as it seeks to keep up with computing costs required to develop and maintain its AI systems.

Altman is already fielding intense interest from investment firms like Masayoshi Son’s SoftBank, people familiar with the matter say. A capital raise would involve selling new

shares and be separate from the tender offer process under way now.

OpenAI was formed in 2015 as a research-oriented nonprofit backed by Musk and other investors to build safe AI technology. In 2019, it shifted to a “capped profit” structure so it could accept billions of dollars in investments it needed to pay for computing power and hire senior AI talent from tech giants like Google.

The shift triggered a backlash among a large faction of safety researchers at OpenAI, who worried that the change would lead the organization to give priority to profits over the safe development of the technology. The Wall Street Journal reported. Some of those researchers eventually left to

CORRECTIONS & AMPLIFICATIONS

A person in Delray Beach, Fla., on Friday was struck and killed by a southbound Brightline train. A U.S. Watch article on Saturday about high-speed passenger-train service in Florida incorrectly called the person a passenger.

Aly Miller illustrated the map that accompanied an Off Duty article on Saturday about London’s legal district. Also, the Everett Collection provided a photo of Paul Scofield in the film “A Man for All Seasons.” The article incorrectly omitted credits for the map and the photo.

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

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U.S. NEWS

High Court Rejects Alabama's Latest Map

By JESS BRAVIN

WASHINGTON—The Supreme Court Tuesday rejected Alabama's bid to maintain white majorities in six of its seven congressional districts, leaving intact lower-court findings that the Voting Rights Act required the state to provide Black Alabamians an opportunity to elect their preferred candidates for two U.S. House seats.

Tuesday's brief and unsigned order noted no dissents. The decision likely puts an end to Alabama's effort to relitigate a Supreme Court decision that was widely viewed as ending the matter just months ago.

"Alabama's open defiance of the Voting Rights Act stops today," said Abha Khanna, an attorney who represented Black voters in the case.

She said she hoped the high court's rebuke "will prompt Alabama to rethink their dogged resistance to providing equal political opportunities to Black Alabamians."

Alabama's attorney general, Republican Steve Marshall, said the state "will now be encumbered with a racially gerrymandered, court-drawn map for the 2024 election cycle."

On Monday, a court-appointed special master filed three proposed congressional maps that would create a second Black "opportunity district" for the state. A court hearing on the maps is expected next month.

The state's last-minute request flew in the face of a June Supreme Court opinion affirming the ruling of a special three-judge federal district court in Alabama that found the Republican-majority Legislature had splintered a cohesive Black community into neighboring white-majority districts where they lacked political power.

The state chose to read the high court's 5-4 opinion as allowing it to choose which communities of interest to maintain in congressional districts, with race being only one characteristic to be considered.

In July, the Alabama Legislature drew up a new map, which it said complied with the ruling despite failing to create a second Black district centered on the state's Black Belt, a region said to be named for its fertile soil.

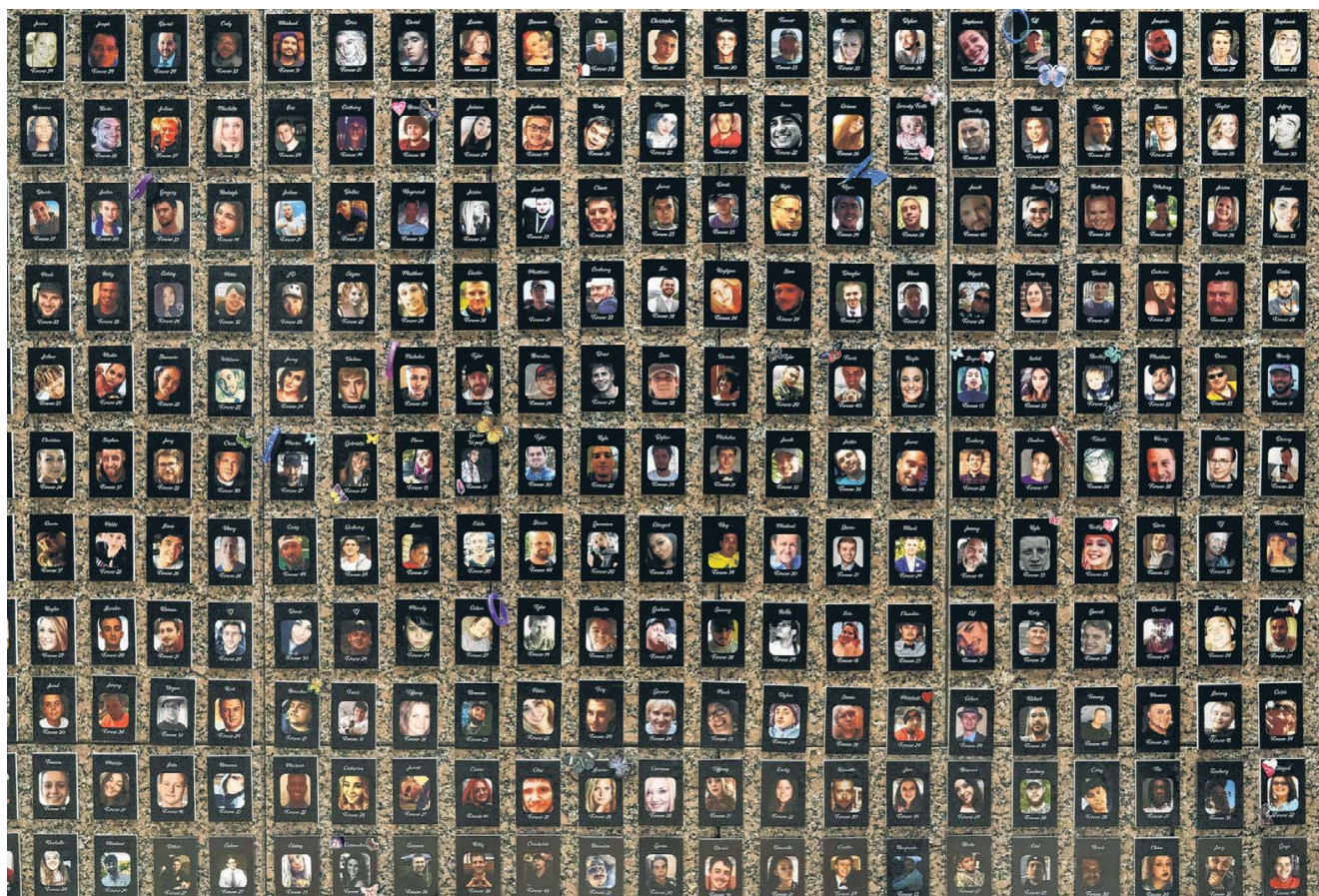
The district court rejected that plan in September. Deeming it futile to give the Alabama Legislature another chance at the map, the court ordered a special master and cartographer to draw up new lines compliant with the Voting Rights Act.

The state then asked the Supreme Court to block the lower-court order while it pursued further appeals.

In June's decision, Chief Justice John Roberts and Justice Brett Kavanaugh joined liberal Justices Sonia Sotomayor, Elena Kagan and Ketanji Brown Jackson to affirm Voting Rights Act precedents that prevented discrimination against minority voters.

Electoral maps discriminate "when minority voters face—bloc voting [by whites] along racial lines, arising against the backdrop of substantial racial discrimination within the State, that renders a minority vote unequal to a vote by a nonminority voter," Roberts wrote in June.

Some Faces of the Untold Number of Lives Lost in Fentanyl Era



AMERICAN TRAGEDY: Photographs of people who died from drugs were displayed at the Second Annual Family Summit on Fentanyl at DEA headquarters in Washington Tuesday. More than 100,000 deaths a year have been linked to drug overdoses since 2020 in the U.S.; about two-thirds were related to fentanyl.

JOSE LUIS MAGANA/ASSOCIATED PRESS

Fight Escalates Over Superconductor Claim

By NIDHI SUBBARAMAN

Co-authors of a paper that claimed the discovery of a room-temperature superconductor have asked the journal Nature to retract the study because, they said in a letter to the journal, the lead researcher misrepresented data.

"We respectfully request and recommend that Nature issue a retraction," eight of the 11 authors wrote to Tobias Rödel, a senior editor at the journal, according to the letter obtained by The Wall Street Journal.

The co-authors charge that University of Rochester physicist Ranga Dias, the lead researcher, "has not acted in good faith in regard to the preparation and submission of the manuscript," and they list what they say are multiple flaws in the paper.

Within days, Rödel replied in an email obtained by the Journal: "We are in absolute agreement with your request that the paper be retracted."

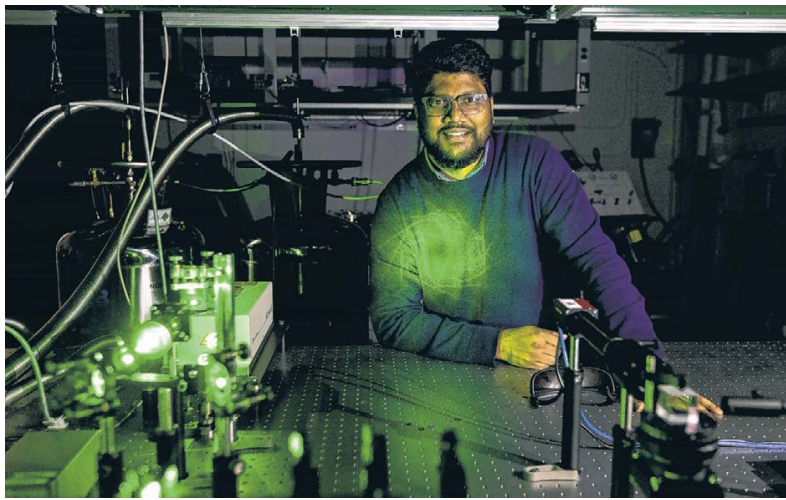
Nature confirmed that it is corresponding with the authors and said it expects to take action in the near future. Rödel didn't respond to an email requesting comment.

Ahead of this, Dias emailed a letter to at least six of his co-authors in early September asking them to "cease and desist" sharing their concerns with Nature's editors, or risk a defamation lawsuit.

Dias said he hasn't agreed to retract the study and stands by the findings. "I have never engaged in the fabrication, manipulation, or misrepresentation of data in any of my research endeavors," he said.

Dias and his team made headlines in March with the report that the rare-earth metal lutetium, compressed in the presence of hydrogen and nitrogen, exhibited superconducting behavior at about 70 degrees Fahrenheit.

The ability of superconductors to transmit electrical current without losing energy makes them potentially valuable in a range of applications.



Scientist Ranga Dias led the work on superconductors at the University of Rochester.

The utility of known superconductors, such as the metals niobium and lead, is limited because the materials need to be ultracold or crushed under high pressure. This has inspired a search for materials that can show superconductivity under temperate conditions.

Dias's March room-temperature superconductor claim was bold and potentially far-reaching, but immediate skepticism mounted as outside researchers scrutinized the work and tried to replicate its results. Some scientists repeated the methods but said they didn't see superconducting behavior at room temperature in the lutetium-based samples they made and measured.

Others plotted the data published with Dias's study but said that a chart showing key superconducting behavior in the material couldn't have been produced with the data that was provided.

One lab reported signs of superconductivity in initial tests with a sample from Dias's lab—a result independent researchers said could have been caused by a loose electrical connection.

The retraction request written by Dias's co-authors points to additional problems with the work. One major flaw, the letter states, is that the paper gives the impression that most of its measurements were conducted on samples made in the Dias lab following an exacting recipe. This would mean other researchers would have to follow the recipe to replicate the results. Yet the Dias lab purchased most of its samples used in experiments commercially.

The paper misrepresents measurements of resistance and heat capacity in the samples, the letter states. These are features that indicate superconducting behavior. Several of Dias's co-authors had pointed out to Dias some of these issues before the paper was submitted, according to the letter to Nature.

Dias made some changes, but, the letter states, "our concerns largely were dismissed by Dr. Dias, and some of us were instructed by Dr. Dias not to probe further into the issues raised and/or not to worry about such concerns."

On one occasion, Dias said the co-authors could remove their names from the paper or allow it to proceed as-is for review and possible publication, the letter states.

"At the time, neither choice seemed tenable given that Dr. Dias was in control of our personal, academic, and financial circumstances, as our mentor and supervisor," the letter states.

Dias said that he had never attempted to block discussions about the paper. This would be at least the third retraction in about a year of a paper with Dias as a senior researcher. Physical Review Letters retracted a study in August that described the properties of a manganese compound. Last September, Nature retracted a 2020 paper describing superconductivity in a material containing carbon, sulfur and hydrogen.

The University of Rochester said that it has commissioned outside experts to investigate papers by Dias. Dias has also been accused by other physicists of plagiarizing parts of his doctoral thesis conducted at Washington State University. A university spokesperson said in July that WSU was aware of the accusations, but it didn't confirm or deny an investigation.

Dias previously said he is addressing questions raised about his thesis.

LAUREN PETRACCA FOR THE WALL STREET JOURNAL

California Enacts Tax on Guns, Ammunition

By CHRISTINE MAI-DUC

California will become the first state in the nation to impose an excise tax on gun and ammunition sales under a measure signed into law Tuesday by Gov. Gavin Newsom.

Starting next July, the state will collect an 11% tax on retail sales of guns, gun parts and ammunition. The money would be used for gun-violence prevention, enhanced school safety and programs geared toward victims of gun violence.

"It's a pretty sick thing that we can just casually say it, and we do casually say it, that the No. 1 killer of our kids is guns," Newsom, a Democrat, said at a press conference after signing several gun-control measures.

Democratic Assemblyman Jesse Gabriel, who wrote the tax bill, recalled how his children recently completed lockdown and active-shooter drills at school. "This bill is a result of a lot of parents saying enough is enough, it's time to prioritize the safety of our kids over the profits of the gun industry," Gabriel said.

The tax won't apply to sales made to law-enforcement agencies and their current or former officers. The state already charges a \$37.19 fee on each firearm sale to fund law enforcement.

There is already a federal excise tax of 10% on wholesale prices for handguns and 11%

for long guns and ammunition, which go toward conservation and hunter education. In addition, several local governments impose excise taxes on gun sales, including Seattle and Tacoma in Washington and Cook County in Illinois.

Newsom on Tuesday also signed a measure revising the state's concealed-carry laws following last year's Supreme Court ruling that restricts such measures. The state law details dozens of places where concealed firearms wouldn't be allowed, including schools and medical facilities.

He signed a third bill that would require semiautomatic weapons sold in the state starting in 2028 be equipped with microstamping technology on ammunition cartridges.

"These laws will not make us safer," said Chuck Michel, president of the California Rifle & Pistol Association, a firearms advocacy group. "They are an unconstitutional retaliatory and vindictive response to the Supreme Court's affirmation that the Second Amendment protects an individuals' right to choose to own a firearm for sport or to defend your family."

Because it is a tax increase, the bill required a two-thirds majority in both chambers to pass. It received just barely that, with no Republicans voting in favor and a few Democrats from rural districts opposing it or not voting.

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U.S. NEWS

Biden Joins Auto Union Picket Line

Move is a first for a U.S. president, as he and Trump court a crucial voter group

By CATHERINE LUCEY AND KEN THOMAS

BELLEVILLE, Mich.—President Biden walked a Michigan picket line with striking auto workers on Tuesday, offering an unprecedented display of union support as he and former President Donald Trump prepared for a fight for working-class voters.

Biden joined members of the United Auto Workers union at a General Motors customer-care center, a politically risky step that makes him the first U.S. president to walk a picket line, according to the White House and historians.

“Stick with it. You deserve the significant raise you need and other benefits,” Biden said, addressing members of UAW Local 174 through a bullhorn. Biden, wearing a black UAW baseball cap, then put his arm around a worker wearing a red UAW T-shirt and listened as union President Shawn Fain called Biden’s visit “a historic moment.”

“Our president has chosen to stand up with workers in our fight for economic and social justice,” Fain said, thank-

ing Biden for his attendance. Union members waved signs with messages including “Saving The American Dream,” cheered for the president and lined up to fist bump him after the remarks.

Asked by a reporter whether workers deserved a 40% pay raise, Biden said, “Yes,” adding: “I think they should be able to bargain for that.”

More than a year before the general election, Biden and Trump are making plays for the battleground state, which Trump captured in 2016 and Biden won in 2020. Trump is dominating the Republican primary field and, after Biden’s pitch to auto workers in the Detroit area, the former president was expected in the state on Wednesday as hypothetical general election polls show them running neck and neck.

For Biden, who has declared himself the most pro-union president in history, the trip comes as he is struggling in the polls, with voters expressing doubts about his age and handling of the economy. His decision to walk the picket line carried risks if the strike drags on.

Trump, who holds a commanding lead in the Republican primaries despite efforts by some in the party to rally around an alternative, is to address current and former auto



United Auto Workers union members walked a picket line outside a GM facility in Belleville, Mich. At one point, Biden joined them.

workers Wednesday in Clinton Township, a community in Macomb County northeast of Detroit. The event will serve as counterprogramming to the second Republican primary debate in California, and comes as he pushes to siphon off union support from Biden.

In a written statement on Tuesday, Trump blamed workers’ problems on the push by Biden and Democrats to promote electric vehicles. “Crooked Joe should be ashamed to show his face before these hardworking Americans he is stabbing in the back,” he said.

Biden and Trump have begun focusing more intensely on each other as the election shapes up as a 2020 redux. Biden has begun targeting Trump by name over issues such as abortion and going af-

ter his White House record, as he signals a more aggressive approach toward his expected opponent. Trump’s team is welcoming the direct conflict, which they say elevates him in the race, though they are still competing in early states such as Iowa as they seek to lock up the Republican nomination.

Trump announced his Michigan visit first, and his campaign claimed Biden was following his lead; Biden’s team said choosing to visit the picket line was something the president wanted to do and wasn’t driven by Trump’s plans to visit the state.

“President Biden was invited by the head of the UAW to come. He is listening to workers, he is leaning in with workers,” said Rep. Haley Stevens (D., Mich.).

While the candidates are focused on Michigan this week, the effort to win union workers is also a factor in other crucial states, such as Wisconsin and Pennsylvania, where labor often plays a pivotal role in contests.

The auto strike highlights the difficult line Biden is trying to walk as he seeks to bolster his pro-union bona fides while also presenting himself as a careful steward of the economy.

“What Biden is doing is going to Detroit, holding up a sign and answering the slogan...‘Which side are you on?’ And he’s saying, ‘UAW,’” said Douglas Brinkley, a presidential historian. “It’s a windfall for him if this strike gets settled in the next month. If the strike drags on, and ends up cracking our economy, the

photo of Biden on a picket line will be used by the Republicans to say that it’s the ‘Biden recession.’ ”

The Big Three auto companies have sought to distance themselves from the Biden-Trump visits.

A General Motors spokesman said the company’s focus is “not on politics” but on “bargaining in good faith with the UAW leadership to reach an agreement as quickly as possible.”

Chrysler parent Stellantis pointed to its proposals to UAW workers and cited the need for “a balanced agreement.” Ford said that in response to “political and media attention,” it would “stay focused on reaching a deal that is fair to our employees and enables us to invest and grow.”

Senate Leaders Put Forward Plan to Avoid Shutdown

By SIOBHAN HUGHES AND LINDSAY WISE

WASHINGTON—The Senate moved ahead Tuesday with its own approach to averting a partial government shutdown, advancing legislation that would extend funding through Nov. 17 while providing about \$6 billion apiece for Ukraine and for disaster relief.

The Senate proposal—the only bipartisan approach currently being pursued by congressional leaders—sets up a showdown with House Speaker Kevin McCarthy. The California Republican wants to extend government funding but on the condition that Congress also enact strict border-security measures and exclude any new support for Kyiv to keep his conference united.

Senate Majority Leader Chuck Schumer (D., N.Y.) characterized the bill, which passed an initial step in a 77-19 vote late Tuesday, as a “bridge towards cooperation,” and it has the support of Senate Minority Leader Mitch McConnell (R., Ky.). But House Majority Leader Steve Scalise (R., La.) rejected the measure, saying it was a nonstarter in the House due to its lack of border provisions. “So we’re at very different crossroads,” he said.

After the Senate vote, House GOP leaders late Tuesday overcame a procedural hurdle clearing the way for debate on four full-year funding bills covering defense, the Department of Homeland Security, agriculture and the State Department. The vote marks a key win for McCarthy in showing he can



House Speaker Kevin McCarthy, seen Tuesday, faced pressure from his own GOP members.

lead the Republican conference. Still, it remained uncertain if he could persuade enough fellow Republicans later this week to sign off on any short-term spending patch to buy more time to pass full-year bills.

McCarthy said he would bring up a short-term measure later this week, probably on Friday, that would keep the government open while lowering spending and tightening

border security. The Senate proposal is “picking Ukraine over Americans,” he said. “Why can’t we deal with the border and our emergencies too?”

Democrats said the Republicans were wasting time and risking a shutdown with dead-end bills designed to appease the right wing of the party.

“Their bumbling, incompetent leadership can’t do the ba-

sic job of standing up to their extreme members so we can keep the lights on,” said Rep. Jim McGovern of Massachusetts, the top Democrat on the House Rules Committee.

While there is broad GOP agreement on border funding, some conservative lawmakers have also insisted on sharp cuts to nonmilitary government spending, even as such deep budget reductions are set to go

Impasse Is Another Variable for Fed

Federal Reserve officials are walking a tightrope to tame inflation without creating a needlessly severe economic slowdown. If that isn’t tricky enough, they might have to do it blindfolded if there is an extended government shutdown.

If Congress doesn’t pass a stopgap funding measure before Sunday, a shutdown of certain agencies could delay the routine release of fresh economic data on wages, employment, inflation and output.

Fed officials are carefully studying those indicators to see how the economy is responding to their past interest-rate increases and to determine whether they have done enough to subdue inflation. They held rates steady at a 22-year high at their meeting last week, but most indicated they expected another increase this year if the economy per-

forms in line with their forecasts.

A shutdown that lasts more than two weeks could deprive officials of information they would use to decide whether to raise rates at their next meeting, Oct. 31-Nov. 1. “We would just have to deal with that, and it’s hard for me to say in advance how that would affect that meeting,” Fed Chair Jerome Powell said last week.

A shutdown would be one of several developments that could fuzz up the economic outlook in the final months of the year and potentially argue for officials to postpone any decision on lifting rates until December. Other sources of uncertainty include a run-up in oil prices, the steady increase in long-term U.S. interest rates, the autoworkers’ strike, and the resumption of student-debt repayments.

—Nick Timiraos

Judge Rules Trump Used Fraud

Continued from Page One
from the facts and governing law. “The court disregarded the viewpoint of those actually involved in the loan transactions who testified there was nothing misleading, there was no fraud, and the transactions were all highly profitable,” he said.

Kise said the full impact of the decision was unclear but pledged that Trump and his family “will seek all available appellate remedies to rectify this miscarriage of justice.”

A spokeswoman for James said, “Today, a judge ruled in our favor and found that Don-

ald Trump and the Trump Organization engaged in years of financial fraud. We look forward to presenting the rest of our case at trial.”

New York State Supreme Court Justice Arthur Engoron in a 35-page opinion wrote that the Trumps have repeatedly relied “on bogus arguments” that ignore basic rules about how assets are valued. To the Trumps, rent-regulated apartments are worth the same as unregulated ones, and restricted land is worth the same as unrestricted property, the judge wrote.

“This is a fantasy world, not the real world,” Engoron wrote.

The judge wrote that it was necessary to go ahead and cancel the Trump business certificates now because the defendants “have continued to disseminate false and misleading information while conducting business,” even as an

independent monitor has been overseeing their actions.

In addition to Trump, the judge found that two of his adult children—Eric Trump and Donald Trump Jr.—and two longtime Trump Organization employees were liable for fraud.

Eric Trump, in a post on X, the site formerly known as Twitter, wrote, “We have run an exceptional company—never missing a loan payment, making banks hundreds of millions of dollars, developing some of the most iconic assets in the world. Yet today, the persecution of our family continues.”

Donald Trump Jr. called the ruling “nonsensical and asinine.”

Engoron also sanctioned several of Trump’s lawyers \$7,500 each for engaging in what he said were frivolous legal tactics.

Even with Tuesday’s ruling,

several other claims remain, including allegations related to insurance fraud and conspiracy, for trial, which is set to begin Oct. 2. That date, however, is in limbo because of a pending Trump lawsuit against the judge. An appeals panel is expected to rule this week on whether the trial will proceed on schedule.

Trump’s lawyers in arguments last week had asked the judge to throw out the entire case, thereby averting a trial altogether. They said that valuations were highly subjective, and disagreements about valuations didn’t constitute fraud. Trump and his business didn’t mislead banks or insurers, Trump’s lawyers said, adding that such firms typically do their own due diligence before approving transactions. They have accused James of overreaching into private commercial dealings

between Trump and banks and insurers.

Under the law at issue in Tuesday’s ruling, James’s office needed to prove that Trump’s financial statements were false and misleading, and that the defendants used those statements to transact business, the judge wrote.

“The documents here clearly contain fraudulent valuations that defendants used in business,” Engoron wrote, adding, “The defenses Donald Trump attempts to articulate in his sworn deposition are wholly without basis in fact or law.”

Trump said in his deposition that the values of his properties have gone up over the years, which showed that they weren’t previously falsely valued, according to the ruling. The former president also suggested that his properties’ values couldn’t be inflated because he could find

a “buyer from Saudi Arabia” to pay any price he suggests, the ruling said.

The New York civil suit came before the former president, 77 years old, was indicted in four criminal cases, all of which are now playing out in the middle of the presidential campaign. Trump is facing indictments in New York and Georgia, and in two federal cases.

James’s lawsuit followed a more than three-year investigation sparked by the congressional testimony of Michael Cohen, Trump’s former personal lawyer, who in 2019 told lawmakers that the then-president frequently misrepresented his wealth for financial gain.

Trump repeatedly sought to halt or delay the investigation, with little success. At one point last year, Engoron held him in contempt for not complying with one of the attorney general’s subpoenas.

◆ Heard on the Street: Effect on investors may be mild..... B12

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Poland's Response to Global Challenges

The Krynica Forum 2023 was an opportunity to debate matters important to Poland, Central and Eastern Europe, and worldwide. They included, among others, security, nuclear energy, and foreign investment.

The three-day Forum guest list included President of Poland Andrzej Duda, Prime Minister of Lithuania Gitanas Nausėda, Prime Minister of the Republic of Korea Han Duck-soo, President of Slovenia from the years 2012–2022 Borut Pahor, members of the Polish government and Polish Army command, and representatives of Polish and foreign companies. The CEO of Korea Hydro & Nuclear Power (KHNP) Joo-ho Whang was part of the Korean delegation.

Poland is the focus of many key trends and global processes, all debated with an emphasis on the future, in Krynica-Zdrój, a town located approximately 150 km from the Polish-Ukrainian border. In terms of programme content, the Krynica Forum references the Polish House, a hugely successful initiative organised as part of the World Economic Forum in Davos.

Poland is undergoing an energy transition. Polish companies are investing in the construction of photovoltaic farms and onshore and offshore wind farms, as well as biogas, biofuel and energy storage projects.

Other topics discussed in Krynica included construction plans for large

nuclear power plants, and SMR (small modular reactors) investment projects. The first small reactor may be activated before the decade is over. Polish state-owned enterprises, private companies, and foreign corporations have joined the Polish energy sector-related investment activity schedule.

As emphasised during the Krynica Forum, foreign direct investment is another busy area. Foreign capital keeps flowing into Poland; an Intel project worth PLN 20 billion (ca. USD 4.3 billion) was announced in June. Studies have shown that investors appreciate opportunities generated in Poland through technology- and innovation-associated projects. Digital transformation abounds. Moreover, Poland has both the qualities and potential to take advantage

of so-called nearshoring and friendshoring. Locally developed projects warrant supply chain stability and are of importance to Europe's competitive standing.

In full comprehension of Russian policies, Poland is actively taking the floor on NATO and international security. Unless the war ends and the aggressor is pushed back, rebuilding Ukraine, or developing a durable security system in Europe and worldwide, is not an option.

Poland is a natural candidate as a Ukrainian recovery effort hub venue. Arguments in favour include unprecedented assistance offered locally to refugees from Ukraine, military backing, geographical proximity and the experience of Polish institutions and corporations. Collaboration to help rebuild Ukraine was one of the topics raised by the large Korean delegation who had arrived in Krynica to attend the Forum.

Do take a look at the Krynica Forum 2023 reports. Polish dynamic reality reflects key global trends and processes.



Feel free to download a complimentary supplement to the Polish economic daily, "Dziennik Gazeta Prawna", which discusses the most significant topics from the Krynica Forum 2023.



Selected Topics

- p. 2 **Poland and Korea Intensify Cooperation**
- p. 5 **Foreign Investments in Poland**
- p. 8 **Leader of The Technological Revolution**
- p. 11 **Nuclear Energy at Poland's Door**
- p. 14 **Investments in Energy Sector Will Boost Poland's Competitive Advantage**



JACEK SASIN,
MINISTER
OF STATE ASSETS

Protecting the climate is a great challenge that we must rise to. That is why, as a country, we are adopting a zero-emissions policy to effectively initiate and carry out the energy transition. (...) Nuclear power in Poland is an already accelerated locomotive that will change the Polish energy mix in a few to a dozen years.



PAWEŁ KURTASZ,
CEO OF THE POLISH
INVESTMENT
AND TRADE AGENCY

The value of foreign investment in Poland reached EUR 5 billion in the first half of this year. It's a record breaking performance, ample proof of the enormous leap forward we have taken. Furthermore, ongoing growth has been recorded over the past several years. Companies have found how important it is to approach their manufacturing asset locations wisely. This does not necessarily mean that transferring manufacturing plants to Europe will result in closing the ones in Asia. This is simply a trend giving rise to new enterprises being increasingly often located in other parts of the world, closer to the end user, the US and Europe unquestionably the largest.



DANIEL OBAJTEK,
CEO AND
PRESIDENT OF THE
MANAGEMENT
BOARD, ORLEN

Nuclear power is an essential component of Poland's future energy mix. It stands as a guarantee of stable supplies of zero-carbon, price-predictable energy, allowing the Polish economy to stay competitive. It is also a crucial factor for the country's energy security, as nuclear power will facilitate the diversification of energy sources. Moreover, small modular reactors can be put into operation more swiftly. Thanks to the projects implemented by Orlen and Synthos, stable energy from the first SMR will be available for the Polish industrial sector and households by 2030.



LESZEK SKIBA,
CEO OF BANK
PEKAO S.A.

The Polish economy still has plenty of resources for growth. In the eyes of Western companies, Polish firms appear as those who can do everything faster and with a better customer focus. They are more flexible than their Western competitors. They are better able to adapt to the situation. With this, they also win when foreign companies are looking for cooperation partners. Therefore, deglobalisation, perceived as a threat to the global economy, for the Polish economy is an opportunity. Polish companies, with their strength, can take benefit from it, as they adapt to new conditions and realities easily.

U.S. NEWS

Booker, Other Senators Call On Menendez to Quit

List of Democrats pressing indicted lawmaker to step down keeps growing

By KATY STECH FERREK

WASHINGTON—Democratic support for Sen. Bob Menendez crumbled on Tuesday, with fellow New Jersey Sen. Cory Booker and other colleagues saying he should resign, dealing a further blow to the embattled lawmaker following his indictment on bribery charges.

About 20 Democratic senators along with New Jersey's governor have called for Menendez to step down. Menendez stepped aside as chairman of the powerful Foreign Relations Committee following his indictment while insisting he won't quit the Senate, but the scandal has opened the door for fellow Democrats to consider challenging him for his seat in 2024.

Menendez and his wife, Nadine Menendez, were accused by federal prosecutors on Friday of receiving bribes starting in 2018 from several businessmen in exchange for favors, including attempting to help influence the outcome of criminal cases and aiding Egyptian officials in efforts to obtain hundreds of millions of dollars in U.S. aid.

Booker aggressively defended Menendez when he faced corruption charges in 2015, and on Tuesday he described what he called a close political and personal friendship with Menendez as well as his admiration for the state's senior senator.

"I've found the allegations hard to reconcile with the person I know," Booker said. But, he said on Tuesday, the allegations, which he termed "shocking," are "of such a nature that the faith and trust of New Jerseyans as well as those he must work with in order to be effective have been shaken to the core," he said. He added that "stepping down is best for those Senator Menendez has spent his life serving."

More of Menendez's Democratic colleagues in the Senate have said he should quit, after

Sen. John Fetterman of Pennsylvania first made such a call. Sen. Tammy Baldwin of Wisconsin on Tuesday said stepping down would be best for "his constituents, the American people and our national security."

Senate Majority Leader Chuck Schumer (D., N.Y.) released a statement saying Menendez "has a right to due process and a fair trial." His office didn't respond to a request for comment on Monday.

Prominent New Jersey Democrats, including Gov. Phil Murphy and House lawmakers, have also called for Menendez to resign.

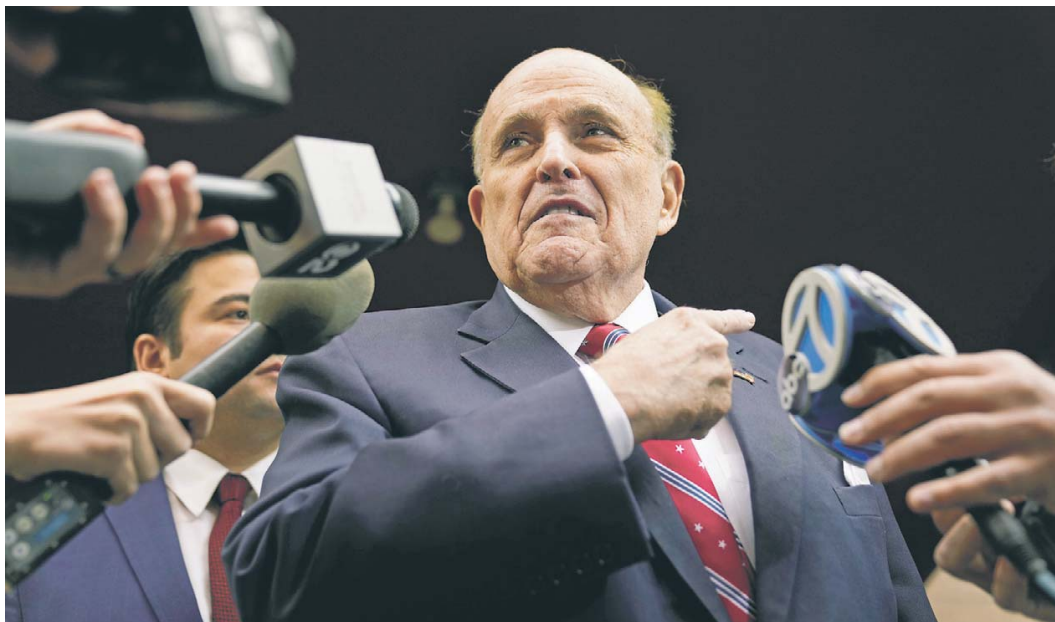
Menendez has denied wrongdoing and has maintained he is the victim of a smear campaign. He said on Monday he wouldn't resign from Congress and offered an explanation for the large amounts of cash found in his home, in his first public remarks since he was indicted by federal prosecutors in a sweeping bribery scheme.

Investigators searching his house last year discovered more than \$480,000 in cash—much of it stuffed into envelopes and hidden in a safe, closets and clothing, including a jacket emblazoned with the Senate logo, according to the indictment. Menendez said the money in his home was from decades of cash withdrawals from his personal savings account, which he said he kept for emergencies.

Menendez's legal jeopardy has created headaches for party leaders but also potential opportunities. Rep. Andy Kim (D., N.J.) has jumped into the Democratic primary to challenge Menendez, who is up for re-election in 2024. Other names floated as potential candidates include Reps. Josh Gottheimer, Mikie Sherill and Donald Norcross.

Congress has the power to discipline lawmakers for misconduct, including by expulsion, which would require a vote by two-thirds of lawmakers. Expulsion has been rare in modern times.

◆ Few people need to stash \$480,000 at home A11



The suit accuses Rudy Giuliani and his lawyer of violating the federal Computer Fraud and Abuse Act and California state law.

Hunter Biden Sues Giuliani Over Release of Personal Data

By C. RYAN BARBER

President Biden's son sued Rudy Giuliani and his longtime lawyer in federal court on Tuesday, alleging the two unlawfully invaded his privacy by accessing and disseminating his personal data in their efforts to smear the Biden family.

In a 15-page lawsuit filed in federal court in California, Hunter Biden's lawyers said Giuliani and his former lawyer, Robert Costello, have in recent years "dedicated an extraordinary amount of time and energy toward looking for, hacking into, tampering with, manipulating, copying, disseminating, and generally obsessing over data that they were given that was taken or stolen."

The lawsuit accuses the two of violating the federal Computer Fraud and Abuse Act and California state law.

Tuesday's lawsuit expanded a legal offensive that Hunter Biden has pursued in the face of intensifying congressional scrutiny and an indictment on felony gun charges. It was filed two days before House Republicans' first scheduled hearing in their impeachment inquiry into President Biden that has centered on his family's business dealings. President Biden

has long denied playing any role in those activities.

The lawsuit also marked an escalation of Hunter Biden's response to Giuliani, the former New York City mayor and lawyer for former President Donald Trump, and other prominent Trump allies who have said they were behind the public dissemination of his personal data in 2020.

While Giuliani and Costello "are entitled to their baseless opinions" about the Biden family and are free to share those opinions, they are not entitled to violate federal and state anti-computer-hacking laws to advance their personal and political agendas, Hunter Biden's lawyers wrote in the lawsuit filed on Tuesday. "Yet that is precisely what they have been doing with impunity, and what they will continue to do absent judicial relief," they wrote.

The lawyers said Giuliani and Costello, through their "illegal hacking and tampering" with his personal data, "are among those who have been primarily responsible for what has been described as the 'total annihilation'" of the younger Biden's digital privacy.

Hunter Biden had previously sued the owner of a Delaware computer-repair shop,

John Paul Mac Isaac, who has said Biden dropped off a laptop in 2019 and never retrieved it. Working with Giuliani, Mac Isaac helped provide the personal data to the New York Post, which published an article in October 2020 detailing emails related to Hunter Biden's business dealings that it said were found on the laptop, Biden's legal team has said.

Trump and his allies promoted the emails in an effort to hurt the Biden campaign ahead of the 2020 election.

This year, Biden's lawyers urged federal and state law enforcement agencies to investigate Giuliani and Costello, among others, and examine whether they broke various laws in connection with those efforts. In a signal of potential litigation, Hunter Biden's lawyers also sent Giuliani and Costello letters instructing them to retain any records in their possession related to the president's son.

Biden's lawyers on Tuesday pointed to public statements in which Giuliani said he loaded the personal data from that laptop.

Biden's lawyers didn't concede that the laptop was his but said at least some of the data that the defendants "ob-

tained, copied, and proceeded to hack into and tamper with belongs" to him.

A spokesman and adviser for Giuliani, Ted Goodman, described the lawsuit as frivolous.

"Hunter Biden has previously refused to admit ownership of the laptop. I'm not surprised he's now falsely claiming his laptop hard drive was manipulated by Mayor Giuliani, considering the sordid material and potential evidence of crimes on that thing," Goodman said.

Costello didn't respond to a request for comment. This year, in response to the letter from Biden's legal team, he said, "Legally frivolous claims designed to intimidate will not succeed."

Hunter Biden filed the lawsuit at a time of heightened legal peril. His indictment on gun charges came in the fallout from the collapse of a plea deal he had reached with the Justice Department, in which he was set to plead guilty to a pair of misdemeanor tax charges and avoid prosecution on a separate charge related to his 2018 purchase of a firearm.

He is expected to plead not guilty to the gun charges during a hearing set for next week in a federal court in Delaware.

JPMorgan Settles Over Epstein

Continued from Page One
vealed executives, politicians and academics who associated with Epstein for years after he was a convicted sex offender and how he cultivated his relationships to amass influence and wealth. It also showed the kinds of threats he made to those in his circle.

In the deal Tuesday, JPMorgan agreed to make payments to the government of the U.S. Virgin Islands, which had



JPMorgan has agreed to \$365 million in Epstein settlements.

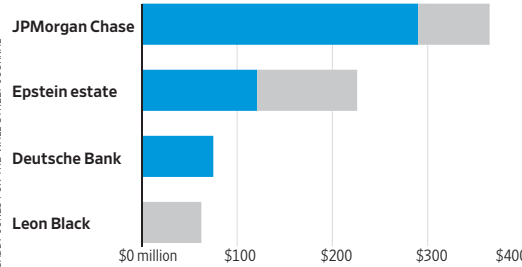
brought a civil lawsuit against the bank. After nearly a year of fighting, the case has already tarnished the bank and the island's government officials. The settlement came

one month before the sides were set to go to trial in Manhattan. The bank didn't admit wrongdoing in the agreement.

JPMorgan reached a separate settlement Tuesday with

Major Epstein-related lawsuits and claims

■ Brought by Epstein accusers ■ Brought by U.S. Virgin Islands



Source: court documents

former top executive Jes Staley after the bank sued him over his personal relationship with Epstein, which helped protect Epstein from compliance concerns for years. The bank didn't disclose those terms. A lawyer for Staley declined to comment Tuesday.

JPMorgan has agreed to \$365 million in total settlements for keeping Epstein as a client until 2013. Epstein had dozens of accounts at JPMorgan's private bank and communicated often with executives, connecting them to his wealthy contacts. Deutsche Bank, which took on Epstein as a client after JPMorgan, agreed to pay \$75 million to settle a suit by Epstein accusers this year.

JPMorgan and the Virgin Islands each argued that the other side failed to identify Epstein's crimes and turned a blind eye after his 2008 conviction for soliciting a minor for prostitution. Bank executives, including Chief Executive Jamie Dimon, and officials from the Virgin Islands were dragged into depositions, and reams of emails and disclosures proved embarrassing for both sides.

Court documents showed that Epstein exchanged photos of young women with Staley and that compliance officials for years tried to get Epstein dropped. Epstein also lent \$200,000 to former Virgin Is-

lands Gov. John de Jongh, employed his wife, Cecile de Jongh, for nearly two decades, and paid \$625,000 to cover years of private-school tuition for their kids, the documents showed.

After Epstein's 2019 arrest, JPMorgan had argued that he was just a regular client. The court cases exposed how deep his reach was within the bank, introducing prominent clients and pitching executives on big deals. Emails and calendars revealed more about his relationships with Staley and Mary Erdoes, who is currently the head of asset and wealth management, and that the bank continued meeting with him after firing him as a client.

"We banked Jeffrey Epstein and I'm so sorry that we did," Dimon told CNBC this summer. "Had we known then what we know today, we obviously wouldn't have."

In a deposition, Erdoes had said she wasn't aware of Epstein's ongoing crimes.

The bank had sued Staley alleging he covered up for Epstein and identifying Staley as the "powerful financial executive" accused of sexual assault by an Epstein accuser. JPMorgan was seeking to recoup millions of dollars in compensation from Staley to cover its own legal payments.

Staley's lawyers have denied the assault accusation and any knowledge of Epstein's sex

trafficking. Staley had also said the bank can't blame him for the relationship alone.

The U.S. Virgin Islands has now brought in more than \$240 million from Epstein-related legal fights, including settlements from Epstein's estate and private-equity founder Leon Black, who was an Epstein client.

Black has said he paid Epstein for tax and estate advice. He denied any wrongdoing but said in a statement that he regretted paying Epstein and settled potential claims over "unintended consequences of those payments."

In its latest settlement, JPMorgan will pay \$10 million to support victims' mental health, \$20 million to charities in the Virgin Islands that work on human trafficking and \$25 million to help the government and law enforcement fight human trafficking. An additional \$20 million will go to legal fees. The bank generated \$128.7 billion in revenue last year.

"While the settlement does not involve admissions of liability, the firm deeply regrets any association with this man, and would never have continued doing business with him if it believed he was using the bank in any way to commit his heinous crimes," the bank said in a statement.

Under the agreement, the bank committed to combat human trafficking, including informing law enforcement and closing customers' accounts if it has credible information of trafficking, said Ariel Smith, the attorney general of the Virgin Islands.

"This settlement is an historic victory for survivors and for state enforcement, and it should sound the alarm on Wall Street about banks' responsibilities under the law to detect and prevent human trafficking," Smith said in a statement.

—Khadeeja Safdar contributed to this article.

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U.S. NEWS

DeSantis Leans In on Military Background

Move by the lagging candidate comes as many GOP voters prefer a focus on U.S.

By ALEX LEARY
AND JAMES V. GRIMALDI

The images of gun blasts, razor wire, drugs and crime that appear in a new TV ad for GOP presidential candidate Ron DeSantis look like other border-security spots flooding the airwaves—until the screen flashes to a rifle-wielding man in fatigues standing in front of a Humvee.

“The only candidate fighting to secure our border now is the only candidate who served in a war zone,” a narrator says in describing the picture of DeSantis.

As he struggles in the race, DeSantis is increasingly high-

lighting a credential that sets him apart from Donald Trump and the rest of the Republican field. The 45-year-old Florida governor served as a Navy lawyer in Iraq and the Guantanamo Bay detention facility.

It has been three decades since the U.S. had a veteran as president. DeSantis tells audiences that the Sept. 11, 2001, terrorist attacks motivated him to join the Navy while at Harvard Law School and to pass up a lucrative career at a big firm. “Service to country is Ron DeSantis’s story,” another ad states. “That’s the American story.” In Coronado, Calif., on Sunday, the candidate poured beers for veterans at a VFW hall.

DeSantis’s advisers and friends are pushing him to be more vocal about his biography as he faces criticism for not doing enough to distinguish himself from Trump. The former



Ron DeSantis in front of a Humvee in an undated photo provided by the governor’s campaign.

president’s lead over his top rival, DeSantis, has nearly doubled since April to 46 percentage points, according to the latest Wall Street Journal poll.

A military career isn’t always a political winner. Trump won in 2016 while facing scrutiny over his Vietnam defer-

ments and after attacking war hero John McCain. The last veteran in the White House was George H.W. Bush.

Next month, DeSantis will launch a veterans coalition in South Carolina, according to a person familiar with the plans, and he will host veterans-

themed events throughout the fall. Paid DeSantis canvassers have swarmed homes in early primary voting states, in part pitching his military career.

“Voters appreciate and respect DeSantis’s sacrifice to our country, and consistently say it makes him more qualified to serve as our commander in chief and better suited to protect and defend our nation,” said Jess Szymanski, a spokeswoman for the group behind the ads. Another new ad contrasts with Trump’s lack of service, though doesn’t name him.

The strategy comes at a time when the GOP has grown more isolationist, in good part due to Trump, as evidenced by waning support for Ukraine in its war with Russia. Polling shows Republicans in particular want the U.S. to focus on domestic problems instead of those overseas.

In an interview with the

Journal, DeSantis noted that one of the justifications for the Iraq invasion was the belief in the presence of weapons of mass destruction and “there was not the WMD that was feared.”

DeSantis, who served in the Navy’s Judge Advocate General’s Corps, said soldiers met a noble calling despite deploying in a war that started in part due to an erroneous assumption.

“The people served honorably, and honestly, they served successfully, [doing] everything we were asked to do militarily,” DeSantis said. “At the same time, knowing what we know now, you would not make the decision to have invaded Iraq.”

Years later, presidential candidate DeSantis is questioning U.S. aid to Ukraine and says the country should focus on problems at home.

—Jess Bravin
contributed to this article.

U.S. WATCH



DAMAGE: A resident in Lahaina, Hawaii, walked through remains of a wildfire-destroyed home.

ECONOMY

Home Prices Rise Amid Low Supply

Home prices rose in July as low supply continued to frustrate buyers.

The S&P CoreLogic Case-Shiller National Home Price Index, which measures home prices across the nation, gained 1% from a year earlier in July, after holding steady the prior month.

On a month-over-month basis, the index increased a seasonally adjusted 0.6% in July. Rising mortgage rates have pushed home-buying affordability near its lowest level in decades, reducing demand. But higher rates have also spooked potential home sellers who would need to give up their low mortgage rate and buy another home at a higher rate. The supply of homes for sale has remained unusually low.

The median existing-home sale price rose 3.9% in August from a year earlier to \$407,100, according to the National Association of Realtors.

—Nicole Friedman

CONNECTICUT

Former Prosecutor To Join State Court

A former federal prosecutor who helped investigate the origins of the Trump-Russia probe in 2020 before leaving the Justice Department was confirmed on Tuesday as the newest member of Connecticut’s State Supreme Court.

Nora Dannehy, who also served from 2008 to 2010 as the first woman U.S. Attorney for the District of Connecticut, cleared the state Senate by a 31-2 vote. Her nomination cleared the House of Representatives on a 31-2 vote.

Both Democrats and Republicans on Tuesday lauded Dannehy for her range of experience. She has had stints as a Connecticut deputy attorney general, associate general counsel for global ethics and compliance with United Technologies, and chief legal counsel for Democratic Gov. Ned Lamont, who nominated Dannehy to the state’s highest court.

—Associated Press

WASHINGTON

Capitol Rioter Gets Four Years in Prison

A California man who prosecutors say was fixated on arresting Democratic leaders and trained for combat with paintball fights was sentenced on Tuesday to more than four years in prison for his role in the U.S. Capitol riot.

Edward Badalian planned for weeks before he and a friend traveled from Los Angeles to Washington and joined a mob in storming the Capitol on Jan. 6, 2021, prosecutors said.

They said Badalian organized group paintball sessions to train for a “firefight” and fantasized about meting out vigilante justice against politicians he believed to be traitors.

“He trained, collected weapons, and traveled across the country for the riot, with the goal of arresting and ‘violently removing’ politicians he disagreed with,” prosecutors wrote in a court filing.

—Associated Press

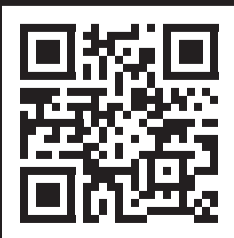
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WORLD NEWS

Kremlin Battles National Oil Companies

Rosneft executives are pushed out amid domestic fight over profit versus stability

Russia, one of the world's biggest oil exporters, is suddenly running low on fuel at home. The shortages are causing heightened tensions between the Kremlin and Russia's oil

By Joe Wallace, Anna Hirtenstein and Costas Paris

companies, including the ousting of executives at state-controlled Rosneft Oil, which is run by a close ally of President Vladimir Putin, Chief Executive Officer Igor Sechin.

The drama came to a head when rocketing fuel prices, particularly in southern agricultural heartlands, led Russia's government to bar diesel and gasoline exports this month. The blockade delivered relief to Russian businesses as domestic prices tumbled. Diesel markets rose in the rest of the world, threatening to worsen an energy-price surge.

Unlike in 2022, when Moscow cut natural-gas exports to inflict pain on Europe, this blockade aims to limit the economic and political fallout of high prices at home.

Russia's internal fights are an unexpected twist alongside the war on Ukraine.

The supply shock shows the mounting economic cost of waging the war, although analysts said it isn't severe enough to hamper the army.

The government and Russia's oil companies—which form the country's most important industry—are at odds over the balance between

profit and stability in the domestic energy market.

The companies of late have been receiving billions of dollars in payments to encourage them to sell more fuel at home. The government appears to have been exerting more pressure on them to prioritize domestic supplies without having to pay them to do so, in part to help in the fight against inflation.

The internal dynamics of Russian energy politics are notoriously opaque. While some of the debates have been aired in public, other aspects have played out in private.

Rosneft recently fired trading chief Marat Zagidullin, people familiar with the matter said. Also leaving their posts were the heads of chemicals sales, Nikita Pakulin and Andrey Dobryakov, as well as finance executive Alexander Polyakov, the people said. Zagidullin, Pakulin, Dobryakov and Polyakov couldn't be reached for comment.

The departures stemmed from Rosneft's need to hold people responsible for the shortages, in part to bring an end to the blame game in Moscow, the people said. Though executives often come and go at Rosneft, the recent churn is unusual, some of them said.

A Rosneft spokesperson said information included in questions from The Wall Street Journal "has no connection with reality. Staff rotation in the company is aimed solely at improving its efficiency for the benefit of shareholders. In other cases, it may be due to personal decisions of employees who have completed their employment obligations to the company."

The efforts to curb the payments come as Putin's government faces a toxic mix of gal-



Vladimir Putin, center, and Rosneft's Igor Sechin, right, at an event in Bolshoi Kamen this month

Annual consumer-price inflation in Russia



*A proxy for wholesale diesel prices

European gasoil futures prices*



Sources: CEIC Data (Inflation); FactSet (gasoil prices)

loping inflation, a weak ruble and labor shortages.

The payments, called dampers, partially compensate companies such as Rosneft for sales of petroleum products on the domestic market. Sales at home, where the government pressures suppliers to keep a

lid on retail prices, are often much less profitable than exports. Companies such as Rosneft, Gazprom Neft and Lukoil run large refining operations as well as drilling for crude.

Moscow doled out huge compensation payments after the full-scale invasion of

Ukraine early last year thanks to the surge in international energy prices and the slide in the ruble. That plumped up Rosneft's profit—which by one measure rose almost 10% in 2022—but at the cost of draining public finances and contributing to a budget deficit.

U.K. Says Fugitive Worked With Suspected Russian Spies

By MAX COLCHESTER AND BOJAN PANCEVSKI

LONDON—Jan Marsalek, a former fintech executive wanted in Germany for a 1.9-billion-euro fraud, conspired with five people arrested in the U.K. on suspicion of spying for Russia, according to British prosecutors.

The five Bulgarian nationals appeared in a London court Tuesday charged with collecting information "intended to be directly or indirectly useful to an enemy" between 2020 and 2023, according to U.K. prosecutors.

U.K. prosecutors alleged in court that Marsalek, an Austrian national who fled Germany after the Wirecard banking-technology group filed for insolvency in 2020, worked

with the five people.

Marsalek is suspected to be hiding in Russia under the Kremlin's protection, European security officials said. He isn't being charged in the U.K. for a crime.

The British Crown Prosecution Service identified the five alleged spies as Orlin Roussev, 45 years old, Bizer Dzhambazov, 41, Katrin Ivanova, 31, Ivan Stoyanov, 31, and Vanya Gaberova, 29. The suspected spies appeared on video link from jail and didn't enter pleas.

Before their arrest in February, Roussev was living in Great Yarmouth, a resort town on the east coast of England, and Dzhambazov and Ivanova were living in Harrow, a suburb in northwest London. They were caught with forged passports and documents from the



Jan Marsalek, in 2019, left, and 2017, fled Germany in 2020.

U.K., Bulgaria, France, Italy, Spain, Croatia, Slovenia, Greece and the Czech Republic. Roussev is suspected of

managing a spy ring that operated around Europe from what is now an abandoned guest-house, prosecutors say. Rous-

sev's LinkedIn page says he was the owner for the past decade of a company called Next-Gen, which is described as working in artificial intelligence and signals intelligence. His LinkedIn page also says he was an adviser to Bulgaria's Energy Ministry from 2008 to 2009.

The five suspects will appear in court again in October.

U.K. officials alleged the spy network and Marsalek worked to help the Russian state conduct "hostile action" against specific targets, including potential abductions.

Marsalek is believed to have obtained special equipment from Roussev, among them a mobile phone that was able to provide him with information about callers including their location, a Western official said.

This was earlier reported by the Dossier Center, a London-based outlet linked to the former Russian oligarch and Putin critic Mikhail Khodorkovsky.

Marsalek, who held several passports, was fired as chief operating officer and second-in-command at Wirecard in June 2020 after the company said it couldn't locate €1.9 billion, the equivalent of \$2.01 billion, in cash on its balance sheet.

He escaped shortly before his dismissal by hiring a private jet that took him to Belarus, from where he was taken to Moscow, investigators said.

Markus Braun, Wirecard's former chief executive and Marsalek's boss, is on trial in Munich after being charged with fraud, breach of trust and accounting fraud.

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Canada Speaker Quits Over Speech Attendee

By PAUL VIEIRA

A senior member of Canada's legislature quit his job as parliamentary speaker on Tuesday after coming under pressure for honoring a man later identified by Jewish advocacy groups as a former Nazi soldier.

Speaker of the House Anthony Rota stepped down amid an outcry among fellow politicians and Canadians for inviting Yaroslav Hunka, 98 years old, to a speech by Ukraine President Volodymyr Zelensky's address last week to Canadian lawmakers.

Following the address on Friday, Rota referred to Hunka as a World War II veteran and "an Ukrainian hero, a Canadian hero."

Afterward, Jewish groups identified Hunka as a former officer of a Nazi military unit that fought against the Russians, and they condemned Hunka's presence, Rota's remarks and the ovations Hunka received.

Canadian Prime Minister Justin Trudeau referred to the incident as "extremely upsetting" and "deeply embarrassing" to Canada's parliament and to all Canadians.

On Tuesday, Liberal cabinet ministers, among them Foreign Minister Melanie Joly, and Canada's Conservative Party said Rota had to step down.

Rota "had brought shame

to Canada," Conservative Party Leader Pierre Poilievre said.

Rota, 62, is a Liberal member of parliament for the region around North Bay, a city of 52,000 that's 200 miles northwest of Ottawa. He issued a formal apology to lawmakers on Monday.

The unit to which Hunka belonged, the 14th Waffen Grenadier Division, "carried out numerous atrocities against civilians in Ukraine and fought alongside regular Nazi German armed forces,"

B'nai Brith Canada said.

Rota said his decision to recognize Hunka "has caused pain to individuals and communities, including the Jewish community in Canada and around the world, in addition to survivors of Nazi atrocities...I accept full responsibility."

In his apology on Monday, Rota said Hunka was a constituent from the electoral district he represents and Hunka expressed an interest to attend Zelensky's speech.

Rota added that neither

Trudeau's office nor the delegation from Ukraine were aware of his intention to honor Hunka.

Also on Tuesday, Canadian politicians called on Trudeau to issue his own apology.

"The prime minister needs to assume his responsibilities as head of government," said Yves-François Blanchet, head of the Bloc Québécois party. "He needs to apologize to the Jewish community in Canada and around the world...and he must specifically apologize to President Zelensky because this event made him a target of Russian propaganda."

A spokeswoman for Trudeau didn't immediately respond to a request for comment.

Hunka and family members couldn't be reached. Ukraine's embassy in Ottawa didn't return a request for comment.

The incident has attracted attention worldwide. A senior Polish official wrote to Poland's president, asking that authorities look into documents to determine whether Hunka is wanted for crimes against Poles of Jewish descent.

"The features of such crimes constitute grounds for filing a complaint against Canada for his extradition," Przemyslaw Czarnek, Poland's education minister, said in a letter released on X, the social-media platform formerly known as Twitter.



Anthony Rota stepped down a day after apologizing for inviting an alleged Nazi to Volodymyr Zelensky's address.

WORLD NEWS

Exodus To Armenia Intensifies

Thousands of ethnic Armenians rushed to flee Azerbaijan's Nagorno-Karabakh region into neighboring Armenia, the separatist territory's authorities said on Tuesday.

Some 19,000 people—about 16% of the region's population—have fled across the border since Azerbaijan defeated separatists who have governed the breakaway region for about 30 years in a swift military operation last week, Armenian Deputy Prime Minister Tigran Khachatryan said.

Residents of Nagorno-Karabakh scrambled to flee as soon as Azerbaijan lifted a 10-month blockade on the region's only road to Armenia.

At right, a refugee held a child after their arrival in the border village of Kornidzor, Armenia, on Tuesday.

—Associated Press



IRAKLI GEDENIDZE/REUTERS

Companies In U.S. Get Pessimistic On China

By YUKA HAYASHI

WASHINGTON—China has become a much tougher place to make money for American companies, a new survey found.

Escalating bilateral tensions are affecting various aspects of U.S. companies' operations in China, including losses in sales, declines in profits and canceled or delayed investments, according to a survey of the U.S.-China Business Council's member companies.

The portion of companies expressing a pessimistic outlook on their China operations in five years hit a high of 28% in the latest annual survey by the business group, up from 21% last year. Those holding optimistic views fell to a record low of 49%.

Signaling further declines in American business presence in the coming years, more than one-third of respondents said they have reduced or paused planned investment in China over the past year, a record and well above the 22% in last year's survey. Such decisions were attributed to increased costs and uncertainties of doing business in China, as well as more restrictions on selling products in the Chinese market.

The annual survey, conducted in June and July, was based on questionnaires sent to the business group's 117 member companies, 39% of which reported at least \$1 billion in revenue generated in China.

"Most companies remain profitable in China and recognize the Chinese market's importance to their global competitiveness," the group said. "The pace with which U.S. business sentiment and future investments rebound will depend on the decisions of policy makers in China and the United States."

Seoul Holds First Military Parade in a Decade

By DASL YOON

SEOUL—Military parades featuring new ballistic missiles, tanks and soldiers marching in formation are a common site on the Korean Peninsula, but in recent years they have been limited to North Korea.

On Tuesday, for the first time in a decade, South Korea held its own military parade, as tensions rise in the region and the government in Seoul takes a more confrontational approach to its relations with Pyongyang.

On a rainy afternoon, South Korea's homegrown ballistic missiles, autonomous underwater vehicles and reconnaissance drones rolled through the streets of downtown Seoul. The parade also included weapons that have become some of the country's top arms exports during the Ukraine war, such as K9 self-propelled howitzers, K2 tanks and Chunmoo multiple-

rocket launchers.

The weather prevented a scheduled flyover of American F-35 and South Korean KF-21 jet fighters, but crowds lined the streets. For the first time, more than 300 combat troops from U.S. Forces Korea marched alongside the South Korean military.

"Our military will immediately retaliate against any North Korean provocation," President Yoon Suk Yeol said in a speech at Seoul Air Base, where he warned leader Kim Jong Un against using nuclear weapons and lauded South Korea's military as one of the mightiest in the world.

South Korea's latest military parade had taken place in 2013. Since 1998, the country had celebrated Armed Forces Day with a military parade every five years, but under former President Moon Jae-in, displays of military force were scaled down



South Korean military forces marched in Tuesday's parade.

in an effort to revive peace talks with North Korea.

strengthened alliance with the U.S.," said Lee Yong-joon, a former South Korean nuclear envoy. "What's abnormal is that we skipped it five years ago, not that it's taking place now."

Military parades are common in North Korea, where soldiers and civilians train for months to march down Kim Il Sung Square on major national

holidays. The parades attract international attention because Pyongyang often uses them as an opportunity to show off its newest weapons systems.

This month, Kim traveled to Russia to meet with President Vladimir Putin. U.S. officials warned the meeting could advance an arms sale between the two countries.

Yoon, during a speech at the United Nations General Assembly last week, said such military cooperation would be considered a direct provocation against South Korea. North Korea later characterized Yoon's remarks as a "hysterical fit," according to a state media report.

Watch a Video



Scan this code to watch a video of the South Korean military parade.

WORLD WATCH



ROSE-COLORED GRASSES: A tourist in a town north of Hangzhou, in eastern China's Zhejiang province, on Tuesday was enveloped in a field of pink muhly grass in full bloom.

IRAQ

Fire at Wedding Kills at Least 100

A fire that raced through a hall hosting a Christian wedding in northern Iraq killed at least 100 people and injured 150 others, authorities said Wednesday, warning the death toll could rise higher.

The fire happened in Iraq's Nineveh province in its Hamdaniya area, authorities said. That is a predominantly Christian area just outside of the city of Mosul, some 205 miles northwest of the capital, Baghdad.

Television footage showed flames rushing over the wedding hall as the fire took hold.

There was no immediate official word on the cause of the blaze.

Initial reports by the Kurdish television news channel Rudaw suggested fireworks at the venue may have sparked the fire.

Civil defense officials quoted by the Iraqi News Agency described the wedding hall's exterior as being decorated with highly flammable cladding that were illegal in the country.

—Associated Press

ISRAEL

Airstrikes Hit Targets in Gaza

Israeli airstrikes hit several targets in the Gaza Strip on Tuesday, the country's military said, after Palestinian protesters flocked for the 12th straight day to the enclave's frontier with Israel—demonstrations that have devolved into violent clashes with Israeli security forces.

There were no reports of casualties from the airstrikes.

The Israeli army said it used a drone, helicopter and tank to strike multiple posts in northern and southern Gaza belonging to the strip's militant Hamas rulers in response to what it described as "violent riots" at the separation fence between Gaza and Israel.

Palestinian health officials reported that Israeli forces shot and wounded 11 protesters during Tuesday's rally.

Hamas has said young Palestinians have organized the protests in response to surging violence in the West Bank and alleged provocations in Jerusalem.

—Associated Press

RUSSIA

Court Upholds Navalny's Sentence

A court in Moscow upheld a 19-year prison sentence for imprisoned Russian opposition leader Alexei Navalny, who was convicted of extremism charges in August. Navalny was found guilty on charges related to the activities of his anticorruption foundation and statements by his top associates. It was his fifth criminal conviction and his third and longest prison term—all of which his supporters see as a Kremlin strategy to silence its most ardent opponent.

Navalny's 19-year sentence will be backdated to Jan. 17, 2021, the day he was arrested. He was serving a nine-year term on a variety of charges he says were politically motivated before Tuesday's ruling.

One of Navalny's associates, Daniel Khodny, who stood trial alongside him, also had his eight-year sentence upheld Tuesday, Russian state news agency Tass reported.

Navalny's team said after the ruling Tuesday that the sentence was "disgraceful."

—Associated Press



TIME TO UNWIND GUSTAVE LÉONARD DE JONGHE

Tranquil subject. Vibrant palette. Flemish masterpiece.



This picturesque original oil on canvas entitled *Afternoon Repose* was painted by Flemish artist Gustave Léonard de Jonghe. The immersive scale invites the viewer into an intimate interior with a drowsy mother and child, placing the artist's mastery of realism on full display. De Jonghe's artworks are highly prized by collectors and are found in museum collections worldwide. 19th century. Signed "Gustave De Jonghe" (lower right). Canvas: 35" h x 30½" w. Frame: 48½" h x 41½" w. #31-7331

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Royal Caribbean will open an expansion of Perfect Day at CocoCay in the Bahamas, at left, next year. Below, Half Moon Cay in the Bahamas.

Cruise Lines Are Buying Private Islands. Their Goal? The ‘Ultimate Beach Day’

Norwegian, Carnival, Disney and others snap up secluded spots in the Bahamas and Caribbean

By JACOB PASSY

Little San Salvador Island, Bahamas

Stepping off the tender boat at Half Moon Cay feels like entering a straight-from-the-movies desert isle.

The beaches are carpeted in the softest white sand imaginable. The water is an almost unnatural shade of blue. Mangroves and forest cover most of the island, sheltering native wildlife.

The best part? Cruise-ship visitors have the entire island to themselves.

Cruise companies are doubling down on private destinations like Little San Salvador, operated as Half Moon Cay by Carnival and Holland America, for their customers. Industry analysts say major cruise lines have spent tens of millions of dollars to snap up and beach-ify island properties in the Caribbean and beyond. Travel

agents and industry analysts say private islands entice customers to book sailings, especially at a time when ships are competing for space and amenities at busy ports of call like Nassau in the Bahamas or Cozumel, Mexico.

“Having these company-owned destinations gives us a little more control,” says Chris Chiamas, chief communications officer for Carnival Cruise Line.

Coming attractions

Norwegian Cruise Line arguably pioneered the private-island idea when it purchased a Bahamian isle in the late 1970s, which it developed into Great Stirrup Cay. Since then, other cruise companies have bought or leased land across the Bahamas and Caribbean.

Carnival Cruise Line currently calls on several destinations owned by its sister lines, including Holland America Line’s Half Moon Cay and Princess Cruises-owned Princess Cays. Carnival will soon have



its own private destination, dubbed Celebration Key, a section of Grand Bahama. Celebration Key is expected to open to visitors in July 2025.

Disney Cruise Line will begin visiting a new private destination, Lookout Cay at Lighthouse Point, in June 2024. Disney describes the stopping point, on the Bahamian island of Eleuthera, as a tropical retreat with amenities for children and adults. Disney already operates Castaway Cay, a private island also located in the Bahamas.

The success of Royal Caribbean’s \$250 million Perfect Day at CocoCay in the Bahamas caught competitors’ attention. Perfect Day, which opened in 2019 and boasts a water park, a zip-line course and an enormous freshwater pool, has generated a strong return on investment since then, says UBS analyst Robin Farley.

Royal Caribbean will open an expansion on CocoCay next year. Called Hideaway Beach, the new section was the result of guest re-

search that indicated the island was missing adults-only experiences, says Jay Schneider, Royal’s chief product innovation officer.

The company is also developing the Royal Beach Club Collection, smaller locations at ports of call aimed at providing what Schneider describes as the “ultimate beach day.”

The first is being developed on the western end of Paradise Island in Nassau, featuring 17 acres of pools, restaurants and manicured beaches. It is expected to open in 2025.

Far from the crowds

The cruise industry’s growth has meant that the destinations ships visit easily can become overrun with tourists—especially when several vessels are in port.

Maru Hyndman of luxury travel agency Travel Edge has experienced this firsthand when visiting the island of St. Thomas on a cruise.

“If you didn’t have an experi-

ence confirmed, you were going to have to spend a lot of time just waiting to get a taxi to go to a beach, and that beach was going to be really crowded, too,” she says.

That feeds into the allure of private islands and other cruise-exclusive destinations. Because the cruise lines control how many people are on an island at a given time, they can ensure travelers get what they expect. And it lets cruises offer an experience on par with an all-inclusive resort at, potentially, a fraction of the price, says Rebecca Thompson, vice president of sales for Travel Edge.

So popular are these getaways that cruise lines can charge more for itineraries featuring private beaches, says Truist Securities analyst C. Patrick Scholes.

The retreats reflect their brands. Royal Caribbean’s Perfect Day at CocoCay features a water park with 13 slides and a wave pool, in line with the company’s activity-packed ships.

On the more outdoorsy side, MSC Cruises’ Bahamian private island, Ocean Cay, features thousands of indigenous plants and an extensive marine reserve—and no swimming pools.

“We wanted to do something much truer to nature,” says Rubén Rodríguez, president of MSC Cruises USA. (The cruise line also operates private destinations off the coasts of Mozambique and the United Arab Emirates.)

Deena Haiber, a teacher and travel blogger from Wesley Chapel, Fla., tries to go on several cruises annually and has visited numerous cruise-owned islands.

Her favorite: Ocean Cay, for the island’s simplicity and natural beauty.

She also enjoys that MSC, unlike other cruise lines, offers itineraries that include overnight stays at its private island.

“You wake up and it’s just like magic,” she says. “You look outside of your balcony and you just see the whole island stretch before you.”

Know the ropes

Depending on the destination, the private-island experience might not be so different from being on the ship. You might have to pay more for a better time; sitting on the beach might cost nothing, but snorkeling at a coral reef or reserving a cabana usually costs extra.

On some islands, the ship’s food and beverage packages extend on shore, but that is not the case on others.

For the cruise lines themselves, private islands and beaches can be expensive to maintain and operate.

MSC spent more than \$200 million to develop Ocean Cay, previously an industrial site.

The island houses 160 people full time, with the cruise line providing their room and board, Rodríguez says. The remoteness of some destinations, specks in the Caribbean, adds to the complexity and costs.

“The reason for these islands mainly is that the guests love them, and we need to sell cruises that the guests love so they come back,” he says.

Where Cruise Lines Build Private Slices of Paradise

- Island ◇ Beach
- Carnival Corp.
- Norwegian Cruise Line
- Royal Caribbean Intl.
- MSC Cruises
- Disney Cruise Line



Note: List of islands and beaches is not exhaustive. Royal Beach Club, Lookout Cay and Celebration Key are in development.
Source: Corporate information and websites
Roque Ruiz/THE WALL STREET JOURNAL

How Much Cash Do You Need to Stash At Home?

By ANNE TERGESEN AND JEREMY OLSHAN

So, just how much cash should people keep at home in case of an emergency?

When the question was put to more than a dozen advisers and disaster-preparation experts, the answers ranged from \$200 to more than two weeks’ worth of expenses. Though it is personal-finance gospel to save an emergency fund of three to six months of expenses, advisers say money should be collecting interest, not dust at the back of your sock drawer.

There was some consensus: Few, if any, Americans need to stash anything near the \$480,000 in cash investigators found in the home of Sen. Bob Menendez (D, N.J.), which he said was for emergencies.

Those who live in areas prone to hurricanes, wildfires, snowstorms and power outages might need to hold on to more cash than others, said Paul Auslander, a financial adviser based in Clearwater, Fla.

“Here in Florida, you tend to keep enough cash on hand to get through two to four weeks of no ATMs and electrical power failure sufficient to keep your credit card from working at a grocery store,” Auslander said.

How much cash will you need

To prepare for a natural disaster or other emergency, the Department of Homeland Security tells Americans to stash water, food, flashlights and batteries at home. Cash is optional.

William Bernstein of Efficient Frontier Advisors, who wrote books on investing, disagrees.

“After a disaster damages your house or appliances, the repair person is likely to give priority to customers who can pay in cash,” he said.

John Ramey, founder of The Prepared site, which offers courses on emergency preparation, recommends people keep enough money on hand to survive for at least two



People in disaster-prone areas might need more cash if ATMs are down.

weeks without cards and access to bank accounts, and to build up a stockpile from there.

“That means two weeks of hotel and food, or two weeks of rent,” he said.

People shouldn’t hoard cash at the expense of paying down debt and getting their finances in order, Ramey added.

How to protect your cash

Though a few hundred dollars might be kept in a wallet or desk drawer, those storing thousands of dollars in cash should protect their money from theft, fire and flooding.

This typically means putting the money in plastic bags in a safe rated for fire resistance.

Ramey suggests applying a port-

folio approach to securing one’s cash.

“I wouldn’t want all my cash in one safe,” he said. “Have a safe, sure, but also something hidden in plain sight—a Barbasol can with a fake bottom or a decoy wallet.”

Keeping too much cash at home could raise the interest of thieves and authorities, said Joshua Escalante Troesh, a financial adviser in Rancho Cucamonga, Calif.

“As the senator is finding out, when you have that large amount of money, there is a huge question about why you have that amount of money,” he said.

Aside from the risk of theft, stashing cash in a variety of places around the home can create the need for a treasure map of sorts, and some way to communicate the locations to friends or relatives.

“If you have cash lying around in different locations of your home, how do you keep track of all those amounts?” said Avani Ramnani, financial planner in New York City.

And depending on the nature of the disaster, cash might diminish in importance, said Ramey.

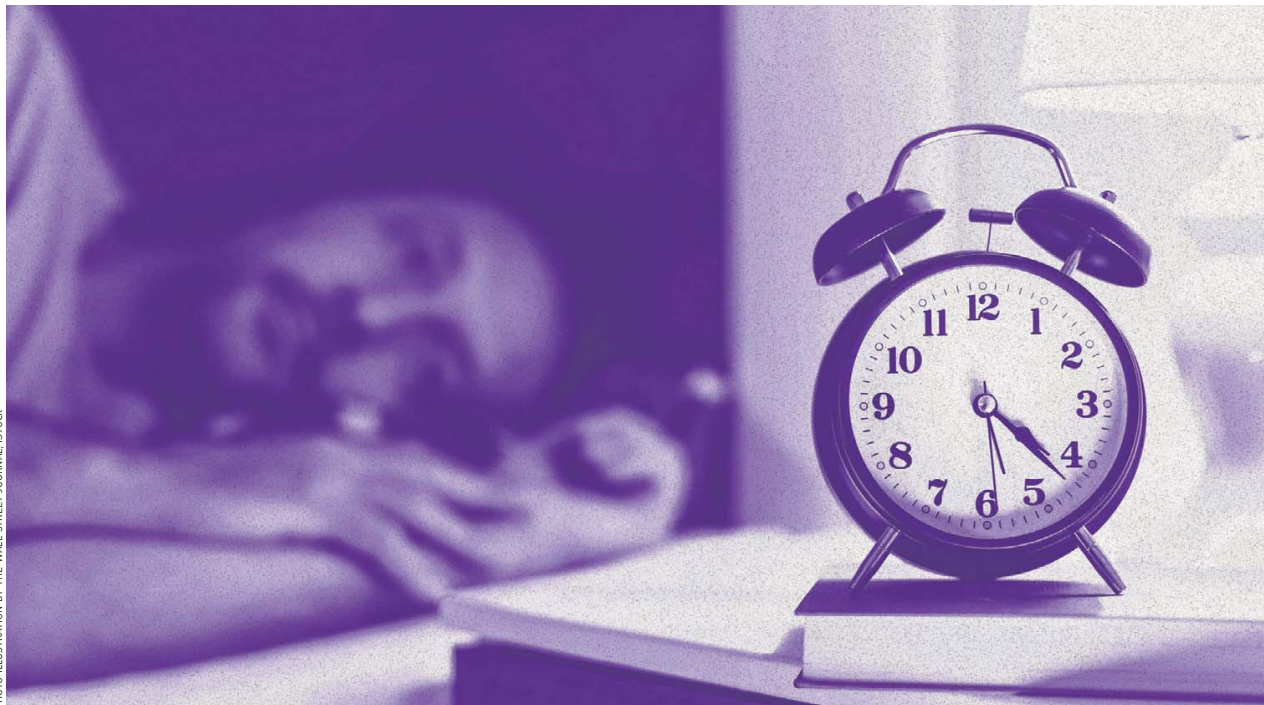
“In ‘The Walking Dead’ scenario, you are going to be trafficking beans, not gold bullion,” he said.

—Veronica Dagher contributed to this article.

PERSONAL JOURNAL.

Another Midlife Crisis to Worry About: Sleep

Aging messes with rest sooner than we might expect, but better bedtime rituals, exercise and stress relief can help



About 55% of Americans ages 40 to 49 and about 58% of those ages 50 to 64 have 'low general sleep health,' according to a survey.

BY ANDREA PETERSEN

A good night's sleep gets harder as we age, but that doesn't mean we're doomed to being sleep-deprived zombies after 40.

Typically starting in midlife, we wake up more often, have trouble falling back to sleep, and rise for the day too early. About 55% of Americans ages 40 to 49 and about 58% of those ages 50 to 64 have "low general sleep health," which includes not sleeping the recommended seven to nine hours a night, not feeling well-rested and having trouble falling or staying asleep, according to 2023 survey data from the National Sleep Foundation, a nonprofit group.

There are many reasons why many sleep troubles hit in middle age, including stress, medical conditions and normal biological changes. Here's what happens to sleep as we age—and how we can improve our shut-eye.

'Sleep architecture' changes

Starting in our 20s, the amount of deep sleep we get during the

night starts to decline, says Philip Gehrman, professor of psychology at the University of Pennsylvania's Perelman School of Medicine. By our 40s and 50s, we can really start to notice it, he says.

This deep sleep, which is especially restorative rest, is particularly important for repairing muscle and bone and strengthening our immune systems, says Dr. Joanna Fong-Isariyawongse, associate professor in the department of neurology at the University of Pittsburgh School of Medicine, who treats sleep disorders.

What may be driving the reduction in deep sleep, at least in part, is that the number of neurons in the brain that promote sleep and wakefulness declines as we age, Fong-Isariyawongse says.

What to do: We can't reverse these natural age-related sleep changes, but we can double down on good sleep practices, says Fong-Isariyawongse. Maintain a regular sleep-wake schedule, be physically active during the day, avoid caffeine at least eight hours before bedtime and keep the bedroom cool, dark and quiet, she says.

Have a relaxing wind-down rou-

tine—and avoid screens—before bed. If you wake in the middle of the night, don't look at the clock or your phone. If you have trouble going back to sleep, get out of bed and do something soothing like listening to music or reading until you're sleepy again.

Sleep disorders become more common

Sleep apnea, a disorder where people repeatedly stop breathing during sleep, becomes more common in your 40s and 50s, particularly in men, says Dr. Douglas Kirsch, medical director of sleep medicine for Atrium Health in Charlotte, N.C. The rates among women tend to rise after menopause, he notes.

Part of the reason sleep apnea rates increase is that we tend to gain weight in middle age and extra flesh in the neck can compress the airway.

In addition, age-related sagging doesn't just affect our faces and arms. "All of our tissues get a little floppier," Kirsch says. That includes the tissue in our throats—which makes our airway more prone to collapsing, causing sleep apnea.

Midlife is also a prime time for insomnia, when people have trouble falling asleep or staying asleep. Insomnia is often fueled by stress. While stress can affect us at any age, midlife can be particularly difficult with many people juggling kids, aging parents and peak work responsibilities, says Dr. Greg Mahr, staff psychiatrist at Henry Ford Health in Detroit.

What to do: Sleep apnea can be treated with oral appliances and CPAP machines that use air pressure to keep the airway open. Milder cases of sleep apnea can sometimes be resolved with weight loss or changing sleeping positions, says Dr. Fariha Abbasi-Feinberg, medical director of sleep medicine at Millennium Physician Group in Fort Myers, Fla.

For insomnia, exercise can help with stress relief, notes Kirsch. Expressing some of your worries by writing in a journal, praying or talking to a friend can also help promote sleep, says Abbasi-Feinberg.

Perimenopause and menopause issues

Perimenopause, the years of hormonal fluctuations before the cessation of a woman's periods, can start as young as the late 30s, says Dr. Stephanie S. Faubion, director of the Mayo Clinic's Center for Women's Health and medical director of the Menopause Society.

The symptoms of perimenopause and menopause include hot flashes and night sweats, which can disrupt sleep.

Hormonal fluctuations can also cause insomnia and fuel anxiety and depressed mood, which can derail a good night's rest, too.

Loss of estrogen and progesterone is also thought to contribute to women's increased risk of sleep apnea after menopause, since these reproductive hormones contribute to muscle tone, says Abbasi-Feinberg.

What to do: For hot flashes and sleep problems, hormone therapy, either estrogen alone or combined with a progestogen, can provide relief, says Faubion.

Antidepressant medications are also used for hot flashes, anxiety and mood problems. Treating those issues can improve sleep.

Other ills, medications can interfere

Midlife health issues such as back pain and arthritis can hurt your sleep too, says Gehrman.

As men move into their 40s and 50s, their prostates tend to enlarge, which can cause more middle-of-the-night trips to the bathroom, says Mahr.

As we get older, we tend to take more medications for health issues. Many common drugs, including treatments for blood pressure and

pain, can interfere with sleep, says Fong-Isariyawongse.

What to do: Address underlying health conditions and treat pain with approaches like heat, massage and physical therapy, says Mahr.

He also suggests trying to drink all your fluids at least two hours before bedtime and avoiding alcohol.

Have your doctor review your medications to see if any might be contributing to sleep problems, says Abbasi-Feinberg.

You may be able to change the timing or type of medications to make them less likely to disrupt your sleep.

Stress, illness and biological changes cause sleep trouble.

WHAT'S YOUR WORKOUT | JEN MURPHY

How a Meta Executive Strong-Arms Workouts Into Her Schedule

BY JEN MURPHY

NAOMI GLEIT wants to still be surfing when she's 70.

Gleit never imagined she'd identify as a surfer. "My mom is afraid of the ocean and isn't a great swimmer," says Gleit, whose mother is from Taiwan. "She put me in swim lessons early on to make sure that I didn't have this fear." But growing up in Brooklyn, she says, the ocean always seemed inaccessible. The head of product for Meta, and the longest tenured employee at Meta after CEO Mark Zuckerberg, Gleit discovered her passion for wave riding during the pandemic, and now it fuels her fitness obsession.

She caught her first waves in Santa Cruz, Calif., in 2020. "Surfing taught me it's important to show ourselves we can do hard things," she says.

After a bout of long Covid, she was looking to regain her strength. She relocated to New York in October 2021 and joined SoHo Strength Lab. Gleit, who always paid attention to her fitness, hired a personal trainer with the goal of being able to do a pull-up, an exercise that helps with paddle strength while surfing.

"I read an article that said most women couldn't do a pull-up and I needed a new challenge," she says.

It took her three months to do one pull-up, another month after that to do two. She now has a pull-up bar in her apartment and effortlessly pumps out five reps of an exercise that once seemed impossible.

At 40, she says she's in the best shape of her life. She posts her gym successes on social media. Not only is she stronger, but she says her posture has improved and she gets injured less often.

"The gym used to be intimidating but I walk in with confidence now," she says.

Gleit returns to Meta's California office once every six weeks for meetings. She usually tucks on a surf trip in Santa Cruz. Her goal this year is to master walking up and down her longboard.

She has a "babe cave" of gym equipment at her Palo Alto apartment and will Zoom with her trainer while away. She'll go as far as rearranging a flight to make her workout.

The Workout

"Working out is a must," Gleit says. Keeping West Coast hours in New York City allows her to hit the gym in the morning. She trains with Albert Matheny, owner of SoHo Strength Lab, three days a week. An hour-long session might include kettlebell deadlifts, hollow body rocks, Bulgarian split squats with kettlebells, pull-ups and push-ups.

She does cardio on a SkiErg or the Assault Air Bike, a stationary bike that works the arms as well as the legs. Ring exercises, like skin the cat—where you rotate your body 360 degrees while your arms remain straight—build shoulder mobility and stability, which is important for surfing.

Three days a week she attends Katonah Yoga, a gentle style rooted in the Hatha yoga style. "I spend all day at a computer so yoga helps with my alignment and posture," Gleit says.



Naomi Gleit catches a wave in Mexico. At 40, she says she's in the best shape of her life.



Go-to snacks: Protein shakes, canned seafood, yogurt, muesli.

Dinner: "I have to keep West Coast hours so I'm often working until 8 p.m.," she says. "A long day is a good excuse to try new restaurants in New York City."

The Gear

Apparel: Vuori Sneakers: Nike and Adidas

Trackers: Being a tech nerd, Gleit goes through gadget phases. For a time, she wore a Levels continuous glucose monitor for insight into what made her blood sugar spike. She wore a Whoop fitness tracker for a year and used a Polar heart-rate monitor for a bit. Now, she relies on her Apple watch and Oura ring for data.

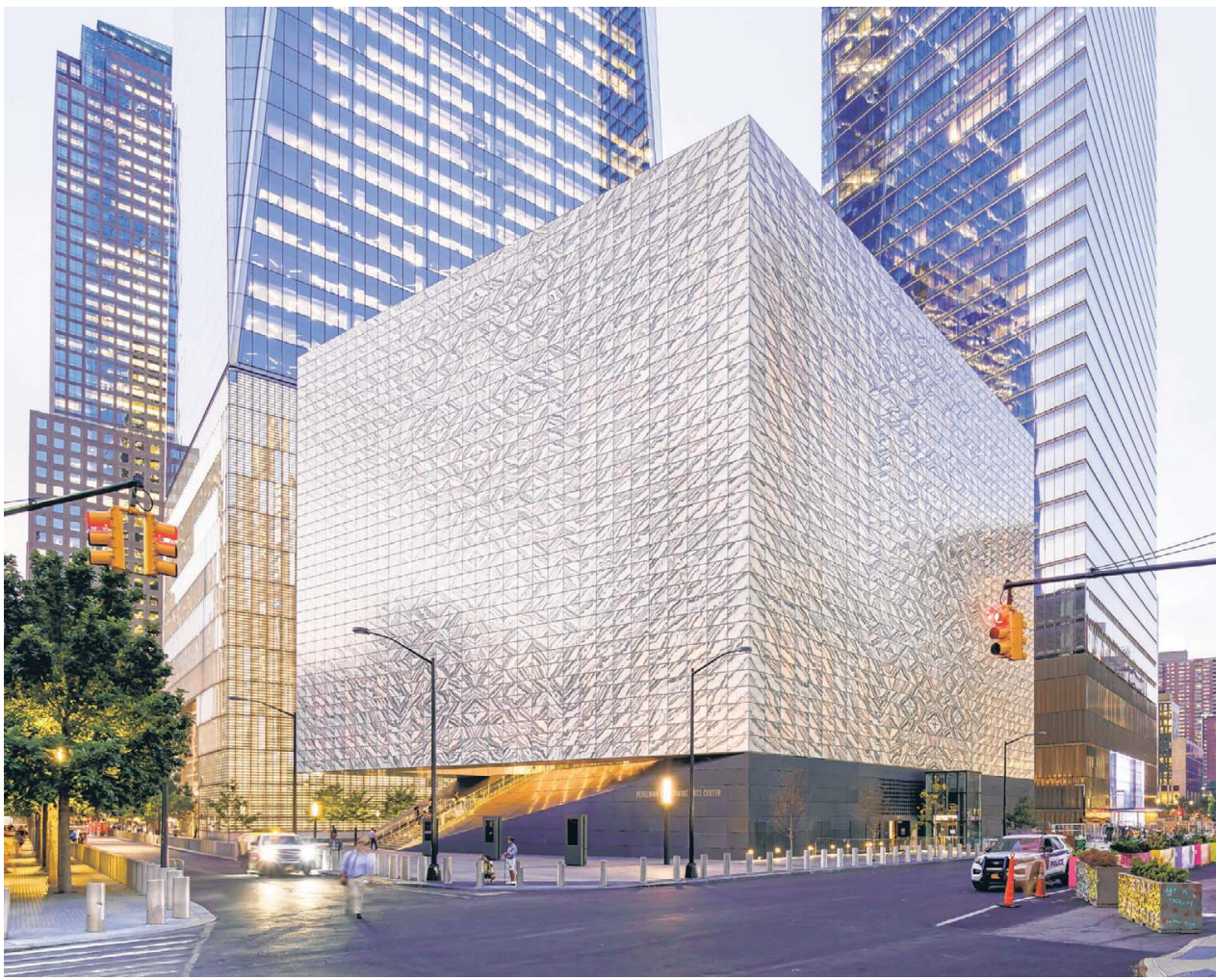
The Playlist

House and hip-hop music set the tone at SoHo Strength Lab. When she's working out solo she listens to podcasts including the "Techmeme Ride Home," a daily update on the latest tech and gadget news; "Sharp Tech With Ben Thompson"; "Today, Explained," a daily news explainer; and "The Retrievals," a series about the Yale fertility-clinic case.

She used to suffer lower back pain but says she rarely experiences pain now that she's exercising regularly.

She also occasionally runs or does Pilates. When traveling, she recreates strength circuits from her training sessions. "I'm not pushing myself as hard without Albert," she admits. She also has go-to yoga videos for the road and tries to Zoom with her trainer if time zones allow.

ARTS IN REVIEW



spired in part by Yale's Beinecke Library, which he knew as an undergraduate. It gave him the idea of a cubic volume clad in panels of translucent marble. He found his in Portugal, an attractively veined stone that he sliced into sheets only 3/16th of an inch thick, and laminated on both sides with glass. The result is not so much a windowless building as one that is all window. The panels filter the sun by day, washing the interior in a soft, even light. And when the panels are backlit at night, the building glows like a block of luminous honey.

Behind this marble shell, Mr. Ramus ran a continuous eight-foot passage, girding the three performance spaces at the Perelman's core—respectively seating 450, 250 and 99—roughly arranged in L-form around the scene elevator that is the legacy of the original design (Gehry's revenge?). But since the intention is to offer short runs of experimental productions, these

The building stands just north of the 9/11 Memorial, a context that demands respect.

halls are negotiable, and with their movable partitions they can be arranged into almost any conceivable permutation, even thrown together to make one grand space.

Because it was ordained that no sign of commercial activity, no box office or advertising, should be visible from the 9/11 Memorial, the entrance is kept low-key. You glide upward into the building from below, ascending into the lobby and restaurant that are open to the public. This is the work of David Rockwell, the architect and Tony Award-winning set designer, and it is appropriately theatrical. Recognizing that you would be looking up as you arrive, and that the curtain would open, so to speak, on the

ceiling above, he made it a richly expressive interlocking of wavy sculptural ribbons that subliminally directs you forward into the restaurant and to the outdoor terrace to the north.

I did not expect to like the building. I anticipated a fashionable but conventional minimalism, not a display of thoughtful humanism, a principled concern for the human experience of the building, visual and aural. Knowing that the unconscious mind finds patterns, pleasurable or alarming, in random shapes, Mr. Ramus worked obsessively to achieve the happiest distribution of the veined marble panels. Equally remarkable was his concern for acoustics. He collaborated with Carl Giegold of Threshold Acoustics, who

speculated that the human ear is most responsive to the quality of sound in a clearing surrounded by trees—an evolutionary legacy—and paneled the performance spaces accordingly.

Constraints are the shackles that all architects must wear, but here Mr. Ramus and his team have made them sparkle like jewelry.

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

IVAN BAIAN (2)

ARCHITECTURE REVIEW

More Than Meets the Eye

The Perelman Performing Arts Center gracefully navigates the many constraints of its site

By MICHAEL J. LEWIS

Of all creative artists, who is more constrained than the architect? Painters and poets face the blank surface, but the architect begins with constraints: the vexing site, the stingy budget, and that disagreeable necessity, the client. But the mystery of constraints is that when imaginatively overcome they can elevate a perfunctory design into the sublime.

New York's Perelman Performing Arts Center, which stands alongside the Freedom Tower and opened earlier this month, hardly looks constrained. Costing approximately \$500 million and containing 129,000 square feet, it is a laconic marble cube, perched atop a podium of black granite in that state of serene repose that is the aspiration of all classical architecture.

Buildings are normally designed from the ground up, but not this one. In effect, it is one building suspended in the air above another. What appears to be its marble base is actually Port Authority infrastructure, a 21-foot-high platform containing loading docks and ventilation shafts. The Performing Arts Center had to probe into its underground workings to find a foothold for its columns. It found space for only seven, and even these had to be canted, limbs akimbo like someone in a game of Twister.

None of this is apparent above. Joshua Ramus of the firm REX, who won the commission in 2015, told me that his design rested on three essentials: maximum flexibility for the interior, maximum simplicity on the exterior, and a cladding of veined marble that would "soften its Platonic form." That Platonic clarity will surprise those who first came to know Mr. Ramus through his riotously angular Seattle Central Library, designed while he headed OMA New York. But the site here required something different—yet another constraint—for it is a place of tragic significance.

The Performing Arts Center stands immediately to the north of the 9/11 Memorial, a context that demands a respectful, sober gesture. The proposal of Frank Gehry, the architect first chosen, ostentatiously failed to provide that, and was dismissed in 2014. To be fair, he may have assumed that a building dedicated to the lively arts needed to look lively. Mr. Ramus did not make that mistake; he was to give his performing spaces the highest measure of flexibility but concealed within a windowless cube. The trick was to make



Exterior of Manhattan's Perelman Performing Arts Center, top; view of the David Rockwell-designed restaurant within the building, above

it not look like a bunker.

More constraints. Logistical: The substructure for Mr. Gehry's design had already been built by Port Authority, forcing the location of the scene elevator on his successor. Legal: New York building code requires an unobstructed eight-foot passage to fire stairs in public buildings of this sort, a vexing re-

quirement for a building with movable partitions. Acoustic: Beneath the building run the tracks of the PATH trains (departing for Newark every five minutes), generating those low-frequency vibrations that are maddeningly difficult to screen out, and which are fatal to a musical performance.

Mr. Ramus's solution was in-

TELEVISION REVIEW | JOHN ANDERSON

'Heist 88': A Bank Robbery Phoned In

COURTNEY B. VANCE doesn't exactly steal hearts in "Heist 88," but he does steal the movie, while picking your emotional pocket: His character, Jeremy Horne, is an utter scoundrel. But you have to admire a man with such a sincere commitment to fraud, deception and skulduggery.

Based very loosely on the 1988 theft of \$70 million from the First National Bank of Chicago, "Heist 88" takes place in a pre-computerized era in which massive transfers of cash are executed with simple codes phoned to one bank employee and further confirmed by another. (It may have been slightly more involved, but such is the presentation here.) Interrupting that process—or redirecting it—is what our likable malefactor has in mind.

As directed by Menhaj Huda ("The Flash" TV series), "Heist 88" is tidy, economical, forward-moving and not out to expand anyone's visual vocabulary. It also makes Jeremy a model of precision. With his impeccable tailoring, millinery and

regard for personal order—he arranges his watches and cuff links, for instance, in a manner befitting the window dresser at Tiffany's—he is not the kind of person who makes mistakes, or to whom opportunity presents itself by accident.

With that in mind—we can only see it in retrospect—his reunion with his nephew, Marshall (Bentley Green), seems an unlikely coincidence. Jeremy is in Chicago to attend a memorial service for his brother—the brother who warned his son to stay far away from Uncle Jeremy. When Jeremy hears this from Marshall, he walks away, but his nephew chases him down to ask a favor: He is in debt to loan sharks, trying to get his house music label off the ground. (This is the '80s, after all, and the birthplace of house.) "You deal with banks and finance, right?" Marshall asks. Well, yes, he certainly robs them. And when Marshall mentions his three friends who work for First National, Jeremy is visibly—but not too visibly—intrigued.



Was an inside job his plan all along? That question is certainly the most subtle aspect of Dwayne Johnson-Cochran's screenplay, which has its share of ungraceful dialogue and shoehorns a racial motivation into Jeremy's profile, a

stick-it-to-the-man angle that seems uncharacteristic of someone as out for himself as Jeremy. He's on a mission? No. The reason he's charismatic, besides Mr. Vance's natural charms, is his single-minded crusade on behalf of Jeremy.

Courtney B. Vance in 'Heist 88'

But as is right and proper with crime procedurals or caper films, nothing is what it initially seems. Jeremy collects confederates: Marshall's friends, Danny, LaDonna and Rick (Xavier Clyde, Precious Way and Nican Robinson, all good), happen to work in the wire-transfer department of their bank, all make minimum wage and are poised for new opportunities. Such as larceny. A couple of colleagues out of Jeremy's past—Bree (Keesha Sharp) and Buddha Ray (the great Keith David)—are bearing ill will toward him for some earlier job that blew up in their faces, maybe the one for which Jeremy is about to serve time: He gets repeated calls asking when he's going to surrender to authorities on an entirely different crime and conviction. But his pals will come around. As we see, Jeremy's principal talent, aside from his strategic gifts and criminal instincts, is an ability to talk people into doing what he wants. He probably wouldn't care very much, but he can even talk an audience into rooting for him.

Heist 88
Friday, Paramount+ with Showtime; Sunday, 9 p.m., Showtime

Mr. Anderson is the Journal's TV critic.

PARRISH LEWIS/PARAMOUNT+

OPINION

REVIEW & OUTLOOK

The Biden FCC's Plan to Brake 5G

Remember predictions that Trump Federal Communications Commission Chair Ajit Pai would break the internet by rescinding the Obama "net neutrality" rules? The internet somehow still works and is now even faster. Yet Biden regulators plan to "fix" it by re-imposing political control.

Democratic FCC Commissioner Anna Gomez was sworn in Monday, and Chair Jessica Rosenworcel is off and running with a new 3-2 majority. On Tuesday she announced plans to reinstate the Obama regulatory regime that reclassified broadband providers as common carriers under Title II of the 1934 Communications Act.

Net neutrality has long been a rallying cry on the left. Progressives claimed during the Obama years that broadband providers had to be regulated as utilities so they wouldn't slow or block websites. Yet providers weren't doing so then and haven't since the Trump FCC scrapped the Title II regime in 2018.

Instead, Americans have experienced faster broadband speeds. By the end of 2019, 94% of Americans had access to high-speed fixed and mobile broadband, up from 77% in 2015. Between 2016 and 2019, the number of rural Americans lacking high-speed internet fell nearly 50%.

Broadband investment dipped after the Obama FCC imposed Title II in 2015. But the Title II rollback and 5G rollout have produced a surge of investment. Last year the industry spent \$102 billion on capital expenditure, up from \$76 billion in 2016. Prices for internet service have risen 7% since January 2020, much less than the 18.2% increase in the consumer-price index.

Contrast this high-speed U.S. leap to Europe where broadband providers are regulated as utilities. By 2020 U.S. rural fixed broadband deployment led all areas in the European Union. The digital divide between Europe and the U.S. has been growing as investment per household is three times higher in the U.S.

Americans today can enjoy streaming their favorite shows without service interruptions that are common in Europe. The faster U.S. speeds and greater broadband access have enabled more technological innovation, including in artificial intelligence. Farmers can use automated and connected equipment to collect data and grow crops more efficiently.

So what problem is Ms. Rosenworcel trying

to fix? Title II isn't needed to prevent carriers from slowing down service or charging websites more for faster speeds since they aren't doing either. Her regulation won't address social media censorship since Big Tech wouldn't be covered.

But Title II could provide the FCC an opening to regulate rates, though Ms. Rosenworcel says she won't. The agency might also seek to prohibit providers from giving customers free access to streaming services on grounds that this favors some content providers. AT&T provides Max service at no charge to customers with unlimited plans.

Preventing companies from offering perks to consumers can't be popular. Then again, as Federal Trade Commission Chair Lina Khan showed by suing Amazon on Tuesday, progressives are happy to ignore consumer welfare. Their goal is to impose more political control over the economy, and they are dusting off ancient laws to do so.

* * *

And without the proper legal authority. Former Obama Solicitors General Donald Verrilli and Ian Heath Gershengorn argued in a paper last week that "neither the Communications Act nor the 1996 Telecommunications Act unambiguously authorizes the FCC" to reclassify broadband providers as common carriers. They say doing so would violate the Supreme Court's major questions doctrine.

This means the new rule without Congress's authorization is likely to lose in court. "The contentious litigation leading to that inevitable result would waste countless resources for the government, industry, and the public, while distracting all parties from more promising efforts," they wrote.

A D.C. Circuit Court of Appeals panel in 2016 upheld the Obama Title II rule by invoking the *Chevron* doctrine, which says courts should defer to regulators when laws are silent or ambiguous. But then circuit Judge Brett Kavanaugh wrote a dissent teeing up a High Court challenge before Mr. Pai repealed the Obama rule. Is Ms. Rosenworcel trying to compete with Ms. Khan for most legal defeats?

She wants to jam through the new rule to reduce the odds that Republicans could use the Congressional Review Act to overturn it if they retake the White House and flip the Senate in 2024. But when regulators move fast, they tend to break things, not least the law.

Biden's Transplant Rejection

Government-run healthcare systems always end up rationing treatment and denying care to manage costs. Without exception. An example is now playing out as Medicare reduces reimbursement for a blood test that has improved the standard of care of organ transplant recipients.

In March, MolDX, a program run by a contractor for the Centers for Medicare and Medicaid Services (CMS), changed the wording of a billing article, which determines Medicare coverage. The change specified that molecular blood tests, which monitor a patient's body for early signs of transplant rejection, could only be ordered in lieu of biopsies. MolDX has continued to insist that there was no actual change in coverage, only a "revision for clarity."

This is a bureaucratic evasion, as we've reported. Biopsies are an invasive procedure typically ordered when a patient presents organ rejection symptoms such as fever, which signal advancing damage. The blood tests are designed for routine monitoring to prevent that rejection. Both doctors and patients have testified about their significant benefit.

On Monday CMS tacitly acknowledged the tests came under scrutiny because of cost con-

siderations. "Over time, the (contractors) became aware of improper billing and overutilization of these tests," CMS said in a statement.

Overutilization compared to what? Are tests ordered that come back showing nothing of concern? Yes, but that's the point. Doctors prescribe the tests to get better outcomes for transplant patients by catching rejection early.

CMS says "patients with Medicare can continue to access blood tests for organ transplantation rejection when medically appropriate and ordered by their physicians." But doctors have read the March billing "revision" and understand that Medicare will no longer pay for the tests. They have ordered them less, knowing that most transplant patients can't afford to pay for them out of pocket. CareDx and Natera reported about 20% drops in overall transplant patient testing volume recently, no doubt driven by the CMS cutback.

The Biden Administration will sooner or later hear from doctors and their patients who lose their transplanted kidneys or hearts because Medicare didn't cover the tests. At a speech in Florida in February, President Biden said "I will not cut a single" Medicare benefit. What does he say to transplant patients now?

A Reminder From Donald Trump

Donald Trump suggested the other day that Gen. Mark Milley, the nation's highest military officer, deserves execution—as in death. He said NBC should be investigated for treason and that the FBI should raid the homes of Senate Democrats. Then he accused President Biden of being manipulated by "the Fascists in the White House."

If Republicans missed these remarks, they must not be following Mr. Trump's feed on Truth Social, his media site. But reading him there is the way to get a direct mind-meld with Mr. Trump's true social and political self.

Here was part of Mr. Trump's send-off for Mr. Milley, who's finishing his tenure as Chairman of the Joint Chiefs: "This guy turned out to be a Woke train wreck who, if the Fake News reporting is correct, was actually dealing with China to give them a heads up on the thinking of the President of the United States. This is an act so egregious that, in times gone by, the punishment would have been DEATH!"

We realize no one is supposed to take Mr. Trump's words seriously, but what if some crank does and decides to shoot Gen. Milley in his retirement?

How about a campaign pledge to abridge the First Amendment? Mr. Trump: "Comcast, with its one-side and vicious coverage by NBC

NEWS, and in particular MSNBC, often and correctly referred to as MSDNC (Democrat National Committee!), should be investigated for its 'Country Threatening Treason.' . . . I say up front, openly, and proudly, that when I WIN the Presidency of the United States, they and others of the LameStream Media will be thoroughly scrutinized for their knowingly dishonest and corrupt coverage."

Mr. Trump also uses Truth Social to amplify unhinged posts from others, including one recently calling the 2021 Capitol riot a "Fedsurrection," involving Antifa leftists in MAGA disguise, and "the Deep State coordinated their actions through proxies." Mr. Trump or his social-media team hit the button to "retruth" this lunacy to his millions of followers.

Some Republicans are feeling giddy these days because Mr. Biden is down in the polls, losing head-to-head even against Mr. Trump. But many voters may have forgotten what it was like to hear from, and live with, Mr. Trump day after day. As President, Mr. Biden gets more attention now, and Mr. Trump is ducking the GOP presidential debates.

But if Mr. Trump is nominated again, his every word will get attention. That's the baggage Republicans will carry—and the reason Democrats think even Mr. Biden can win.

LETTERS TO THE EDITOR

A New Tax to Fix U.S. Autos? What Chutzpah

Clifford Winston's op-ed "UAW Strike May Hasten Detroit's Decline" (op-ed, Sept. 22) is further evidence that energy-transition advocates want to change your behavior. He proffers "an efficient vehicle-miles-traveled tax," wherein the government could "reduce driving, especially during peak periods," as a more efficient means to cut emissions. This would require the government to track vehicles and tax their owners for driving at the wrong time or place and for fueling or charging your soon-to-be-mandated EV at the wrong time.

Another behavior-change goal, giving emissions primacy over freedom, is reducing the number of cars Americans own. Mr. Winston notes that "a prolonged UAW strike could fuel inflation by reducing the supply of cars and in turn cause the Federal Reserve to maintain high interest rates." A mere strike will be inflationary? Just wait until states enact their bans on the sale of conventional cars.

If Detroit declines, it will be because of unprecedented government mandates and subsidies, not a failure to innovate.

MARK P. MILLS
Senior fellow, Manhattan Institute
Chevy Chase, Md.

Mr. Winston of the Brookings Institution provides an even-handed recap of the role that Washington's assistance and costly policies played in damaging the U.S. auto industry. His plan to halt Detroit's decline is for Washington to do away with a number of inefficient policies, such as fuel-economy standards and electric-vehicle mandates, and replace them with a vehicle-miles-traveled tax on all drivers—a tax that would discourage driving.

When progressive policies wreak havoc, never underestimate the creativity and chutzpah of progressive think tanks to propose a new tax to fix the problem.

Mr. Winston encourages the UAW and auto makers to work together instead of perishing together, but both have been in decline for decades. The union's position now seems to be to get as much as it can for the remaining workers before the industry implodes and has to ask for another bailout. The Democrats in the union's corner take much the same position: They want to spend as much as they can before the economy or the country implodes.

PAT EVANS
Melbourne, Fla.

Sen. Vance Responds on Railway Safety Act

Your editorial "A Union Railroad Job in Congress" (Sept. 22) mistakenly attacks an outdated version of the Railway Safety Act. The bill has been refined carefully over time to minimize burdens on shipping networks.

The editorial's primary objection hasn't applied to the bill since its May markup. Its two-man crew provision applies only to railroads with annual revenue above \$1.032 billion. This exempts the midsize carriers that the editors suggest will be hit hardest by the rule. As the editorial concedes, "the biggest carriers already have two-man crews under their collective-bargaining agreements." Properly corrected, the Journal's argument against my bill collapses.

The editorial also asserts that "no visual check would have caught the heat failure that caused the Ohio derailment." In reality, failing bearings can leak oil or emit odors that are often detected during visual inspections. While technology is useful to detect invisible faults in sealed bearings, the claim that no visual check could have caught this failure is false.

The editorial says Norfolk-Southern will cover the cost of the cleanup. There will be countless indirect losses—small businesses closed, lost wages, welfare payments for the displaced and long-term healthcare costs for the injured—ultimately borne by taxpayers.

SEN. J.D. VANCE (R., OHIO)
Washington

Popularity of Trump and Bibi Is an Indictment

Amit Segal's observation about Donald Trump's and Benjamin Netanyahu's respective legal troubles ("Trump Isn't Alone in Gaining From Indictment," op-ed, Sept. 20) may underscore a slightly different phenomenon: how voters now view the prosecutors as the antagonists.

Americans have lately seen unrelenting deception from their national security and law-enforcement institutions, almost exclusively to the detriment of former President Trump. Spying on his campaign, lying to the Foreign Intelligence Surveillance Court, anonymous leaks, former intelligence agents knowingly pushing baseless conspiracies and prosecutors

contorting legal precedent to conjure prosecutions—the list goes on. In Israel, judicial reform has turned into a battle for the ages over whether the judiciary should ultimately be answerable to the levers of democracy or be a power unto itself, largely unaccountable either to the electorate, the Knesset or the executive.

That Messrs. Trump and Netanyahu have been able to thrive amid what used to be career-ending legal troubles may be less about them personally and more of an indictment of the institutions that have been targeting them.

ZACKARY D. BARRON
Parkland, Fla.

Cognitive Testing Should Be Our New Political Custom

Regarding your editorial "Biden, Trump and Cognitive Testing" (Sept. 19): Depending on the office sought, politicians are customarily expected to disclose stock holdings, tax returns, conflicts of interest and results of general medical examinations. Cognitive testing would be merely another common-sense disclosure.

This test would never be a requirement for an office seeker, nor would the results disqualify a candidate. But cognitive-function testing for all politicians, regardless of age, could become a custom that would contribute to an informed electorate.

MARK FISHER, M.D.
UC Irvine, Center for Neuropolitics
Irvine, Calif.

Cognitive testing isn't the problem. The problem is that we have no term limits. Politicians shouldn't be able to serve in the House or Senate for their whole careers. Do any of them really live like the people they represent? I don't think so. After all those years, they tend to lose touch.

JILL MALONEY
Chebeague Island, Maine

If Only U.N. Was Irrelevant

"The Irrelevant United Nations?" (Review & Outlook, Sept. 20). It is far worse than that. The U.N. promotes racial and political propaganda, discord and enmity. It has become a sounding board for anticapitalists, one-party governments and dictatorships. Many members blame the West for the world's troubles. And naturally, they expect the U.S. to pay the tab.

BRUCE WOODS
Seneca, S.C.

Letters intended for publication should be emailed to wsj.letters@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

Lawmakers Fight Uniformly

While decorum in Congress calls for respectful dress, constituents are more concerned with results ("Schumer Moves to Disarm the Senate's Fashion Police," U.S. News, Sept. 20). I wouldn't care if senators went to work in rags if they would work together to make the important national-security decisions that their well-dressed infighting pre-empts. Grandstanding that creates chaos is squandering prestige that no suit and tie can cover.

JOHN MACALPINE
San Diego

Decorum matters, and it usually helps maintain civility. We expect to find it in all the institutions and professions that inspire our confidence.

DAVE ROSENTHAL
Stroudsburg, Pa.

Having worn a uniform in school, the military and the police, I never experienced confusion regarding appropriate clothing. Perhaps the Senate now requires this solution.

NICHOLAS KERHIN
Milwaukee, Wis.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Do you ever fantasize about having someone else irritate you?"

OPINION

Biden's Social-Media Censorship Harms Us All

By Philip Hamburger

The Supreme Court will decide as early as Wednesday whether to stay the lower courts' injunction against the administration's social-media censorship in *Missouri v. Biden*. One of the solicitor general's arguments in the government's defense is that the well-documented injuries to the plaintiffs, who were direct targets of the censorship, don't justify a broad injunction that "covers the government's communications with all social-media platforms . . . regarding all posts by any person . . . on all topics" (emphasis in original).

But the censorship harmed all Americans, and the injunction is fully justified. Government officials repeatedly made public statements demanding censorship from the platforms. The announced policy was grossly overbroad. It thereby has directly tended to chill the speech of vast numbers of Americans, quite apart from the suppression that the government obtained through the platforms. Anyone with views opposed to the administration has had reason to temper what he says to avoid being deplatformed, demonetized or deboosted.

The First Amendment protects the right to hear alternative views, not merely to express them.

The chilling of speech has been doubly unconstitutional because it affects the freedom to read opposing views. The First Amendment protects not only the right to express views but also the right to hear what others have to say. Although often presented as a distinct right, the right to hear can be considered an essential element of the right to speak.

People can't develop their views with any sophistication unless they can consider opinions that enlarge, refine, moderate or challenge their own. So, when government demands the suppression of some speech and chills even more, it reduces the diversity, value and moderation of opinion—and thereby diminishes the opportunity for every individual to develop and express his own considered views. Censorship inhibits the output of critical voices, which lessens Americans' intellectual input, which in turn limits their intellectual output. Reading and speaking are inextricably linked in conversation.

The chilling of one insightful opinion from a scientist or physician can profoundly alter scientific and medical debate. So can the suppression of one patient's report of an adverse vaccine event. Therefore, when vast numbers of Americans are chilled in their scientific and medical speech, it dangerously injures all of us, who suffer a diminished opportunity to learn and to reconsider and refine our own views. The government's chilling policies appear to have had a massive and cascading effect in reducing the diversity of opinion and the quality of public discussion.

Through its chilling policies, the government has injured the plaintiffs and all other Americans directly, not only through the platforms. And because that censorship deprives everyone of access to a variety of views, the plaintiffs can't be protected without an injunction against the full range of censorship.

In dampening public discussion, the government has directly affected every one of us, confining what we hear as well as what we say. Each of us, including the plaintiffs, suffers from the injury to the rights of others. None of us have our full freedom of speech unless everyone else has it too.

Mr. Hamburger teaches at Columbia and is CEO of the New Civil Liberties Alliance, which represents plaintiffs in Missouri v. Biden.

By Jillian Kay Melchior

As Ukraine fights a war, it's also battling corruption. The reputational clean-up continues, despite the risk that exposing graft will make the West reluctant to provide military support.

Procurement scandals involving nonlethal military supplies have plagued Ukraine's Defense Ministry since January. In one, the government paid more than double the market price for eggs and potatoes for soldiers' rations. In another, the ministry bought thousands of military jackets that weren't warm enough for Ukrainian winters. Investigations are under way and no one has been convicted.

Lawyers for two former Defense Ministry officials implicated in the scandals cited the challenge of securing equipment amid the chaos and urgency of war. Some Ukrainian anticorruption watchdogs said Defense Ministry leaders were insufficiently vigilant about procurement inefficiency or abuses.

Public outrage preceded the recent replacement of Defense Minister Oleksii Reznikov. On Monday his successor, Rustem Umerov, announced a "complete reboot," including "significant personnel changes in the ministry." Six deputy ministers and the state secretary of the ministry were dismissed last week; none are accused of wrongdoing.

The uproar isn't surprising, given that Ukrainian taxpayers fund nonlethal military supplies. "People are reacting so aggressively to any form of corruption or questionable use of public money—and that's a good thing," says Dmytro Natalukha, a lawmaker from President Volodymyr Zelensky's Servant of the People party.

The procurement scandals haven't involved American aid. Inspectors general at the U.S. Agency for International Development, State Department and Pentagon have completed 33 reviews of aid to Ukraine and have 72 more in the works. As of this month, none had identified significant diversions, theft or misuse.

On Marriage, an Economist Bravely States the Obvious



UPWARD MOBILITY
By Jason L. Riley

Melissa Kearney's new book, "The Two-Parent Privilege," is an attempt to explain the importance of marriage to her fellow liberal intellectuals. Sadly, she has her work cut out.

The author is an MIT-trained economist, and as the book jacket explains, she makes "a provocative, data-driven case for marriage by showing how the institution's decline has led to a host of economic woes—problems that have fractured American society and rendered vulnerable populations even more vulnerable." Her argument is solid, and she makes it using minimal academic jargon in an impressively brisk 200 pages.

I'm not sure how "provocative" it is, however. When Ms. Kearney writes that "the absence of a father from a child's home appears to have direct effects on children's outcomes—and not only because of the loss of parental income," or that we need to "restore and foster a norm of two-parent homes for children," it not only makes perfect sense to me but also sounds very familiar. Then again, I'm not the reader she's targeting. I hardly need convincing that there are strong links between family structure, the well-being of children and outcomes later in life. Daniel Patrick Moynihan said as much in his 1965 report on the black family, and Moynihan relied on research conducted much earlier by black sociologists such as E. Franklin Frazier.

George Gilder wrote about the importance of the nuclear family in "Sexual Suicide" (1973) and "Men and Marriage" (1986). Charles Murray, who had touched on it in his landmark study, "Losing Ground" (1984), made similar arguments in



Nonetheless, "I understand taxpayers in Britain or France or the U.S.A. are concerned," says Yaroslav Yurchyshyn, former executive director of Transparency International Ukraine, an anticorruption group, and now a lawmaker from the Holos party. "We—as any democracy in transition—have a problem with corruption, but there is a plan."

Amid public outrage at home and criticism from the West, leaders in Kyiv are getting serious.

Ukraine has created a new procurement agency for nonlethal military supplies. It is headed by Arsen Zhumadilov, who helped clean up medicine and medical-equipment procurement at the country's Health Ministry. Mr. Zhumadilov wants to recruit professional procurers with impeccable reputations and to improve transparency. Much can be publicly disclosed without endangering state secrets, he says.

When Russia invaded in February 2022, Ukraine scrambled for military supplies. Mr. Reznikov focused on persuading the West to provide

weapons—an effort that paid off as Ukraine protected its capital city and reclaimed more than half the territory Russia seized since the invasion. Ivanna Klymush-Tsint-sadze, a Ukrainian lawmaker from the European Solidarity party, suggests Mr. Reznikov "shouldn't be made a scapegoat"—a view that others in Ukraine and the U.S. expressed to me.

In 2022 Ukraine ranked 116th among 180 countries in Transparency International's Corruption Perceptions Index, up from 144th in 2013. "The progress with fighting corruption compared to what we had in 2014—it's like a miracle," says Daria Kaleniuk, a co-founder and director of the Anti-Corruption Action Center, a Ukrainian nonprofit that receives some of its funding from the U.S. government. Ten years ago, Ukraine functioned "like a mafia state."

Popular frustration with corruption in part fueled Ukraine's Revolution of Dignity in 2013-14. After then-President Viktor Yanukovich, an ally of Vladimir Putin, fled the country, Ukraine created independent institutions to prevent, detect, investigate and punish corruption. They include an anticorruption prosecutor and courts; the National Anti-Corruption Bureau, which investigates corruption involving top

officials; and the National Agency for Preventing Corruption, which manages and verifies public disclosures by politicians, judges and public servants.

In 2016 Ukraine began using Pro-Zorro, a procurement system that posts solicitations, bids and contracts online where the public can see them. The system is meant to allow journalists, nongovernmental organizations and others to spot kickbacks or rigged tenders.

Since 2016 Ukraine has also required and verified extensive public disclosures by judges, politicians and tens of thousands of government employees that help watchdogs identify possible corruption or money laundering. The World Bank called the mandate "one of the most comprehensive asset declaration systems worldwide." Public disclosure was suspended in 2022 owing to national-security concerns during martial law, but after tens of thousands of people petitioned, Mr. Zelensky last week succeeded in pressuring lawmakers to pass legislation reinstating the requirements.

Putting government services online has curbed opportunities for small-scale corruption, Ms. Kaleniuk says. A few years ago, if the authorities towed an illegally parked car, the owner often didn't know where his vehicle had been taken and might have to resort to "shady" payments to reclaim it. Now, she says, the owner is alerted electronically, can pay the fine online, and receives a QR code to retrieve it along with the car's location. Such small improvements can restore confidence in government.

Ukraine's aspirations to join the European Union are spurring more change, Ms. Kaleniuk says. The country became an EU candidate in June 2022, and of seven recent prerequisites for membership, five were related to addressing corruption or strengthening the rule of law. The Ukrainian people favor EU accession, she says, so "it will be suicide for any politician not to implement these reforms."

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

In a recent podcast interview with fellow economist Stephen Dubner, Ms. Kearney said that writing the book felt like taking "a big risk" professionally because her peers tend to avoid addressing the role of family structure in discussions of social inequality and look down on those who do. "My saying it's not

Melissa Kearney worried about being pigeonholed as she wrote 'The Two-Parent Privilege.'

discussed is probably more reflective of the circles I run in, which is, you know, higher ed, academia, which of course skews liberal," she said. "And progressive, left-leaning conversations about kids' well-being and concerns about social mobility—in those circles, in those conversations, I often find that this topic is met with discomfort."

The author recalled being asked by Mr. Dubner while still researching the book if she was concerned about being labeled as a social conservative if she published her findings. "I took that to heart," Ms. Kearney said, "because I knew what you were saying, which is, really, 'Do

you worry that academics aren't going to take you seriously if you sound socially conservative?'"

If Ms. Kearney can reach a readership that is lost to George Gilder or James Q. Wilson or Brad Wilcox, bully for her. The author reports that in 1960 only 5% of babies were born to unwed mothers in the U.S. In 2019 it was almost 50%. U.S. children are the most likely in the world to live with only one parent. This is an enormous problem, and there's no such thing as too many books being written about it.

Still, it's unfortunate that we've reached a point where scaredy-cat social scientists are more interested in being popular than in following the facts, weighing the evidence and reporting the findings. Worse, what keeps you in good standing in academic circles seemingly has more to do with the political correctness of your research and less to do with its rigor or usefulness.

Whether the topic is family structure, climate change or the New York Times's "1619 Project," the intellectual cowardice on display in recent years has been stunning. It's clear that our intellectual class, like every other special-interest group, has its own agenda and its own blind spots. For too many academic scholars, integrity has become a secondary concern.

The FDA's See-No-Data Approach

By Stephen Cederbaum
And Emil Kakkis

We've spent most of our medical careers investigating and treating rare genetic conditions, including some afflicting only a few dozen Americans. Recently, scientists developed a treatment for one such condition—arginase 1 deficiency, or ARG1-D, which causes the amino acid arginine to accumulate in the blood, harming the brain and causing seizures, stunted growth and intellectual disability. The Food and Drug Administration has refused to consider the therapy. Its decision ignores the best available data and indicates a lack of understanding of rare-disease research.

Discovering treatments for rare diseases is a daunting task. Recruiting even a few dozen people for a clinical trial requires doctors and drug companies to identify a large share of the patient population. And since the market for such therapies is necessarily small, it's nearly impossible to attract investment. So when news emerged about Aeglea BioTherapeutics' ARG1-D therapy pegzilarginase, we could hardly believe it. Pegzilarginase is an enzyme engineered to lower the body's levels of arginine. The randomized placebo-controlled study of pegzilarginase included 32 patients with ARG1-D.

The results speak for themselves. The amount of arginine present in blood plasma declined by 80% for patients on pegzilarginase. After only six months, 90.5% of patients who received pegzilarginase had normal arginine levels, and this was sustained over time. The data also suggested progressive improvements in motor function compared with a placebo. And most patients tolerated the therapy quite well.

These numbers were jaw-dropping. Which is why the FDA's decision is incomprehensible.

The FDA even refused to look at Aeglea's data. Instead, the agency demanded that the firm compile additional data suggesting pegzilarginase will produce a clinical benefit in addition to eliminating excess arginine. But for ARG1-D and other rare diseases, measuring clinical outcomes can take years, while measuring biomarkers likely to produce

clinical benefits can take weeks.

Biomarkers are precisely why the FDA established its accelerated approval pathway in 1992. Accelerated approval allows developers to submit data measuring "surrogate endpoints" that correlate with clinical outcomes. If any medicine qualifies for accelerated approval, pegzilarginase does. Basic biology and numerous studies indicate that reducing arginine yields clinical improvements.

Evaluating clinical benefits could force sick patients to remain in placebo groups for months. That the FDA would put its rigid rules before the convincing data we already have is unethical. If the FDA doesn't correct its error soon, patients with ARG1-D will lose their best chance at full, productive lives.

Dr. Cederbaum is a professor emeritus at the University of California, Los Angeles. He has worked as a consultant to Aeglea. Dr. Kakkis, a medical geneticist, is CEO of Ultragenex, a company focused on developing treatments for rare and ultrarare diseases.

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Our friend and colleague, **Evan Gershkovich**, was detained by Russia on March 29 during a reporting trip and accused of espionage. Evan, The Wall Street Journal and the U.S. government vehemently deny the allegation and have called for his immediate release.

Evan's colleagues, friends and family will be sharing stories about him each week.

To show support for Evan, please follow the latest updates at [WSJ.com/Evan](https://www.wsj.com/Evan) and add the hashtag **#IStandWithEvan** across social media.



Everyone should know what Evan is like as a friend.

We connected immediately when we met in college in 2010. We ran in different but overlapping circles, though our sense of humor, our sensibility, was always the same.

After graduation, we shared a third-floor walk-up in Brooklyn as we started our careers as journalists. We swapped stories, we joked about the state of the media, we partied, we ate too-cheap and too-expensive meals, we watched sports, we rode bikes all over the city, and we shared a vibrant social life.

Evan is an absolute goofball. He'll talk your ear off about whatever until 4 in the morning if you let him.

He'll strike up a conversation with anybody, about anything. Evan loves his friends. He remembers the big things, like birthdays, and the little things. He's the first to congratulate you if you've just published a big story or been promoted. He'll never pass up an opportunity to celebrate.

Evan loves the Mets, and he loves Arsenal, and he especially loves sharing those teams with people who aren't already under the spell.

I learned this the hard way as his roommate when he'd get out of bed at 7 a.m. on the weekends to watch Arsenal play, banging pots and pans together in the kitchen until we'd emerge to hang out with him.

Before all this happened, we'd been planning a visit to Moscow. I asked him to teach me how to say, "I'm allergic to peanuts" in Russian so I could practice.

That trip will probably never happen.



Jeremy Berke
Evan's Friend and Former Roommate

#IStandWithEvan

THE WALL STREET JOURNAL.

Rising Yields, Dollar Press Stocks

Three major equity indexes all fall but remain higher for the year to date

By SAM GOLDFARB

Stocks fell sharply Tuesday, dragged down again by investor concerns about rising bond yields and a strengthening dollar.

The S&P 500 dropped 1.5%, extending its poor run since last week's Federal Reserve meeting when officials raised their interest-rate forecasts for 2024. The tech-heavy Nasdaq Composite shed 1.6%, while the Dow Jones Industrial Average slid around 388 points, or 1.1%.

Online retail giant Amazon was among the worst performers, falling 4%, after the Federal Trade Commission filed a lawsuit alleging that the company wields illegal monopoly power.

The lawsuit, though, was

widely anticipated, and the declines were broadly based, reflecting larger anxieties about the outlook for interest rates and the economy, analysts said.

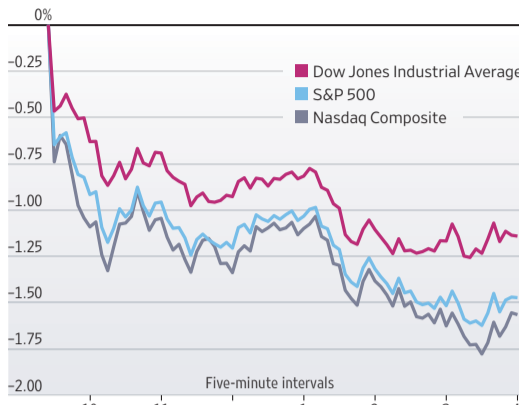
"Dollar up, rates up—that's really all that matters right now," said Michael Antonelli, market strategist at Baird.

While major indexes remain higher for the year, they have taken a meaningful hit since the end of July when the yield on the 10-year Treasury note climbed back above 4%.

Yields, which rise when bond prices fall, have surged in large part because the economy has remained strong, causing investors to question how soon the Fed can start cutting interest rates.

Still, higher yields translate into higher borrowing costs for businesses and consumers, which is making investors nervous about how long the economy can keep expanding. Higher yields have also boosted the dollar, threaten-

Index performance on Tuesday



Source: FactSet

ing companies that generate substantial revenue outside the country.

Few stocks were spared from Tuesday's downdraft. Cintas, the Cincinnati-based provider of uniform-

rental and other services, was the leading laggard in the S&P 500, falling 5.3% after it released revenue guidance that failed to meet analysts' expectations.

Energy was the best per-

forming sector in the broad market index, falling 0.5%. That reflected another uptick in oil prices, which has also concerned investors.

Rising bond yields can hurt stocks in a variety of ways.

Some investors view technology stocks as particularly vulnerable because they tend to be valued for earnings that are expected to arrive further in the future, and those profits are worth less when investors can get an improved risk-free return by holding government bonds to maturity. At the same time, higher bond yields and borrowing costs could cause a recession, which could do greater damage to many companies outside the tech sector.

Highlighting the unusual state of the economy, new data on Tuesday showed that home prices rose in July, putting home-buying affordability near its lowest level in decades. Though higher mortgage rates have depressed demand for

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Crypto Exchange Binance Teeters On Brink

After FTX crashed, the world of crypto seemed to belong to the largest exchange, **Binance**. Less than a year later, Binance is the one in distress.

By Patricia Kowsmann, Caitlin Ostroff and Angus Berwick

Under threat of enforcement actions by U.S. agencies, Binance's empire is quaking. Over the past three months, more than a dozen senior executives have left, and the exchange has laid off at least 1,500 employees this year to cut costs and prepare for a decline in business. And while Binance still looms large in crypto, its dominance is dwindling.

Binance now handles about half of all trades in which cryptocurrencies are directly bought and sold, down from about 70% at the start of the year, according to data provider Kaiko.

What happens to Binance will have immense implications for the crypto industry because the exchange is so big. Industry players and watchers said other exchanges would fill the void if

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Writers Head Back to Work With Gains in Pay, Staffing

By JOE FLINT AND SARAH KROUSE

Hollywood writers are able to return to work Wednesday after a five-month strike, having secured staffing guarantees, increased pay and the potential for more upside when streaming shows hit it big.

Now comes the test of whether those hard-fought victories actually translate into fatter paychecks and more job opportunities across the union's membership base.

The Writers Guild of America said Tuesday that the tentative agreement it forged with the coalition of studios, streamers and networks includes significant increases in international residuals as well as greater compensation throughout the creative process.

The WGA estimated the value of the three-year deal at \$233 million annually. It said it was initially seeking a deal val-

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How Batteries Helped Save the Power Grid

By JENNIFER HILLER

The U.S. power grid relied on a new Band-Aid to help it through this summer's punishing heat: giant batteries.

Battery storage has emerged as a tiny but important slice of the electrical-power mix during summer heat waves, helping bridge the gap at sundown when solar generation fades but everyone continues to crank air conditioners.

Electric-grid operators from Pennsylvania to California have skated through a season of high temperatures with a combination of existing and new energy supplies, including batteries, that have added up to enough to avoid rolling blackouts. Large-scale batteries have filled in when solar generation fades but everyone continues to crank air conditioners.

In Texas, which logged 10 demand records this summer, batteries helped narrowly avoid rolling blackouts one evening at sunset. The state's batteries discharge almost entirely in the evenings, especially around 7 p.m. when solar generation nosedives and there is little wind generation, which usually picks up overnight.

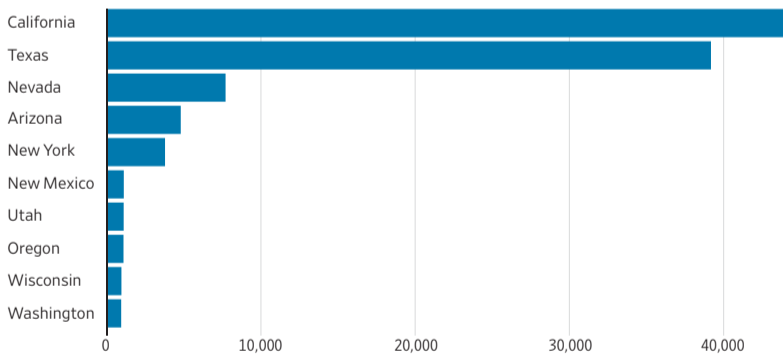
"Batteries weren't the only reason why there haven't been blackouts this year, but it was a critical piece of keeping the lights on," said Jeff Bishop, chief executive of battery developer **Key Capture Energy**, which has about 380 megawatts of storage in operation in Texas.

Before 2020, large-scale batteries barely existed. Now U.S. developers are planning record



Battery storage at an Enel solar facility in Texas this month. In the state, which logged 10 demand records this summer, batteries helped avoid rolling blackouts one recent evening.

Operational and planned large-scale energy storage by state, in megawatts*



*Includes stand-alone and storage located at solar or wind facilities, but excludes pumped storage and projects with no available in-service year.

Source: S&P Global Market Intelligence

Nomura Banker Hit With China Exit Ban

A senior investment banker at **Nomura** has been told by Chinese officials that he can move freely within the mainland but not leave, according to people familiar with the matter.

By Rebecca Feng, Matthew Thomas and Yoko Kubota

Charles Wang Zhonghe, the Hong Kong-based head of the Japanese bank's China investment banking team, recently informed his employer that he can't return to the Asian financial hub or go overseas, the people said. He is cooperating with an investigation by Chinese authorities, they added.

The investigation has to do with Wang's previous job, according to the people. He isn't detained and remains contactable. The Wall Street Journal established on Tuesday. Wang's exit ban was previously reported by the Financial Times.

Wang is also chairman of

Nomura Orient International Securities, the Japanese bank's joint venture in mainland China. A veteran investment banker, he started his career in New York and has also worked at the former Merrill Lynch and Deutsche Bank in Hong Kong.

Before he joined Nomura in 2018, Wang was deputy chief executive officer at Industrial and Commercial Bank of China International, a subsidiary of the world's biggest bank by assets, according to his LinkedIn profile. He was also based in Hong Kong for that role, and was responsible for business development and the firm's investment banking and capital markets activities between 2011 and 2016.

ICBC International's former chairman and CEO, Cong Lin, is currently under detention in mainland China as part of a corruption probe. That investigation has also ensnared Bao Fan, a star Chinese deal maker who founded and ran China Renaissance Holdings, a bou-

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INSIDE



RETAIL

Target cites theft and security concerns as it plans to close several locations. **B3**



HEARD ON THE STREET

Western oil companies won't lift output amid OPEC's squeeze. **B12**

Surging Insurance Costs Squeeze Office Landlords

By KONRAD PUTZIER

Commercial property owners, already struggling with high interest rates and rising vacancies, face exploding insurance costs that keep hitting new highs.

Natural disasters, inflation and a shrinking reinsurance market have pushed insurance premiums to record levels, echoing the surge in home insurance rates for much of the U.S. That leaves many landlords in a bind. Their building values and rental income are down, yet expenses keep rising.

Commercial real-estate insurance costs have risen 7.6% annually on average since 2017, according to Moody's Analytics. Those increases can result in hundreds of thousands of dollars or more in additional annual costs, depending on location and size of the property. They can be steep enough to wipe away a year's worth of profits.

While insurance premiums are rising virtually everywhere



Intensifying natural disasters are a big reason for the increase.

and for all building types, some cities have been particularly hard hit, especially for multi-family buildings. Costs to insure rental-apartment buildings rose 14.4% annually on average in Dallas, 13% in Los Angeles and 12.6% in Houston. Some owners struggle to find anyone willing to insure their buildings, Moody's said.

"I have never seen such a

significant and rapid change in insurance capacity as well as spikes in pricing," said Alexandra Glickman, leader of the real estate and hospitality practice at insurance consulting firm Gallagher.

For some property owners, the impact of rising insurance costs has been more punishing than rising interest rates. Many

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Writers Head Back To Work

Continued from page B1
ued at \$429 million annually while the Alliance of Motion Picture and Television Producers initial offer was a deal valued at \$86 million a year.

Members are scheduled to vote on the package between Oct. 2-9, and a deal could open the door to a resolution of the Screen Actors Guild strike. The writers strike was scheduled to end early Wednesday.

For now, the agreement is likely to revive late-night TV shows and put Hollywood scribes back in writers' rooms.

Some major provisions in the writers' agreement include:

- ◆ Writers will receive greater insight into how shows perform on streaming services. Streamers including Netflix have agreed to tell the union on a confidential basis how many hours customers spent watching content that platform produced, the union said.

- ◆ Union members will be able to share in the success of content that performs well on streaming services. Movies and films that are viewed by more than 20% of a streaming service's domestic subscribers in the first three months of release will receive a bonus of 50% of the fixed domestic and foreign royalties.

- ◆ Studios and streamers will hire a minimum number of writers per project, based on episodes in a series. A six-episode series must have at least three writer-producers; that figure increases for shows with more episodes.

- ◆ Foreign royalties will increase by 76% in the new deal, the WGA said, and will be based on a streaming service's

international subscriber base. The three-year foreign residual for a one-hour episode of a Netflix show, for example, will increase to \$32,830 from the current \$18,684.

- ◆ Studios will be transparent about how they use AI. The writers received some protections in the use of artificial intelligence by the studios, but not as much as they had sought. The WGA wanted broad oversight over artificial intelligence including the use of scripts to train AI, but didn't secure it in the agreement. Still, AI-generated material cannot be used to "undermine a writer's credit," the WGA said, and studios must tell writers if any materials it gives them have been made by AI.

The agreement sets the new rules of the streaming era and was forged as the full cost of an industrywide pivot from legacy TV to streaming comes into clear relief. Even before the Writers Guild of America put down their pencils in May, entertainment companies were paring back investments in new TV shows and films.

Netflix, Disney, Warner Bros. Discovery and Paramount Global have all been in cost-cutting mode. Investors last year began demanding streaming profitability over subscriber growth, ushering in a more austere period of spending on content. Meanwhile, consumers continued to cut the cable cord in earnest, sapping entertainment companies of a stream of revenue executives hoped would ease the transition to streaming.

The bottom line: Writers will walk away with better financial protections and the ability to earn a steadier living. But streamers and studios will have to come up with that money one way or another. That could mean that getting shows picked up or renewed could get harder, and rich upfront paydays for writer-producers could go to a select, elite few.

Batteries Helped Save Grid

Continued from page B1
period last year, according to S&P Global.

At the same time, solar installations dropped 24% and new wind projects declined 45% during the quarter.

Inflation and supply-chain disruptions that bogged down battery-storage projects starting in 2021 have started to stabilize and ease, and this year the industry is seeing an accelerated recovery, according to analysts at investment bank Evercore ISI.

New tax incentives are speeding investment, too. Last year's climate and tax bill, the Inflation Reduction Act, introduced a credit for battery storage for the first time. Batteries

previously had to be paired with a solar or wind project to receive incentives but now can be built as stand-alone projects and qualify.

The U.S. battery market is dominated by states including California, Nevada, Arizona and Texas. Batteries earn money through providing services that stabilize the grid or by arbitrage, often charging up on cheap or excess renewable generation, then discharging later when energy prices and demand soar. Battery installations in the West might provide power for three to eight hours, while those in the Midwest and Texas often discharge for an hour or two.

Battery storage makes up nearly 60% of the Texas projects asking to connect to the grid, far more than any other source, according to the grid operator, the Electric Reliability Council of Texas.

Enel has 520 megawatts of battery storage capacity in Texas, most of it new this summer.

BUSINESS & FINANCE

Health-Tech Firms Set to Merge

BY CHRIS CUMMING AND LAURA COOPER

Private-equity firms **New Mountain Capital** and **Marlin Equity Partners** plan to merge two companies they own in a bid to create an all-in-one technology platform for employers and patients to manage their healthcare plans.

New Mountain-backed HealthComp, a health-plan administrator, and Marlin-backed Virgin Pulse, which operates a digital-wellness platform, plan to combine through a \$3 billion transaction, according to people close to the deal. The companies, which will retain their individual names for now, plan to announce the merger Wednesday.

New Mountain, a New York buyout firm that manages more than \$45 billion, will be the majority owner of the combined business, while Marlin will roll over a portion of its stake in Virgin Pulse to retain

a minority position, the people said.

Morgan Health, **JPMorgan Chase's** healthcare investment arm, and **Blackstone**, the world's largest alternative-asset manager, with more than \$1 trillion in assets, will also

will serve 20 million users and more than 1,000 self-insured employers, according to the firms.

Private-equity activity has been in a deep slump for more than a year, as higher interest rates have hindered asset

Fundraising by healthcare-specialist firms has remained strong.

take minority stakes, while Blackstone's credit arm will provide debt financing for the transaction, the people said.

The combination aims to create an integrated service provider for employer-sponsored health plans, which the firms expect will help lower healthcare costs and improve service, according to a planned deal announcement.

The combined company will be led by Virgin Pulse Chief Executive Chris Michalak and

support a steady pace of deals despite macroeconomic uncertainty stemming from higher inflation and interest rates.

In the second quarter of this year, for instance, there were 164 private-equity deals in healthcare services, less than half as many as during

the same period of last year, but still higher than the average quarterly deal count in 2018 and 2019, according to research provider PitchBook Data.

Meanwhile, fundraising by healthcare-specialist firms has remained strong, creating a healthy supply of capital for firms to invest in the sector, PitchBook said.

Fresno, Calif.-based HealthComp, which New Mountain backed about three years ago, operates systems that let employers and health-plan participants track services, manage claims and make payments.

Providence, R.I.-based Virgin Pulse, a health-technology business originally formed by Richard Branson's Virgin Group, provides ways for health-plan sponsors to reduce costs while improving the health of participants.

Marlin acquired the company in 2018 and has expanded it through several acquisitions.

Banker Hit With China Exit Ban

Continued from page B1
tique investment bank. Bao disappeared in February this year and remains uncontactable.

China has taken a tough line against some foreign businesses this year, as the government grows increasingly sensitive over the sharing of data and other information across borders. Earlier this year, Chinese authorities raided the offices of Capvision, an expert-network consulting firm; detained local staff of Mintz Group, a due diligence company; and questioned the employees of Bain & Co., a global consulting firm.

The request for Wang not to leave the country wasn't linked to his job at Nomura, said a person familiar with the matter. But Rahm Emanuel, the U.S. ambassador to Japan, named the firm in a message sent on X, formerly Twitter.

"China says they're open for business, but it doesn't feel like it for the employees of Astellas, Bain & Company, Mintz, Capvision, and now Nomura," Emanuel posted.

"The list of companies targeted by police raids, arrests, and detainment is growing by the day, and foreign investment continues to slide by the week. When it comes to [the] topic of 'containing' China, the PRC is in a class of its own," the post said.

China has been known to place exit bans on people who are being investigated or assisting with government probes. Such travel restrictions have been imposed on Chinese and foreign nationals, and aren't typically known to the individuals they apply to until they attempt to leave mainland China.

The persons in question could be involved in investigations that could drag out for months or years. They could also be foreign nationals who face no allegations of wrongdoing but are held to put pressure on family members to return to the country.

These exit bans can vary in duration. Some have been lifted in the past.

Even though temperatures have started to drop slightly in Texas, September has brought a new stress: an even faster evening decline of solar generation. "It's still 96 degrees at 8 p.m. and the sun is starting to set a little bit earlier," said Madeline Gould Laughlin, senior manager of regulatory affairs for Texas for Enel North America.

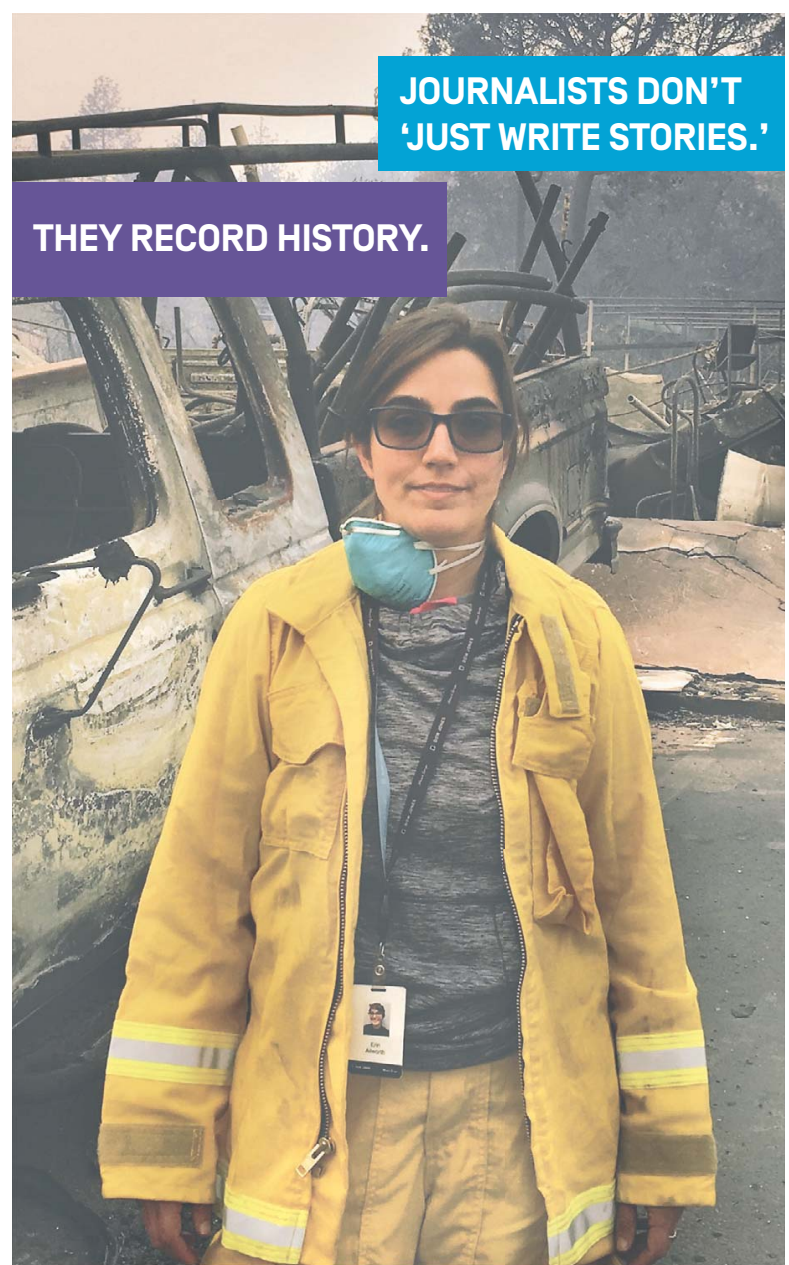
On Sept. 6, a problem with a transmission line sent the state's grid operator into emergency operations. That evening it brought online all available generation, called on some large customers to slash electricity use and imported power into the state.

Natural gas provided the bulk of the state's power that night but a record amount of battery storage came online, too, providing 2,172 megawatts, a little under 3% of the generation mix as operating reserves were dangerously low.

—Katherine Blunt contributed to this article.



Hong Kong-based Charles Wang Zhonghe is free to move within mainland China but not leave.



JOURNALISTS DON'T 'JUST WRITE STORIES.'

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BUSINESS & FINANCE

Obesity Drugmakers Avoid Pharma's Stock Slump

BY CHARLEY GRANT

The pharmaceuticals sector is enduring a tough year in the stock market. Companies selling weight-loss drugs are a big exception.

Surging demand for medications that treat Type 2 diabetes and help patients lose weight has driven a major rally on Wall Street as investors expect years of blockbuster revenue ahead. Shares of **Novo Nordisk**, which markets bestselling drugs Ozempic and Wegovy, are up 36% this year. **Eli Lilly**, which sells Mounjaro, has gained 50%.

The rest of the industry hasn't been so fortunate. The Dow Jones Pharmaceutical Index has slipped 3.2% so far this year. The S&P 500 has gained 11% in 2023. Drugmakers that sell Covid-19 vaccines and treatments have fared especially poorly. **Pfizer** is down 37% this year, while **Moderna**

has shed 45%.

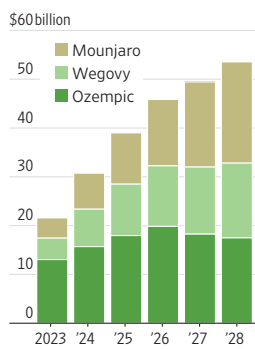
The logic of the weight-loss trade is simple: More than 40% of U.S. adults have obesity, according to Centers for Disease Control and Prevention data.

The simplicity broadens the trade's appeal to investors who can wrap their heads around the condition, according to Jared Holz, healthcare-sector specialist at Mizuho Americas.

"It's obesity. It's not hematology, it's not oncology, it's not gene therapy," said Holz. Wall Street sees blockbuster sales and profits in weight loss for years to come. Analyst forecasts call for the three drugs to reach \$53.5 billion in combined annual revenue by 2028, up from \$21.6 billion for this year, according to FactSet data.

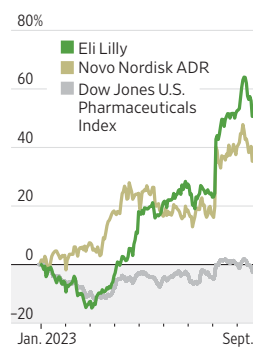
Complications from obesity trigger complications that cost hundreds of billions of dollars

Projected annual weight-loss-drug sales*



to treat annually. A recent study found Wegovy cut the risk of heart attacks, strokes and cardiovascular deaths by 20% in addition to helping people lose weight, raising hopes that insurers will pay for the drugs in more situa-

Share-price and index performance, year to date



tions. For Lilly and Novo Nordisk, enthusiasm for their products has trumped a string of setbacks for the industry that have investors avoiding the sector. The pandemic sales boom

in Covid-19 vaccines and treatments is fading. Pfizer expects a Covid vaccination rate of about 24% this year in the U.S., finance chief David Denton said at a conference last week. That is about half the typical vaccine rate for flu, he said.

Meanwhile, 10 drugs have been targeted by Medicare for pricing negotiations, raising concerns that the industry's bargaining power faces long-term erosion. Key patents have expired for some bestselling products, such as **Bristol Myers Squibb's** cancer drug Revlimid and **Abbvie's** anti-inflammatory treatment Humira, opening the door for low-cost competition.

Moreover, returns from slower-growing industries that pay relatively high dividends, such as healthcare and utilities, have lagged behind the market. Investors have flocked to higher-growth sec-

tors like technology, while higher interest rates mean that the benefit of owning stocks over bonds is waning.

That has left a big valuation gap between this year's winners and losers. Pfizer trades at 9.7 times forward earnings estimates, according to FactSet, while Lilly trades at 47 times. The S&P 500 trades at 18.2 times.

Some investors are betting that the beaten-down pharma stocks will offer better value.

Craig Giventer, managing director of portfolio strategies at GYL Financial Synergies, said he owns Pfizer for client accounts because investors are overlooking the potential of technology used to develop Covid-19 vaccines to churn out the next hit medicine.

Valuations for weight-loss stocks don't leave room for possible bad news in the future, such as fresh competition emerging, he said.

Target to Close Locations That Face Theft Concerns

BY BEN GLICKMAN

Target, like many big retailers, has complained about retail crime hitting its stores. Now, the company plans to close nine locations across four states, citing elevated levels of theft and safety concerns for its shoppers and employees.

The retailer said Tuesday that stores in the New York City, Seattle, San Francisco and Portland, Ore., markets would close effective Oct. 21. The stores account for a small portion of the more than 1,900 locations the company operated nationwide as of late January, but the decision is the latest sign of actions executives say they are taking to protect their businesses.

Target is also dealing with a broad slowdown in sales compared with its performance through the pandemic. The company said last month that shoppers in the most recent period spent less on apparel, home goods and other discretionary items in the midst of higher prices.

Retailers have said they have faced growing theft in recent years that has led to responses such as locking up more merchandise on shelves, hiring off-duty police officers and closing some hard-hit stores.

Walmart earlier this year closed a number of stores in urban areas, including Chicago, Washington, D.C., and Portland, Ore., citing years of underperformance. At the time, a spokesman said theft wasn't a driving factor for the closings. Nike temporarily closed one of its Portland stores last year amid issues with theft; it recently said the site would close permanently.



The retail chain has said losses from theft or damaged goods will cut into profitability this year. Many stores are using theft-deterrent tools and adding security guards.

Three of the stores that Target said it would close are in the San Francisco metro area, a place that has had a number of high-profile retail defections of late. Department-store chain Nordstrom closed two stores near downtown this year, including one in a shopping mall. Target said it has 32 stores that remain open in the metro area. The New York City store is in the Harlem area.

For the closing stores, Minneapolis-based Target said theft was "threatening the safety of our team and guests, and contributing to unsustainable business performance." It also said investments made to prevent theft, such as adding security guards, using third-party guard services and using theft-deterrent tools, have been ineffective in curbing retail crime.

"Organized retail crime,

and violence are significant challenges for retailers of all sizes," the Retail Industry Leaders Association said in a statement. The trade group added that Target's announcement reflects "the substantial problems that exist in communities across the U.S."

Target has said that the rise in crime in its stores will eat into profits this year.

After first-quarter results in May, the company forecast that shrink—the industry term that includes theft as well as losses from lost or damaged goods—would cut into profitability by more than \$500 million. Target's annual profit in the year ended Jan. 28 was \$2.78 billion.

Losses from shrink rose last year from the year prior, but it accounts for a small percentage of a company's overall financial performance, according

to data released Tuesday by the National Retail Federation, a trade group. The average shrink rate reported by retail-

ers increased to 1.6% of sales—levels similar to 2019 and 2020—from 1.4% previously, the group.

Chief Executive Brian Cornell said in August that theft had continued at a high level, and was trending "in the wrong direction."

Target's announcement follows a string of violent incidents at retailers. A CVS store manager in Mesa, Ariz., was fatally shot earlier this month after suspecting a man was stealing from the store.

Cornell said in August that the company has seen a 120% increase in theft incidents which involve violence or threats in the first five months of this year. The company hasn't provided the number of incidents.

Target shares on Tuesday closed down 2.5% to \$109.48, as a number of other retail stocks fell. The company's shares are down about 27% for the year, compared with an 11% gain in the S&P 500.

—Sarah Nassauer contributed to this article.

3M Probed in Belgium Over Forever Chemicals Emissions

BY JOHN KEILMAN

3M is facing a government investigation in Belgium over water emissions from a company plant that allegedly contained a higher-than-allowed level of so-called forever chemicals.

The Minnesota-based materials company said in a regulatory filing that it has idled all manufacturing related to PFAS, known as forever chemicals, at the 3M Belgium facility in Zwijndrecht, near Antwerp, though other operations have continued there.

The investigation and partial plant shutdown are the latest PFAS-related difficulties for 3M, which has manufactured the chemicals since the 1950s before saying last year it will stop making and using them by the end of 2025.

A spokesman for Flemish minister of the environment, Zuhair Demir, said the PFAS chemical at issue, PFBA, was found in a concentration 10 times higher than the legal limit. 3M reported the finding to the government last week, he said, and voluntarily agreed to shut down its PFAS manufacturing.

Demir said she had ordered an investigation into how long 3M knew about the emis-



Work at the Belgium plant related to PFAS has been idled.

sions before informing the government.

3M said in its filing that the company continues to engage with the authorities.

The company also said the partial shutdown could affect other 3M businesses that rely on materials from the factory, and which might not be available elsewhere in similar quantities. It is evaluating whether it can restart the plant's idled PFAS manufacturing or phase out the production more quickly.

In June, 3M agreed to a settlement of up to \$12.5 billion to end litigation with U.S. cities that alleged their drinking water was contami-

nated with the chemicals. It still is dealing with thousands of personal injury lawsuits related to the chemicals, as well as lawsuits brought by state attorneys general.

3M in 2021 agreed to shut down PFAS-emitting manufacturing in Belgium after it was found to have caused widespread contamination with one form of the chemical, the government said. Production was allowed to resume after experts concluded PFAS emissions were negligible.

Demir said her office would inform the U.S. Environmental Protection Agency about its finding.

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Trial Displays Google's Hardball Tactics

Case shows how search-engine firm cemented its role as gateway to internet

BY MILES KRUPPA

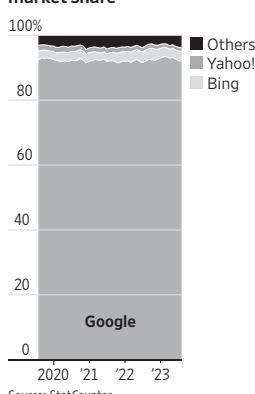
Google's path to dominating online search included hardball tactics with Apple and Samsung Electronics, two partners key to making its search engine the default choice on most smartphones worldwide.

Details of the company's strategies are spilling out into public view as part of a landmark antimonopoly trial that began this month in Washington, D.C. The case has provided a rare glimpse into how Google cemented its status as a major gateway to the internet, a position the Justice Department says it has maintained through illegal, restrictive agreements.

Google pressed its advantage in conversations with Apple and other partners, according to evidence presented at trial, showing the kinds of tactics it used to maintain its market share in search. The company has defended the market position of its search engine by saying its product is superior.

Google facilitates about 90% of all online searches, giving it an unrivaled view into the internet browsing behavior of billions. Its search engine supports an advertising business that brought in \$162 billion last year, most of the revenue at parent com-

Worldwide search engine market share



pany Alphabet.

The DOJ's case centers around Google's contracts with Apple and other phone makers to automatically direct people to its search engine. Google began entering the agreements as far back as 2001, offering to split the revenue generated when those users click on ads.

Apple began licensing Google's search engine for the 2003 release of its Safari web browser. Google in 2005 offered Apple a portion of advertising revenue if it made the search engine the default choice on desktop computers.

Two years later, Apple asked Google for an amendment to the contract that would allow it to present users with several options for the default search engine, according to an email presented by the Justice Department. Apple approached Yahoo



Apple executive Eddy Cue enters court Tuesday to testify.

about participating in the setup.

In response, Google told Apple: "No default—no revenue share," according to an internal email chain that included former Google Chief Executive Eric Schmidt and co-founder Sergey Brin. Apple dropped the idea and hasn't raised it again, said DOJ lead trial attorney Kenneth Dintzer. A Google spokesman pointed to a previous statement saying the company competes for default placement so that users can easily access its services, and Apple has said it picks Google because it is the best search engine. Apple declined to comment.

The DOJ is presenting evidence first in the case, which will be decided in a nonjury trial by U.S. District Judge Amit Mehta, who could ultimately order a breakup or

other changes to Google's business practices. Mehta has allowed substantial redactions and sealing of trial records, meaning the public has only a limited view into the full extent of what has been presented to the judge.

The trial resumed Tuesday with testimony from Eddy Cue, Apple's senior vice president of services. During the portion of his testimony that was open to the public, Cue said Apple's current agreement with Google is "substantially the same" as it was in 2002, and that Apple picked Google as the default search engine on Apple devices because it is the superior product.

Gabriel Weinberg, CEO of competing search-engine provider DuckDuckGo, said in testimony on Thursday that Google's default agreements effectively blocked the com-

pany's ability to gain market share. DuckDuckGo tried to strike deals of its own but gave up after three years of trying, he said.

Google has argued that its business practices leave plenty of room for consumer choice, and partners choose its search engine because it is the best business decision. Google's lead trial attorney, John Schmittlein of Williams & Connolly, said during opening arguments that preventing Google from competing for contracts would be anathema to U.S. antitrust law.

Harry First, a professor of law at New York University who studies antitrust and has followed the trial, said the government is trying to "build up layers of showing that defaults matter." The evidence shows Google not only paid significant sums for the contracts but also spent time and effort ensuring they got what they wanted, he said.

In 2013, Apple began using a service called Suggestions to offer users alternative links for certain search queries in the Safari browser, Dintzer said during opening arguments for the government.

Google responded by amending its contract to say Apple "could not expand farther than what they were doing" in September 2016, according to an email sent by Joan Braddi, vice president of product partnerships at Google.

The company's behavior, Dintzer said, amounted to a "monopolist flexing."

In 2021, Google analyzed

the potential hit if Apple switched to another default search-engine provider, according to an internal email presented in court, calling it a "Code Red" scenario.

Google also tussled with Samsung about changes the smartphone company had made to its mobile web browser. The design tweaks made it easier for users to switch default search engines, according to testimony from Antonio Rangel, a behavioral economics professor called by the DOJ.

Google protested, telling Samsung it had violated their agreement, and the phone maker rolled back the change, Rangel said. Samsung didn't respond to requests for comment.

Google also missed out on some deals. Major smartphone carriers AT&T and Verizon at one point made Yahoo and Microsoft's Bing, respectively, the default choices on Android phones, according to an email written in 2011 by former Google executive Chris Barton, a witness called by the Justice Department.

Google sometimes lost deals to Yahoo because it wouldn't match the rival's greater revenue split, Barton said during testimony. Instead, he tried to convince potential partners they could make more money with Google because it had the superior product, he said.

Google and other companies have successfully argued for extensive redactions in emails and presentations cited by the DOJ.

The Fall of What Was India's Most Valuable Startup

BY ARUNA VISWANATHA

BENGALURU, India—An Indian math teacher turned a test-prep service into India's largest startup, valued at \$22 billion. Now that educational company is learning some hard lessons of its own.

The company, Byju's, has shed more than 75% of its value over the past year amid allegations of financial mismanagement and the resignations of its auditor and three board members.

Byju's has laid off thousands of employees and is struggling to make final payments to some of them. The online-learning company has publicly denied any wrongdoing and plans to provide a long-awaited update on its financials by the end of the month.

Investors and former employees said Byju's downturn came because it failed to build the know-how needed to balance its drive for growth during the height of Covid-19 with planning for the leaner post-pandemic times.

Byju's problems—chronicled in detail by the Indian media—

have cast a shadow over India's burgeoning startup scene, where Byju's was seen as a success story.

It is a remarkable fall from grace for Byju's charismatic founder, Byju Raveendran, who declined to comment for this article. He has privately acknowledged missteps to associates, according to people familiar with the matter, blaming problems on growing too fast.

When the Covid-19 pandemic hit and hundreds of millions of students were stuck attending school online in 2020, Byju's raised more than \$1 billion from Silver Lake, BlackRock and others.

Byju's hired by the thousands and scooped up coding, test prep and other education companies as part of a nearly \$2 billion acquisition spree.

As it made some of these decisions, the company didn't have a chief financial officer or financial processes commensurate with a company of its size. Its auditors last year identified "material weaknesses" over controls for financial reporting for the financial year ended March 2021.



Founder Byju Raveendran

As the company continued to aggressively grow itself, online-learning habits were changing with the worst of the pandemic ending.

Byju's thought it accounted for that shift by acquiring a bricks-and-mortar tutoring company in India, and it took on more than \$1 billion in loans to keep fueling global expansion.

By fall 2021, Byju's was dealing with families canceling their contracts as schools began reopening. Parents complained on social media—and in consumer court—about difficulty canceling plans.

Byju's said it is committed to the highest ethical standards and has moved to a sales system that allows for scrutiny of



Educational company Byju's has been dogged by allegations of financial mismanagement.

dealings with customers. It said an audit last year for an incoming investor found that 90% of parents had a smooth experience.

Over months, board members pressed Raveendran about the reports of questionable sales tactics, financial information he had yet to share, and his strategy for the acquisitions, according to people familiar with the communications.

Raveendran would often respond by saying the problems were getting fixed, promising the information soon or blaming rivals for spreading false information.

Privately, he would say his investors had already made a lot of money off him and he

didn't need to listen to their advice, the people said.

The problems came to a head in September 2022, when the company was set to release its audit for the fiscal year ended in March 2021, which was more than a year late. The firm's auditor had told Byju's to stop recognizing revenue upfront from long-term tutoring contracts, often being paid for by loans, as Byju's had sought to do. That accounting change meant year-over-year revenue was nearly flat at around \$300 million while losses had ballooned.

The financial report also showed its auditor, Deloitte, had disagreed with Byju's accounting methods and blamed

the issues on the company's lack of senior financial management.

The night before the company's disclosure, investors pressed Raveendran on his plan to deal with the negative news. The next day, Byju's news release focused on the company's unaudited fiscal 2022 numbers, a move some investors and employees felt was misleading.

The company said Raveendran held sessions with the media that day and was transparent about the 2021 results.

In June, all outside directors on Byju's board resigned, leaving only Raveendran and his family members on it.

—Tripti Lahiri and Andrew Scurria contributed to this article.

Big Crypto Exchange Teeters

Continued from page B1

Binance collapses. But in the short term, liquidity in the market could evaporate, driving the price of tokens sharply lower.

One institutional trader told The Wall Street Journal that his company has conducted fire drills to withdraw its assets from Binance quickly in the event of a meltdown.

Yi He, Binance's co-founder and chief marketing officer, vowed to overcome the troubles in a message to Binance staff last month. "Every battle is a do-or-die situation, and the only thing that can defeat us is ourselves," she wrote in the message viewed by the Journal. "We have won countless times, and we need to win this time as well."

Binance is a frequent investor in third-party crypto projects and beyond. Binance has invested in X, formerly known as Twitter. Binance co-founder

Changpeng Zhao is the biggest face of crypto.

"You just can't quantify what would happen to the industry if Binance disappeared, given it has been responsible for fostering a huge amount of innovation and growth," said Anthony Georgiades, a general partner at Innovating Capital, a fund that invests in early-growth companies.

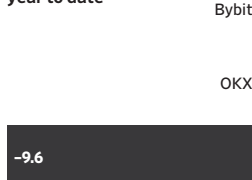
The U.S. Justice Department has undergone a yearslong investigation that could result in criminal charges for Binance and Zhao as well as billions of dollars of fines, according to people familiar with the probe.

Binance also faces a Securities and Exchange Commission lawsuit that alleges Binance and Zhao operated illegally in the U.S. and misused customers' funds.

The firm has acknowledged past mistakes but says customer money is safe and it is committed to compliance. "We have worked tirelessly not just to learn the lessons of the past, but also to continue to invest in the teams and systems that ensure user protection," a spokesman said.

Binance launched in China in 2017, though it claims to be based nowhere, with staff scat-

Change in share of global dollar-denominated spot crypto trading, year to date*



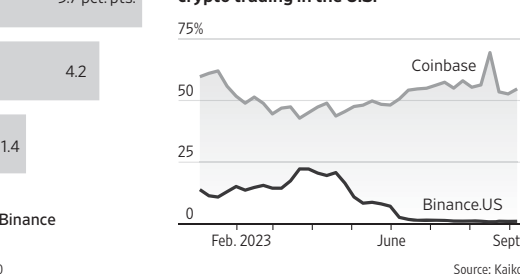
*Through Sept. 4 †Weekly data, through Sept. 10

tered around the world. Its global website is accessible by traders almost everywhere, but that number is falling as its presence has been forbidden in many countries. In Europe, more countries are shutting their doors to the exchange after the Netherlands and Belgium did so.

In the U.S., activity at Binance's local exchange, Binance.US, has basically dissipated. Its chief executive, legal chief and risk head all left recently.

In a virtual Binance.US meeting days before his departure earlier this month, Binance.US CEO Brian Shroder said revenue at the exchange had fallen 70% in the year to date, according to a presentation viewed by the

Share of dollar-denominated crypto trading in the U.S.†



Source: Kaiko

Journal. Executives looked on with dismay.

Shroder told employees Zhao would need to resolve "his regulatory matters, put his .US holdings in a blind trust, or sell his shares" for the U.S. platform to maintain its growth initiative. Those steps would allow the company to unblock banking relationships and get licenses, Shroder said. Zhao is the majority owner of Binance.US and the global exchange. A spokeswoman for Binance.US declined to comment.

Binance and the DOJ have been talking for months, according to people familiar with the discussions, and inside Binance, there have been discussions on whether Zhao should step down.

Zhao's insistence in remaining at the helm of the company has frustrated some executives who believed him leaving would improve the chances of the company surviving, the Journal previously reported.

A further stumbling block for Binance came in late August, when the Journal published an article on Binance customers' use of sanctioned Russian banks. The DOJ also has been investigating Binance in connection with possible violations of U.S. sanctions on Russia, the Journal has reported.

Following the Journal story, the Justice Department questioned Binance about the banks' usage, and Binance's chief compliance officer, Noah Perlman,

met with department officials to discuss their concerns, a person with direct knowledge of the matter said.

Pressure from the DOJ was partly responsible for Zhao's decision in August to begin winding down Binance's business in Russia, once one of its most important markets, the person said. Over the following two weeks, Binance barred customers from using the sanctioned banks and forced out the executives managing its Russia business. It said it was considering a full withdrawal from Russia.

Zhao publicly remained defiant. "We are one community," he wrote on X on the day the Russia executives left. "Keep building!" But behind closed doors, Zhao has been bringing new lawyers to handle the DOJ case, according to people familiar with the move. And Zhao has been staying put in his home in the United Arab Emirates, which doesn't have a mutual extradition treaty with the U.S.

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BONDS

Tracking Bond Benchmarks

Return on investment and spreads over Treasurys and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table with columns for Total return close, YTD total return(%), Index, Yield(%) Latest Low High, and Total return close, YTD total return(%), Index, Yield(%) Latest Low High. Rows include Broad Market, U.S. Corporate Indexes, High Yield Bonds, Mortgage-Backed, U.S. Corporate Indexes, Global Government, U.S. Agency, and Emerging Markets.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasurys 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

Table with columns for Country/Maturity, Coupon(%), Latest(▲/▼), Yield(%) 2 0 2 4 6 8 10, Previous, Month ago, Year ago, Spread Under/Over U.S. Treasurys, in basis points Latest, Prev, Year ago. Rows include U.S., Australia, France, Germany, Italy, Japan, Spain, and U.K.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table with columns for Issuer, Symbol, Coupon(%), Yield(%), Maturity, Current, Spread, in basis points Current, One-day change, Last week. Rows include Citigroup, John Deere Capital, American Honda Finance, L3Harris Technologies, Verizon Communications, Bank of Nova Scotia, Guardian Life Insurance Company of America, and Caterpillar.

...And spreads that widened the most

Table with columns for Issuer, Symbol, Coupon(%), Yield(%), Maturity, Current, Spread, in basis points Current, One-day change, Last week. Rows include Starbucks, Bank of Montreal, Citigroup, Toyota Motor Credit, Wells Fargo, Blackstone Private Credit Fund, Morgan Stanley, and Toronto-Dominion Bank.

High-yield issues with the biggest price increases...

Table with columns for Issuer, Symbol, Coupon(%), Yield(%), Maturity, Current, Bond Price as % of face value Current, One-day change, Last week. Rows include Toledo Hospital, Ford Motor, Bath & Body Works, Navient, Seagate HDD Cayman, Sealed Air, Homnet Aerospace, and Venture Global Calcasieu Pass.

...And with the biggest price decreases

Table with columns for Issuer, Symbol, Coupon(%), Yield(%), Maturity, Current, Bond Price as % of face value Current, One-day change, Last week. Rows include Lumen Technologies, Bath & Body Works, Embarq, Dish DBS, XPO, American Airlines, Telecom Italia Capital, and Ball.

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

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COMMODITIES

Futures Contracts

Table of Futures Contracts. Columns: Contract, Open, High, Low, Settle, Chg, Open interest. Rows include Metal & Petroleum Futures (Copper, Gold, Silver), Coffee, Sugar, Cotton, Orange Juice, Interest Rate Futures (Ultra Treasury, Treasury, Treasury Notes, Treasury Inflation Protected Securities), Currency Futures (Japanese Yen, Canadian Dollar, British Pound, Swiss Franc, Australian Dollar, Mexican Peso, Euro), and Index Futures (Mini DJ Industrial Average, Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 2000, Mini Russell 1000, U.S. Dollar Index).

Source: FactSet

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ILLINOIS NOTICE OF SHERIFF'S SALE AUCTION 72 Apartment Units - Champaign, IL. Property Address: 501-621 Crescent Drive, Champaign IL 61821. Contact: Rachel A. Funderburg, Esq. 306 West Church Street, Champaign IL 61820. Auction date: October 13, 2023 at 9 AM in the jury assembly room.

AUCTIONS real estate auction Former Bank Branches View 11-2pm Friday October 13 & 27. SOUTH BARRINGTON, IL • 16 Executive Court 5. Former banking center containing approximately 12,000 SF on roughly 4 acres. YUCCA VALLEY, CA • 57155 29 Palms Highway. Former banking center with approximately 10,000 SF situated on a 1.38+- acre. Nominal Opening Bid: \$500,000. Bid Online Only Nov 6 - 8 at auctionnetwork.com

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GEORGIA

sealed bid auction BIDDING ENDS OCTOBER 19TH 130-DOOR GEORGIA MAJOR RENTAL PORTFOLIO 102 Single Family, 8 Duplex, 20 Multi-Family 100% occupied - Excellent opportunity to acquire a turnkey rental portfolio. Seven Hills Auctions, LLC. Auction License: GA: AU-C003134, William C. Lee III, Broker, Firm GA-77326 7HAUCTIONS.COM 800.742.9165

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BIGGEST 1,000 STOCKS

Continued From Page B6. Table with columns: Stock, Sym, Close, Net Chg. Lists top 1,000 stocks including DollyLab, DollarGeneral, DollarTree, etc.

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—Peter W, Large Mechanical service company, West

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NOTICE OF SALE

NOTICE OF SALE

PLEASE TAKE NOTICE, that in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York, by virtue of certain Event(s) of Default under those certain Pledge and Security Agreements dated as of October 21, 2020 (the "Pledge Agreements"), executed and delivered by DIMITRI VLAHAKIS and ZENOVIA VLAHAKIS (collectively, the "Pledgor") and in accordance with the terms and conditions of the Pledge Agreements, the Pledgor hereby irrevocably and exclusively assigns to the Secured Party, by virtue of possession of those certain Share Certificates held in accordance with Article 8 of the Uniform Commercial Code of the State of New York (the "Code") and by virtue of those certain UCC-1 Filing Statement made in favor of Secured Party, all in accordance with Article 9 of the Code, Secured Party will offer for sale, at public auction, (i) all of Pledgor's respective right, title, and interest in and to the following: (a) 1818 79TH REALTY, LLC, a New York limited liability company, 901 73RD STREET LLC, a New York limited liability company, and 7506 FIFTH AVENUE LLC, a New York limited liability company (collectively, the "Pledged Entities"); and (ii) certain related rights and property relating thereto (collectively, (i) and (ii) are the "Collateral"). Secured Party's understanding is that the principal assets of the Pledged Entities is that certain fee interest in the premises located at 1818 79th Street, Brooklyn, NY 11214, 901 73rd Street, Brooklyn, NY 11228, and 7506 Fifth Avenue, Brooklyn, NY 11209 (collectively, the "Property").

Mannion Auctions, LLC ("Mannion"), under the direction of Matthew D. Mannion, licensed auctioneer (DCA #134949) (the "Auctioneer"), will conduct a public sale consisting of the Collateral set forth in Schedule A below, via online bidding, on October 26, 2023 at 2:30pm, in satisfaction of an indebtedness in the approximate amount of \$13,485,396.83, including principal, interest on principal, and reasonable fees and costs, plus default interest through October 26, 2023, 2023, subject to open charges and all additional costs, fees and disbursements permitted by law. The Secured Party reserves the right to credit bid.

Online bidding will be made available via Zoom Meeting: Meeting link: https://us06web.zoom.us/j/89833268127?pwd=ejQ0bGZlYm9hZDQ1d0hldUJlVnFVZz09 Meeting ID: 898 3326 8127. Passcode: 485874. One Tap Mobile: +1646558656, 89833268127, +485874 US (New York) +1646931360, 89833268127, +485874 US. Dial by your location: +1 646 931 3600 US Bidder Qualification Deadline: Interested parties who intend to bid on the Collateral must contact DJ Johnston ("Johnston"), at B6 Real Estate Advisors, 355 Lexington Avenue, 3rd Floor, New York, New York 10017, (646) 933-2619, djohnston@b6realestate.com, to receive the Terms and Conditions of Sale and bidding instructions by October 24, 2023 by 4:00 pm. Upon execution of a standard confidentiality and non-disclosure agreement, additional documentation and information will be available. Interested parties who do not contact Johnston and qualify prior to the sale will not be permitted to enter a bid.

Schedule A: Pledged interest in 1818 79th Realty LLC PLEDGOR: DIMITRI VLAHAKIS, an individual; ISSUER: 1818 79TH REALTY LLC, a New York limited liability company; INTERESTS PLEDGED: 50% membership interest. The UCC-1 was filed on November 3, 2020 with the New York Secretary of State under the Filing No. #202011030424354. The UCC-3 Assignment was filed on March 15, 2023 with the New York Secretary of State under the Filing No. #202303158113612. Pledged interest in 1818 79th Realty LLC PLEDGOR: ZENOVIA VLAHAKIS, an individual; ISSUER: 1818 79TH REALTY LLC, a New York limited liability company; INTERESTS PLEDGED: 50% membership interest. The UCC-1 was filed on November 3, 2020 with the New York Secretary of State under the Filing No. #202011030424354. The UCC-3 Assignment was filed on March 15, 2023 with the New York Secretary of State under the Filing No. #202303158113612. Pledged interest in 901 73rd Street LLC PLEDGOR: DIMITRI VLAHAKIS, an individual; ISSUER: 901 73RD STREET LLC, a New York limited liability company; INTERESTS PLEDGED: 99% membership interest. The UCC-1 was filed on November 3, 2020 with the New York Secretary of State under the Filing No. #202011030424342. The UCC-3 Assignment was filed on March 15, 2023 with the New York Secretary of State under the Filing No. #202303158113559. Pledged interest in 901 73rd Street LLC PLEDGOR: ZENOVIA VLAHAKIS, an individual; ISSUER: 901 73RD STREET LLC, a New York limited liability company; INTERESTS PLEDGED: 1% membership interest. The UCC-1 was filed on November 3, 2020 with the New York Secretary of State under the Filing No. #202011030424342. The UCC-3 Assignment was filed on March 15, 2023 with the New York Secretary of State under the Filing No. #202303158113559. Pledged interest in 7506 Fifth Avenue LLC PLEDGOR: DIMITRI VLAHAKIS, an individual; ISSUER: 7506 FIFTH AVENUE LLC, a New York limited liability company; INTERESTS PLEDGED: 99% membership interest. The UCC-1 was filed on February 7, 2022 with the New York Secretary of State under the Filing No. #202202070959554. The UCC-3 Assignment was filed on March 15, 2023 with the New York Secretary of State under the Filing No. #202303158113648. Pledged interest in 7506 Fifth Avenue LLC PLEDGOR: DIMITRI VLAHAKIS, an individual; ISSUER: 7506 FIFTH AVENUE LLC, a New York limited liability company; INTERESTS PLEDGED: 1% membership interest. The UCC-1 was filed on February 7, 2022 with the New York Secretary of State under the Filing No. #202202070959554. The UCC-3 Assignment was filed on March 15, 2023 with the New York Secretary of State under the Filing No. #202303158113648. KRISS & FEUERSTEIN LLP, Attn: Jared C. Feuerstein, Esq., Attorneys for Secured Party, 360 Lexington Avenue, Suite 1200, New York, New York 10017, (212) 661-2900.

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PUBLIC NOTICES

NOTICE OF PUBLIC AUCTION Please take notice that Centripetal Networks, LLC ("Secured Party"), will be conducting a public auction on October 3, 2023 at 9:00 A.M. (Eastern Daylight Time) via web-based video conferencing and/or telephonic conferencing program selected by the Secured Party of all of the assets (the "Collateral") of Option 3 Ventures, LLC ("Debtor"). Debtor is currently in default under a total return swap. As of September 18, 2023, the outstanding balance owing to Secured Party, plus interest and fees accrued thereon, was approximately \$611,665.69 plus additional expenses in connection with the sale. THIS IS A FORECLOSURE SALE OF ALL OF THE ASSETS OF OPTION 3 VENTURES, LLC The successful bidder will be required to pay the successful bid price in immediately available funds immediately at the conclusion of the public auction. Secured Party will consider bids for all or part of the Collateral auctioned. Collateral is being sold "As Is, Where Is" Auction will take place "With Reserve" Secured Party reserves the right to credit bid for the Collateral at auction. The sale will be subject to all terms and conditions set forth in "Bidding Procedures" All Prospective Bidders must register and certify as "Accredited Investors" For further information, including a copy of the "Bidding Procedures" please contact: +1 571-257-1575; Email: info-03@gmail.com

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Real estate advertisement featuring a man in a suit holding a sign that says 'FOR SALE'. The background is a collage of newspaper clippings with words like 'articulate', 'manager', 'good', 'English', '2020', 'part of paid', 'drive in sales', 'SOLL', 'program', 'ment', 'es', 'E'. Other text includes 'targets work enthu resu exp busi ess pro pac main gener 80-10', 'Golden', 'Hungry', 'Determ', 'income', 'We a wr for yo sales Fee We offer commi Your ex commi Fax yo'

NEW HIGHS AND LOWS

WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Table with columns: Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg. Includes stocks like ApolloStratGrill, ActivisionBlizz, Alphabet, etc.

BANKRATE.COM MMA, Savings and CDs

Table with columns: Type, MMA, 1-MO, 2-MO, 3-MO, 6-MO, 1-YR, 2-YR, 25YR, 5YR. Shows yields for various terms.

Table with columns: Savings, Jumbos. Shows yields for savings and jumbo CDs.

Table with columns: Weekly change, Jumbos. Shows weekly percentage changes.

Consumer Savings Rates

Below are the top federally insured offers available nationwide according to Bankrate.com's weekly survey of highest yields. For latest offers and reviews of these financial institutions, please visit bankrate.com/banking/reviews. Information is believed to be reliable, but not guaranteed.

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists high-yield savings accounts.

High yield savings

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists high-yield savings accounts.

Money market account

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists money market accounts.

Virtual Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists virtual banks.

One-star Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists one-star banks.

Two-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists two-month CDs.

Goldwater Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists Goldwater Bank.

Popular Direct

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists Popular Direct.

Merrick Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists Merrick Bank.

High yield jumbos

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists high yield jumbos.

Money market account

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists money market accounts.

Virtual Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists virtual banks.

One-star Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists one-star banks.

Two-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists two-month CDs.

Goldwater Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists Goldwater Bank.

Merrick Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists Merrick Bank.

Popular Direct

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists Popular Direct.

Merrick Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists Merrick Bank.

Western State Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists Western State Bank.

One-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists one-month CDs.

Virtual Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists virtual banks.

One-star Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists one-star banks.

Two-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists two-month CDs.

Goldwater Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists Goldwater Bank.

Merrick Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists Merrick Bank.

Popular Direct

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists Popular Direct.

Merrick Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists Merrick Bank.

Western State Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists Western State Bank.

One-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists one-month CDs.

Virtual Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists virtual banks.

One-star Bank

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists one-star banks.

Two-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%). Lists two-month CDs.

Table with columns: Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg. Lists various stocks.

Lows

Table with columns: Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg. Lists various stocks.

Exchange-Traded Portfolios

Table with columns: ETF, Symbol, Price, % Chg, ETF, Symbol, Price, % Chg. Lists exchange-traded funds.

ETF

Table with columns: ETF, Symbol, Price, % Chg, ETF, Symbol, Price, % Chg. Lists exchange-traded funds.

ETF

Table with columns: ETF, Symbol, Price, % Chg, ETF, Symbol, Price, % Chg. Lists exchange-traded funds.

ETF

Table with columns: ETF, Symbol, Price, % Chg, ETF, Symbol, Price, % Chg. Lists exchange-traded funds.

ETF

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Biggest 1,000 Stocks

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Mutual Funds

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BUSINESS & FINANCE

Dreyfus Investors Can Donate Fees

By ERIC WALLERSTEIN

One of the biggest names in money-market funds is making an unusual play to get investors' attention.

Dreyfus, a unit of **Bank of New York Mellon**, will let big clients of its flagship \$115 billion Government Cash Management fund effectively redirect 10% of the annual fees they pay toward a nonprofit of their choice. "Clients want to get a good yield, and they want to make an impact," said Stephanie Pierce, chief executive officer of Dreyfus, Mellon and ex-

change-traded funds at BNY Mellon Investment Management.

Investors have parked a record \$5.6 trillion in money-market funds, taking advantage of the highest interest rates in decades for these low-risk investments.

Clients need to invest at least \$75 million in a new class of money-market securities known as Spark shares to take part in the program. The donations will be based on net revenue generated by BNY Mellon from Spark share management fees.

Alibaba Clears Hurdle To List Logistics Arm

By DAVE SEBASTIAN AND RAFFAELE HUANG

Alibaba Group received a green light from Hong Kong's stock exchange to take its Cainiao logistics business public, in what could be the first of several large listings of the Chinese internet giant's units.

The goal is for Cainiao to raise at least \$1 billion in an initial public offering in the Asian financial hub, according to people familiar with the matter. The stock sale needs approval from China's securities regulator before it can proceed.

Alibaba, whose own shares have languished since late 2020, earlier this year said it would reorganize itself into six

independently run businesses and said it would carve out some of them via IPOs. The e-commerce and cloud-computing behemoth's market capitalization has fallen to about \$218 billion from more than \$700 billion around three years ago.

Cainiao provides e-commerce logistics services in China and other parts of the world. Alibaba on Tuesday said it would continue to own more than half of the company after it is public.

Cainiao recorded a profit equivalent to \$39.4 million on revenue of \$3.17 billion for the three months ended June, a preliminary prospectus filed Tuesday showed. It booked losses for the years ending in March from 2021 to 2023.

Possible Government Halt Threatens Birkenstock IPO

By CORRIE DRIEBUSCH AND PAUL KIERNAN

A possible government shutdown is threatening to slow down operations at the Securities and Exchange Commission. One possible casualty: the IPO of trendy German shoe company **Birkenstock**.

If the U.S. government does shut down this weekend—a looming possibility—it would effectively close the SEC. Chair Gary Gensler has said the SEC would operate with a fraction of its ordinary workforce staff if there is a shutdown.

Birkenstock plans to launch its roadshow to market the shares to investors next week, according to people familiar with the company's intentions, with the stock expected to begin trading a week later. But the SEC must declare the company's registration statement

"effective," giving the green light for the stock to trade. A shutdown could delay that process.

"You really skinny down to a skeletal staff," Gensler told reporters last week, adding that a shutdown would hamper the SEC's ability to oversee markets and review filings from companies and asset managers. "Registrants that want to go public may not be able to find their filings reviewed with us in a timely way, and in fact not reviewed potentially at all during any shutdown."

It is a cruel twist for an IPO market that was showing some signs of life after market listings from **Arm**, **Instacart** and **Klaviyo**. All three companies priced their IPOs at the high end of expectations or above, and their stocks rose the first day of trading before wobbling since.



Paine Schwartz's chief executive said the pandemic helped investors see the strength in the food and agriculture industry.

Fund Raises \$1.7 Billion to Invest in Food, Agribusiness

By ROD JAMES

Paine Schwartz Partners has raised its largest fund to date to invest in businesses in the food and agribusiness sectors.

The New York investment manager has collected \$1.7 billion for its sixth fund, around 19% more than it brought in for a predecessor vehicle, which held almost \$1.43 billion by the time fundraising wrapped up in 2019, according to a statement.

The firm had set \$1.5 billion as the target for Paine Schwartz Food Chain Fund VI, according to the statement. About 40% of the fund's capital has already been deployed into businesses such as **AgroFresh Solutions**, a technology provider focused on reducing food waste, and **Costa Group**, one of Australia's largest fruit-and-vegetable growers, Paine Schwartz said.

Last week, publicly traded

Costa agreed to an offer from Paine Schwartz to acquire the 80% stake it didn't already own in a deal that valued the company at 2.46 billion Australian dollars, or around \$1.58 billion.

"The food and agriculture industry is fundamentally resilient because demand is resilient and growing," said Kevin Schwartz, Paine Schwartz chief executive and managing partner, adding that the Covid-19 pandemic helped investors see this strength in relation to other, more significantly harmed sectors.

The firm, he added, had already attracted a mix of new and repeat investors for its sixth main fund, including the District of Columbia Retirement Board and the Connecticut Retirement Plans and Trust Funds, which committed \$100 million and \$150 million, respectively, according to the WSJ Pro Private Equity LP Commitments database. The

firm also drew increased participation in the vehicle from impact investors that deploy capital with social or environmental goals in mind, compared with the predecessor fund, Schwartz said.

Fundraising and investor adviser Campbell Lutyens estimated in July that private funds held \$60 billion for investment into the sustainable agriculture and food sectors.

By late July, Paine Schwartz had raised \$1.63 billion for its sixth fund, after having held a first close for the vehicle about a year earlier, Securities and Exchange Commission filings indicate. Investment banks **Lazard Freres** and **Mitsui** helped the firm's fundraising efforts.

In 2010, Paine Schwartz decided to focus solely on food and agribusiness, having previously targeted healthcare, energy and telecommunications deals with earlier funds. The firm collected \$893 mil-

lion for what became its first food-chain fund in 2014.

Investing based on two key themes, productivity and sustainability, the firm breaks both down into seven smaller segments it calls "hunting grounds," Schwartz said.

The firm makes around two-thirds to three-quarters of its investments in segments such as farming and agricultural research and development. The remainder tends to be focused on the consumer, Schwartz said.

Paine Schwartz doesn't work under parameters that govern the size and development stage of companies that it backs. "The driver for us is the broader segment, looking to buy the theme and further hone it by hunting ground," Schwartz said.

The firm currently manages assets of \$5.7 billion and has more than 60 employees and advisers, according to the statement.

Yields, Dollar Press Stocks

Continued from page B1

homes, they also have reduced supply as current homeowners hold on to their homes because they don't

TUESDAY'S MARKETS want to give up their low mortgage rates.

At the center of the recent market turbulence, the 10-year Treasury yield finished the day

at 4.558%, according to Tradeweb, up from 4.541% Monday and 4.366% before last week's Fed meeting.

The WSJ Dollar Index, which measures the U.S. currency against 16 others, rose 0.2%—extending recent gains that have brought it to its highest level since last November.

Some investors said the threat of a government shutdown also may be starting to weigh on the market.

House Speaker Kevin McCarthy (R. Calif.) was still trying Tuesday to win the support of Republican holdouts so the House can pass a spending bill to fund the gov-

ernment past Oct. 1. Absent action from Congress by the end of the month, some federal workers would be sent home and none of the roughly 4.5 million people on the federal payroll would get paid.

Shutdowns typically only have a temporary impact on the economy because federal employees get back pay once they are over, said Matt Peron, director of research at Janus Henderson Investors.

Still, there is a chance that this shutdown could last longer than normal. "I don't think the market is quite pricing that yet, but that's certainly something I think on people's mind," Peron said.

Overseas, Europe's Stoxx 600 lost 0.6%. At midday Wednesday, Japan's Nikkei 225 was down 0.5% and Hong Kong's Hang Seng Index was down 0.7%. S&P 500 futures rose 0.2%.

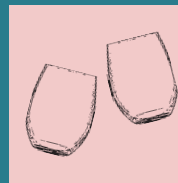
AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

TWO-YEAR NOTES

Applications	\$130,923,315,800
Accepted bids	\$48,000,137,800
* noncompetitively	\$829,529,300
* foreign noncompetitively	\$0
Auction price (rate)	99.840020 (5.085%)
Interest rate	5.080%
Bids at clearing yield accepted	60.5%
Cusip number	91282CJ83
The notes, dated Oct. 2, 2023, mature on Sept. 30, 2025.	

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

How Much Cash Do Americans Have?

Savings households piled up during Covid shrunk, but what they do with it matters as much as the amount

Everybody knows U.S. households' savings soared after the pandemic struck, as the combined effects of checks from the government and fewer opportunities to spend swelled wallets. And everybody knows as the checks stopped coming, the economy reopened and inflation began to bite, those savings got whittled away.

Now the question is how much of that cash is left. The answer matters, first, because if Americans have money sitting around, consumer spending in the months ahead could be bolstered. Second, and perhaps more important, any remaining savings could make it easier for people to weather a rainy day. That would make a recession, if it comes, shallower, and lowers the chances of one occurring.

The easiest way to see what happened to savings in the wake of the pandemic is to look at the personal saving rate, which measures the share of after-tax income that doesn't get spent. In April of 2020 it surged to 33.8%, which compared with 8.8% over the course of 2019. It stayed elevated throughout 2020 and most of 2021, but last year it was 3.5%. This year it has only been a bit better, averaging 4.3%.

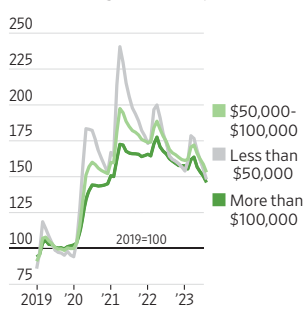
So one way economists have tried to figure out how much "excess savings" are on household balance sheets—that is, savings beyond what one might expect

people to have, going by pre-pandemic trends—is basically to add up all the after-tax income that didn't get spent since the pandemic hit. One of the more pessimistic takes out there, from researchers at the Federal Reserve Bank of San Francisco, takes this approach. They calculate that excess savings peaked at about \$2.1 trillion in August 2021, but by the second quarter of this year less than \$190 billion remained, putting them on pace to be depleted in the current quarter.

Other economists get different answers. Goldman Sachs calculates that as of July there were \$1.3 trillion in excess savings, an amount equal to about 5% of gross domestic product. That seems like a lot of dry powder for consumers, but the firm's economists caution that different assumptions about what the level of savings would be now absent the pandemic can lead to big differences in how much excess savings there appears to be. Moreover, both the income and spending data are subject to revisions that can significantly swing the personal saving rate. The Commerce Department initially reported the saving rate in 2012 was 3.9%, for example. Now the 2012 reading is 8.6%.

The Federal Reserve, meanwhile, has alternative measures of savings, based on changes in household assets and liabilities

Monthly median household savings and checking balances by income



Note: For a fixed group of households through August 2023
Source: Bank of America Institute

from banks and other sources. In particular, these show that savings deposits and other cash equivalents on household balance sheets came to \$16.8 trillion in the second quarter, down from a first-quarter 2022 high of \$17.5 trillion, but still up from the fourth-quarter 2019 level of \$12.7 trillion. Even after adjusting for inflation, that appears somewhat elevated relative to the pace of savings gains before the pandemic.

It matters, though, where these savings gains are. If they are mostly in the accounts of the very rich, for example, that would provide less oomph for consumer spending than if they were held by

middle-class and poorer Americans. Distributional estimates from the Fed are problematic, as Fed economists have pointed out, because they rely on historical patterns of savings from before the pandemic. But data from Bank of America accounts suggests the increase in cash holdings has been relatively even, with median household savings and checking balances up by more than 40% relative to 2019 for low-, medium- and high-income households.

That is a reflection, says Bank of America Institute senior economist David Tinsley, of how a strong labor market has allowed people to keep spending without dipping too much into the savings they built up.

"It's not like spending has been crazy," he says.

By the same token, just because Americans generally seem to still have some of their pandemic savings left doesn't mean they are going to burn through them—especially since those excess savings are now, by all measures, lower than they were. Instead, investors might better think of those savings as a buffer that will make it easier for people to absorb any adverse shocks.

Spending might not get much more of a tailwind, but the chances of a recession are diminished.

—Justin Lahart

Shutdown May Not Hit Investors So Hard

Past closings' impact on growth, stocks was mild

We all like to believe that our jobs are very important, but some just matter more than others.

Not only do almost 1 million federal government employees have the indignity of being labeled "nonessential," but it seems that their status as pawns in Washington's latest power game won't have very much impact on the economy or the stock market. Or will it?

As government shutdowns go, the one almost certain to start this weekend is likely to matter more than most in terms of the number of people affected.

For example, while the last shutdown—which ran from December 2018 through January 2019—was the longest ever at 34 days, Oxford Economics points out that since some appropriations bills had passed, it didn't affect everyone deemed nonessential. Though less than half as long, the October 2013 shutdown was a complete one, as this one looks set to be.

With serious economic concerns starting to emerge if the United Auto Workers strike hitting **General Motors, Ford Motor and Stellantis** drags on, the contrast between the impact of those fewer-than-20,000 striking employees and about 50 times as many government workers is stark.

The latter group won't be at their desks, but they always have been paid in arrears, unlike the auto workers. That means the temporary lack of compensation would hit annualized gross domestic product growth by a modest 0.1 percentage points per week, assuming they are later made whole.

Even that might be overstated because although some government employees might work additional hours to catch up, the Bureau of Economic Analysis only recognizes "regular hours" when tallying up their contribution to GDP.

The effect of shutdowns on the stock market is even milder, if history is any guide. Looking at 20 shutdowns since 1976, Keith Lerner, chief investment strategist at Truist Advisory Services, says stocks rose half of the time during shutdowns.

Even more galling to federal employees' self-esteem—though perhaps not their retirement balances—stocks rose 60% of the time the week before a shutdown, by which time it was well-telegraphed.

The worst period for stocks: the week after a shutdown has ended, with stocks rising just 45% of the time.

Naturally the impact is hardly a nonevent for a federal worker who might run short of cash while members of Congress—who, by the way, continue to get paid—bicker.

A longer shutdown could have a larger impact, even if a big check ultimately turns it into a paid vacation once the dispute is resolved.

And while the four most dangerous words in investing are "this time is different," it really might be this time around.

With two of the three major credit rating agencies already having stripped the U.S. of its sterling rating, Moody's, the last holdout, warned Monday that a shutdown would harm its assessment of America's creditworthiness.

Since Fitch's downgrade at the beginning of August, the yield on the benchmark 10-year Treasury note has spiked by half a percentage point to a 16-year high, alarming some investors.

The S&P 500 is down by more than 6% since.

A third rating cut would be quite the wake-up call. The possible silver lining is that politicians might be less cavalier about budget brinkmanship—and perhaps also that the financial fortunes of government employees outside places like the Federal Reserve and securities regulators would get paid a bit more attention on Wall Street.

—Spencer Jakab*

Quiet Western Drills Set Stage for \$100 Oil

Frugal U.S. and European oil-and-gas companies are making it easier for Saudi Arabia and Russia to fund their political maneuvers.

With recently extended voluntary production cuts, the Saudi-led Organization of the Petroleum Exporting Countries and its Russia-led allies are betting that Western producers won't respond to higher energy prices as much as they used to. So far, so good for OPEC+. Even with oil trading above \$90 a barrel, 11 fewer rigs were operating in the U.S. on Sept. 22 than one week earlier, and 134 fewer were operating than a year ago, according to oil-field services company **Baker Hughes**.

The likes of **Exxon Mobil** and **Chevron** are under pressure to hand cash to shareholders after years of poor returns. Listed U.S. oil producers are only reinvesting half of their operating cash flows today, compared with 90% or more in the years leading up to the pandemic, according to Goldman Sachs analyst Daan Struyven.

This may have reassured OPEC+ that it can curb supply, even at unusually high oil prices, without losing as much market share as it did at the peak of the shale boom.

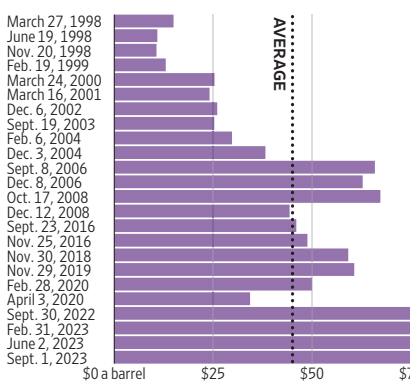
European giants **Shell** and **BP** are even less likely to respond quickly to today's high prices as their projects, especially offshore, can take years to begin production.

Record-high oil demand and lower-than-expected OPEC+ supply point to a shortfall of more than one million barrels a day in the last quarter of 2023. Many analysts expect the oil price to rise above \$100 in the near term.

Looking ahead to 2024, an additional one million barrels a day will be needed to meet demand, according to Bernstein estimates. Supply from non-OPEC sources may only meet roughly half of this, so the world will rely on the cartel to open the spigots.

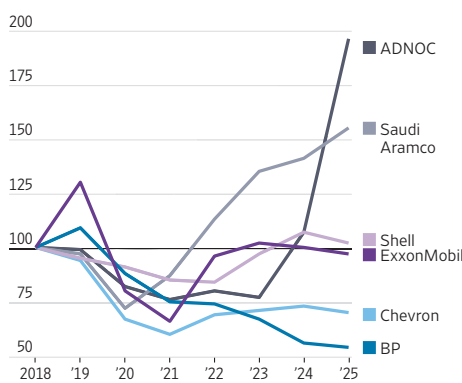
Such a tight market is good news for Saudi Arabia and Russia.

Brent oil price on Friday preceding production cut*



*or extension of cut †2018=100

Upstream investments†



Sources: Goldman Sachs analysis (price preceding cut); Rystad Energy estimates (investments)



A rig within sight of a fast-food drive-through in Signal Hill, Calif.

The Saudi government needs the oil price to stay above \$80 to balance its budget, especially as ritzy infrastructure projects, such as the futuristic desert city Neom, haven't attracted as much overseas investment as hoped.

Russia is under pressure too. Since the start of the war in Ukraine, the Kremlin's fiscal break-even oil price has risen to \$114 a barrel, from \$64 before the

invasion, according to S&P Global Commodity Insights. Russia would have a lot to lose from a low oil price, which may explain why it has become more compliant with OPEC+ quotas in recent months.

Provided there isn't a big drop in global demand for oil soon, lower spending on new production by Western energy companies should boost OPEC+'s leverage. Compared with prepandemic lev-

els, Middle Eastern oil companies such as **Saudi Aramco** and **Abu Dhabi's ADNOC** in particular have been reinvesting at a much faster clip than the U.S. and European supermajors. The trend is expected to continue at least through 2025, according to Rystad Energy analyst Olga Savenkova.

Russia and Saudi Arabia still need to be careful about how high they push prices to avoid denting demand and making investments in alternative sources of energy such as solar and wind more attractive. Warren Patterson, head of commodities strategy at ING, also points out OPEC could face geopolitical pressure to release more supply in 2024.

Both the U.S. and India—a large consumer of Russian oil—are holding elections next year and will be sensitive to how voters feel about gasoline prices.

Western oil companies hope that fat dividends and share buybacks can boost their stock valuations. But the downside of their lavishing investors is becoming clearer: Oil suppliers that put national interests first are increasingly running the show.

—Carol Ryan

Higher Mortgage Rates Are Helping Economic Growth in a Way

The low number of existing homes for sale on the market, the high prices those homes are fetching, and—surprisingly—high mortgage rates have all made purchasing a newly built home more attractive for many would-be buyers. Not that new homes are cheap.

The Commerce Department on Tuesday reported that a seasonally adjusted 675,000 new homes were sold in August, at an annual rate. This was down from July's 739,000, and below the 695,000 economists expected. Even so, the pace of new-home sales so far this quarter has been higher than in

the second, and that in turn means housing construction will likely provide a boost to third-quarter growth in gross domestic product.

While down from the surge registered shortly after the pandemic struck, new-home sales are around where they were in 2019, which at that point was the best year for sales since 2007.

One thing that has perversely helped new-home sales, and home builders, is the high level of mortgage rates. Because just about anybody with a mortgage is paying a significantly lower rate than what has lately been prevailing,

moving would entail taking on a lot of additional interest cost. The lock-in effect this has created has led to a dearth of existing homes for sale, creating a supply/demand imbalance that has pushed up existing home prices despite the rise in rates.

Also on Tuesday, the S&P CoreLogic Case-Shiller National Home Price Index showed a 1% gain in July from a year earlier, bringing it to a new record high level.

The Commerce Department report, meanwhile, showed that the median new home sold last month fetched \$430,300 last month. That was down from the record

\$496,800 hit in October 2022, but much higher than the median of \$321,500 for new homes sold in 2019. What's more, the average rate on a 30-year fixed mortgage was 3.9% in 2019, according to Freddie Mac. Last week it was 7.2%.

It is somewhat surprising that new-home sales have been picking up despite still-high prices and the highest mortgage rates in over two decades. It is nice that these sales are helping push the economy along. But for home buyers, lower prices—and lower rates—would be better.

—Justin Lahart