

THE WALL STREET JOURNAL.

What's News

Business & Finance

The U.S. auto industry posted its worst sales year in more than a decade for 2022, as supply-chain snarls and poorly stocked dealerships dented results for many car companies. GM on Wednesday was one of the few to report an increase in annual sales. **A1**

◆ **A top EU privacy regulator** ruled that Meta can't use its contracts with Facebook and Instagram users to justify sending them ads based on their online activity. The company was fined \$414 million. **A1**

◆ **A thaw across the Northern Hemisphere** has melted down natural-gas prices, upending dire forecasts of energy shortages and hamstringing Putin's plan to squeeze Europe this winter. **A1**

◆ **Fed minutes showed officials** offering blunt words of warning about investors underestimating the central bank's determination to hold rates at higher levels to bring down inflation. **A2**

◆ **Major U.S. stock indexes** ended higher, with the S&P 500, Nasdaq and Dow advancing 0.8%, 0.7% and 0.4%, respectively. **B1, B11**

◆ **Amazon's layoffs** will affect more than 18,000 employees, the highest reduction tally revealed in the last year at a major tech company as the industry pares back amid economic uncertainty. **B1**

◆ **Federal authorities are** moving to seize hundreds of millions of dollars in assets in the U.S. tied to FTX, a sign that the battle over control of the company's remaining funds is escalating. **B2**

World-Wide

◆ **McCarthy and his allies** launched a new round of talks late Wednesday with a small but stubborn group of conservative holdouts who have blocked his bid for House speaker, reviving hopes of a possible deal following a second day without a winner. **A1**

◆ **Russia blamed** the use of banned mobile phones by its soldiers for the deadliest known assault on Russian forces during its war with Ukraine, as Zelensky warned that the Kremlin is preparing for a new offensive. **A6**

◆ **Russian troops have** tempered their assault on the eastern Ukrainian city of Bakhmut amid stiff resistance, according to Ukrainian commanders. **A6**

◆ **The WHO urged** Beijing to be more transparent about its Omicron outbreak, with some officials in a briefing Wednesday questioning the accuracy of China's Covid-19 data. **A8**

◆ **EU member states** agreed to controls on people entering the bloc from China, with countries encouraged to require a pre-travel negative Covid test for those flying to Europe. **A8**

◆ **Biden said** he intended to visit the U.S.-Mexico border during his trip next week to Mexico City. The visit would be his first to the border as president. **A4**

◆ **A powerful storm** began to drench California on Wednesday, prompting evacuation orders in several places days after another system brought record-setting rain. **A3**

CONTENTS
Arts in Review... A11
Business & Finance... B210
Business News... B3
Crossword... A12
Equities... B7
Heard on Street... B12
Markets... B11
Opinion... A13-15
Personal Journal... A9-10
Sports... A12
Technology... B4
U.S. News... A2-5
World News... A6-8,16



Ringleader of College Admissions Scheme Is Sentenced



JUDGMENT: William 'Rick' Singer, leaving federal court in Boston on Wednesday, was sentenced to 42 months for his role as the mastermind of a college-admissions cheating scheme that ultimately led to criminal charges against 57 people. **A3**

GOP Holdouts Block McCarthy As He Pushes for Speaker Deal

By NATALIE ANDREWS AND SIOBHAN HUGHES

WASHINGTON—Kevin McCarthy and his allies launched a new round of talks late Wednesday with a small but stubborn group of conservative holdouts who have blocked his bid for House speaker, reviving hopes of a possible deal following a second day without a winner.

ries of votes Tuesday, nor another three Wednesday, which served to deepen doubts about his prospects and fuel talk of alternative GOP candidates. Twenty GOP lawmakers remained opposed, along with all Democrats, blocking the California Republican from getting the necessary majority of the full House. After the sixth vote, the House adjourned amid efforts by increasingly frustrated Republicans to stake out a path forward.

A flurry of meetings were taking place in the early evening, with Republicans shutting between offices. "I think it's probably best that people work through some more," said Mr. McCarthy, who added that he didn't think further votes Wednesday would be productive. "No deal yet, but a lot of progress," he said.

Mr. McCarthy. The discussions appeared to revive hopes of a deal, with Republican lawmakers cutting short a planned late-night session and immediately moving to adjourn until Thursday rather than take a seventh vote. The motion to adjourn passed 216 to 214, mostly along party lines, in a chaotic scene refereed by House Clerk Cheryl Johnson, who has presided over votes. All Democrats and four Republican de-

EU Regulator Fines Meta \$414 Million Over Targeted Ads

By SAM SCHECHNER

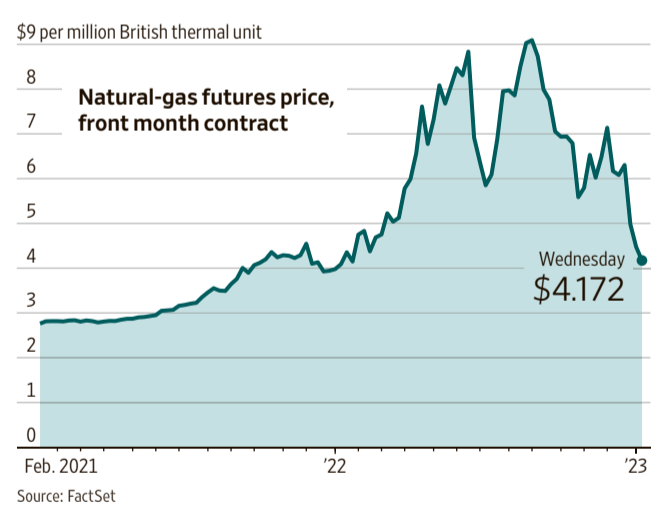
A top European Union privacy regulator ruled that Meta Platforms Inc. can't use its contracts with Facebook and Instagram users to justify sending them ads based on their online activity, delivering one of the bloc's biggest blows yet to the digital-advertising industry.

plans to appeal the ruling and the fines. If the decisions are upheld, they could mean Meta will have to allow users to opt out of ads that are based on how individual users interact with their own apps—something that could hurt its core business. Ireland's two decisions—one for Facebook and one for Instagram—give the company three months to stop relying on their contracts with users to justify its use of so-called behavioral ads, which are targeted based on a user's online activity. Meta could, however, seek a stay on implementing the decisions pending its appeal.

Price of Natural Gas Plunges On Warmer Weather Forecast

By RYAN DEZEMBER

A thaw across the Northern Hemisphere has melted down natural-gas prices, upending dire forecasts of energy shortages and hamstringing Russian President Vladimir Putin's plan to squeeze Europe this winter. It isn't expected to remain as balmy as it was on Wednesday, when temperatures hit 66 degrees Fahrenheit in New York, but the forecasts that energy traders monitor call for abnormally warm weather extending into February, sapping demand for the heating fuel.



ing a 4.6% gain on Wednesday that snapped a four-session losing streak, which included an 11% drop on Tuesday. The price is now about the same as it was a year ago, when temperatures also were



INSIDE
U.S. NEWS
Benched soccer star's mother made allegation against World Cup coach. **A3**



BUSINESS & FINANCE
Salesforce is laying off 10% of its staff and reducing office space in some markets. **B1**

A Trendy Dessert Stirs Up A Sticky Debate

By DION NISSENBAUM AND FATIMA ABDULKARIM

NABLUS, West Bank—Almost anywhere you go here, pastry aficionados are at odds: Who makes the best knafeh? Knafeh is a warm, salty-sweet dessert usually made from melted cheese and pastry dough, with a sugary syrup poured over the top and a sprinkle of chopped pistachios. It is a cultural touchstone for Palestinian identity and a calorie bomb for Tel Aviv hipsters with late-night munchies.

les. Trader Joe's created a frozen knafeh sold for a time in America. Innovative chefs around the world have created knafeh macarons, knafeh cheesecakes, mango knafeh tarts and various kinds of deconstructed knafeh treats. Here, the ancient dessert is deeply baked into Middle Eastern culture. Knafeh rivalries have stretched on for generations. People argue for hours about what ingredients are essential and which city makes it best. People even bicker over how to pronounce the word—koo-NAH-fah, keh-NAH-fay, or che-NAH-fah. "We have knafeh wars over

Protests, Pleas Got Xi To Reverse Zero-Covid

By LINGLING WEI AND JONATHAN CHENG

BEIJING—By the end of an otherwise triumphant Communist Party Congress for Xi Jinping in October, it was growing harder for China's leader to argue that his zero-Covid policy was working. Reports were flowing into central government headquarters of rising infections nationwide, a surge taking place despite the strict lockdowns that had kept Covid-19 at bay for most of the prior three years, according to officials and government advisers close to Beijing's decision-making.

Evidence built for months that Chinese leader's signature policy was failing. The containment measures had come at a high cost, cutting sharply into the nation's exports and retail sales, draining local finances and driving parts of the population to a near-breaking point. But Mr. Xi wasn't ready to reverse his stance. As late as mid-November, he was wavering on whether and how to unwind a policy with which he had so closely associated himself, according to the officials and advisers. A rare wave of protests in China's largest cities in late November, coupled with urgent pleas from many corners of the government, finally prodded Mr. Xi to shift, according to officials.

◆ **WHO presses** China to give reliable coronavirus data.... **A8**

U.S. NEWS

Fed Officials Warn on Their Resolve

Minutes of December meeting show fear that market rallies would pressure rates upward

By NICK TIMIRAO

WASHINGTON—Federal Reserve officials offered uncharacteristically blunt words of warning to investors that cautioned against underestimating the central bank's determination to hold interest rates at higher levels to bring inflation down.

Minutes of the Fed's policy meeting last month, released Wednesday, highlighted the tricky communications task that has vexed the central bank over the past six months.

The Fed's rapid rate increases last year have fanned investors' hopes that inflation will slow quickly over the coming year. In the run-up to the December meeting, longer-term bond yields tumbled, reflecting both optimism about a speedy decline in inflation and fears of a recession this year. But many Fed officials are anxious they won't be able to defeat inflation unless they can slow the economy by tightening financial conditions, such as by raising borrowing costs or lowering stock prices.

Any market rallies that ease financial conditions threaten to hinder officials' effort to cool hiring and wage growth. That, in turn, could prompt them to continue lifting rates

or holding them at higher levels for longer, increasing the risk of a deeper or longer economic downturn.

"An unwarranted easing in financial conditions, especially if driven by a misperception by the public of how the Fed will react to economic developments "would complicate the committee's effort to restore price stability," said minutes of the Fed's Dec. 13-14 meeting.

"It was a very direct statement," said Tim Duy, chief U.S. economist at research firm SGH Macro Advisors. "The Fed is saying it is committed to a particular outcome, which is higher unemployment and a weaker labor market. The key issue for investors is whether the Fed will really stick with that plan if inflation is moderating."

Despite some signs that inflation may have peaked last summer, officials indicated at last month's meeting that they would continue raising interest rates in case price pressures prove more persistent this year.

Evidence has mounted that prices of goods could slow rapidly as supply-chain bottlenecks abate and that rents and other housing costs are also slowing. Fed officials are concerned, however, that labor markets are too tight, which could sustain strong wage growth that keeps inflation well above their 2% target.

While inflation moderated in October and November, officials last month "stressed that it would take substantially

Kashkari Sees Rates Climbing to 5.4%

Minneapolis Fed President Neel Kashkari said he expects the Federal Reserve will need to raise interest rates by another percentage point over the next few months, despite signs that inflation is decelerating.

"While I believe it is too soon to definitively declare that inflation has peaked, we are seeing increasing evidence that it may have," Mr. Kashkari said in an essay published online Wednesday morning. "In my view, however, it will be appropriate to continue to raise rates at least at the next few meetings until we are confident inflation has peaked," he said.

The Fed raised rates aggressively last year to a range of between 4.25% and 4.5% in December, up from a level near zero in early March. Mr. Kashkari said he anticipated the central bank would need to

raise rates to around 5.4% over the next few months.

After that, he said, he expected policy makers would need to hold rates at that level to determine whether the Fed had done enough to slow the economy and bring inflation down to its 2% goal.

"Wherever that end point is, we won't immediately know if it is high enough to bring inflation back down to 2% in a reasonable period of time," said Mr. Kashkari. "Any sign of slow progress that keeps inflation elevated for longer will warrant, in my view, taking the policy rate potentially much higher."

Mr. Kashkari's essay focused on why the central bank and many other forecasters misjudged the strength and persistence of inflation in 2021 and 2022.

"Even if we had been able to identify all the shocks in advance, I don't think our workhorse models would have come anywhere close to forecasting 7% inflation," said Mr. Kashkari.

more evidence of progress to be confident that inflation was on a sustained downward path," the minutes said.

Officials indicated they saw the risk of inflation staying higher than many forecasters anticipate as "a key factor shaping the outlook for policy," the minutes said.

The Fed raised rates aggressively last year, including by unanimously approving a

0.5-percentage-point increase in their benchmark federal-funds rate last month. The increase followed four larger increases of 0.75 point and brought the rate to a range between 4.25% and 4.5%, a 15-year high.

While markets expect the Fed to raise the rate to around 5% by the spring, officials projected somewhat higher rates in new projections released

last month. Some 17 of 19 officials penciled in plans to raise the rate to a level above 5% in 2023 and hold it there until some time in 2024. No officials projected rate cuts next year, the minutes said.

While the December rate rise was widely expected, some analysts were perplexed by how officials had revised higher their inflation projections for the coming year after some evidence that inflation might have peaked. Because central bankers believe inflation-adjusted or "real" policy rates are what matter for slowing the economy, a slower decline in inflation would require higher interest rates to achieve the same degree of economic restrictiveness.

Several officials are shifting their focus from broad inflation readings to the labor market amid concerns that high inflation could persist if it leads workers to bid up wages.

Wage growth hasn't shown meaningful signs of slowing, particularly as companies offer higher pay to attract new workers than they provide their current workers. Job openings held nearly steady at historically high levels in November, adding to evidence the labor market remained strong heading into 2023, according to a Labor Department report released Wednesday.

The minutes offered no insight about the debate over whether to raise rates by 0.5 point or a smaller 0.25 point at their next meeting, Jan. 31-Feb. 1.

November Openings For Jobs Stay High

By SARAH CHANEY GAMBON AND BRYAN MENA

Job openings held nearly steady at historically high levels in November, adding to evidence that the labor market remained strong heading into 2023 despite rising interest rates and concerns about an economic slowdown.

About 10.5 million jobs were available in November, essentially unchanged from October and well above prepandemic openings levels, the Labor Department said Wednesday. The report also showed layoffs stayed low and a larger share of workers quit their jobs in November than a month earlier, a sign Americans were still confident in their employment prospects.

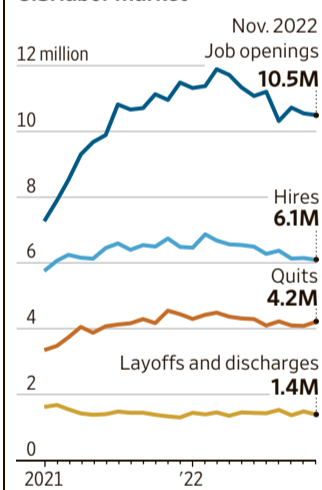
The data point to a solid overall labor market as some well-known companies are announcing layoffs. Salesforce Inc. said in a filing Wednesday that it is laying off 10% of its workforce as many of its customers are taking a more cautious approach to spending.

"The labor market is strong, and the key fundamental factors show that it will continue to be strong for at least the next several months," said Robert Frick, corporate economist at Navy Federal Credit Union. "There is this basic need to staff in certain businesses."

Healthcare and government organizations are still trying to fill roles so they can function properly, Mr. Frick said. Bars and restaurants are seeking to add workers, he said.

Employers added an average of 392,000 jobs a month in 2022 through November, according to the Labor Department. The pace of job growth was more than double that of 2019, the year before Covid-19 hit the U.S. economy.

U.S. labor market



◆ Heard on the Street: Companies keep hiring..... B12

Auto Sales Set for Dent For Year

Continued from Page One

tively strong sales in the fourth quarter, as factory work accelerated amid improved parts supply. Now, though, some worry that the supply problems of the past few years could morph into a demand problem, with rising interest rates and inflationary pressures weighing on consumers' ability to afford new wheels.

"It's going to make things a lot more challenging in 2023," Hyundai U.S. chief Randy Parker said, referring to rising rates, after his company posted a slight sales decline for 2022. "There's still a lot of pent up demand."

The drop in 2022 vehicle sales marks a reversal for a sector that started the year hoping historically low interest rates and an easing of parts shortages would fuel a rebound in sales. Instead, vehicles continued to be in short supply as car makers mostly waited for scarce computer chips. Russia's invasion of Ukraine, a key sup-

plier of auto parts, added to the supply-chain troubles.

"When we started the year off, the whole industry had projections all above 16 million," said Jack Hollis, Toyota's North American sales chief. Companies quickly ditched their projections as factories were forced to shut down or slow production.

"It's not all doom and gloom," Mr. Hollis said. There are early signs that the shortages and rising raw material prices are easing. Many car makers reported an improvement in their sales near the end of the year as computer-chip supplies began to improve. Mr. Hollis said Toyota expected the industry to sell 15 million vehicles this year.

Nissan Motor Co.'s U.S. sales dropped by about a quarter in 2022, but fell only 2% in the fourth quarter amid enhanced semiconductor availability. "It's definitely improved," said Judy Wheeler, who oversees American sales for Nissan. I'm hoping it won't be an issue as we move forward."

A prolonged shortage of semiconductors created pent-up demand for new vehicles, which meant that cars and trucks went to waiting buyers almost as soon as they hit the dealer lot. The lack of availability left buyers paying top dol-

U.S. vehicle sales in 2022

Company	2022 Sales	Change from 2021
GM	2,274,088	▲2.5%
Toyota	2,108,458	▼9.6
Stellantis	1,547,076	▼13
Honda	983,507	▼33
Nissan	729,350	▼25
Hyundai	724,265	▼2.0
Kia	693,549	▼1.0

Source: the companies

lar for the rides they could secure, pushing the average price paid for a vehicle in December to a near record high of \$46,382, according to J.D. Power.

The strong pricing buoyed auto maker profits last year despite shrinking sales volume and insulated the industry from a broader decline in consumer spending.

Some analysts caution that it is still too early to tell if rising prices are pushing buyers away. Heavy snowfall in large parts of the northern U.S.

weighed on December sales, making it hard to see the impact of higher prices, JPMorgan analysts wrote in a note to clients. Still, there are early signs that demand might be slowing, even for the hottest car makers.

Tesla Inc. reported Monday that it fell short of its growth projections last year, in part because of Covid-related shutdowns at its Shanghai factory and changes in the way it manufactures and distributes vehicles. Analysts have pointed to decreased wait times for Tesla vehicles as a sign of softening demand. Tesla offered a rare discount on some of its vehicles if buyers agreed to take delivery before the end of 2022.

Electric-vehicle sales accounted for nearly 6% of the retail market in the U.S. in 2022, up from about 3% in the prior year, according to J.D. Power.

Executives have been investing billions of dollars on new models and factories, in the belief that sales will continue to expand rapidly over the next decade. But rising prices for raw materials used in lithium-ion batteries pushed up EV prices throughout 2022, and some executives warned of a looming battery shortage.

General Motors cut its EV

sales target for 2023 because of a slower-than-expected increase of battery production.

The semiconductor shortage, while easing for some other sectors, such as smartphones and personal computers, remains a challenge for autos, in part because car companies typically use inexpensive, commodity silicon for vehicles. Toyota, citing a lack of chips, cut its production outlook for the current fiscal year through March.

Declining used-car prices are also driving down the value of trade-ins, a development that is discouraging to potential buyers who intend to use the equity in their existing vehicles to offset the higher cost of purchasing a new one. That bodes poorly for sales this year, as retailers worry that buyers who were unable to buy a car as a result of shortages will now be priced out of the market, according to a survey of dealers conducted by Cox Automotive.

The research site Edmunds expects new-car sales to hit 14.8 million in 2023, a marginal increase from last year but well below prepandemic levels. A combination of rising rates, inflation and economic turmoil could push vehicles out of reach for many buyers, Edmunds said.

U.S. WATCH

HEALTH

Exercise Helps Ease Children's Depression

Regular exercise can alleviate symptoms of depression in children, a new analysis showed.

International researchers who published their analysis this week in JAMA Pediatrics reviewed 21 studies to determine whether physical activity was associated with a decline in depressive symptoms in children. In the studies, which included data from more than 2,400 young children and adolescents, exercise sessions encompassed activities including sports and simple aerobics such as running or jumping.

Children 13 years or older benefited the most from such activities, along with those diagnosed with depression or another mental illness, the researchers said in their review.

—Sarah Toy

VIRGINIA

White Nationalists' Damages Order Cut

A judge slashed millions of dollars from the damages a jury ordered white nationalist leaders and organizers to pay for their role in the violence that erupted during the deadly "Unite the Right" rally in Charlottesville, Va., in 2017.

U.S. District Judge Norman Moon ordered the \$24 million in



Police at a Baltimore shopping center where five boys on a school lunch break were shot, one fatally.

punitive damages reduced to \$350,000, the cap imposed under a Virginia law. Judge Moon upheld the \$2 million in compensatory damages awarded by the jury in November 2021.

The ruling also affirmed the jury's central finding that the defendants were liable under a state conspiracy law for planning and participating in the rally. The suit was filed by nine people who alleged they were physically injured, emotionally scarred—or both—by the violence.

—Associated Press

BALTIMORE

Boy Killed, 4 Others Hurt in Shooting

Five boys, believed to be high-school students on their lunch break, were shot Wednesday at a Baltimore shopping center, and one has died, the police commissioner said.

Officers called to Edmondson Village shopping center's parking lot around 11:15 a.m. found the five boys with gunshot wounds, Police Commissioner Michael

Harrison said. One of the victims died, but the injuries of the other four aren't considered life-threatening, Mr. Harrison said.

Police believe the five were students at Edmondson West-side High School, which is across the street, and they were on their lunch break, he said. They were in front of a Popeyes and Rita's Italian Ice when two shooters opened fire on the group, then fled, he said. "We are looking for anything that would tell us how this happened," he said.

—Associated Press

CORRECTIONS & AMPLIFICATIONS

Eighty-one percent of small-business owners reported raising wages in response to labor-market challenges, according to a survey conducted by Vistage Worldwide Inc. A U.S. News article on Saturday about small businesses incorrectly said 84%. Also, 24% of those surveyed said it was easier to fill job openings now than at the start of 2022, and 20% said it was harder to fill open positions. In some editions, a chart accompanying the article showed the opposite.

The Money Rates table in Friday's Business & Finance section incorrectly gave all values as zero for the Freddie Mac weekly survey of mortgage rates. The 30-year fixed-rate mortgage was 6.42% on Dec. 29, compared with 6.27% a week earlier and 3.11% a year earlier. The 15-year fixed-rate mortgage was 5.68%, compared with 5.69% a week earlier and 2.33% a year earlier. Freddie Mac didn't report values for the five-year adjustable-rate mortgage.

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U.S. NEWS

Varsity Blues Ringleader Gets 3½ Years

Court orders Singer, who orchestrated admissions scheme, to pay nearly \$20 million

By MELISSA KORN

BOSTON—William “Rick” Singer, the mastermind behind a nationwide college-admissions cheating scheme that ensnared top universities, business executives and Hollywood celebrities, was sentenced to 42 months in prison.

He will also have to pay nearly \$20 million in restitution and forfeitures of ill-gotten gains.

The hearing in U.S. District Court here Wednesday marked the end to a lengthy drama for Mr. Singer that exposed the ease with which the high-stakes college-admissions process could be corrupted. The scandal, made public in March 2019 after a yearlong investigation by the FBI, IRS and federal prosecutors, captivated the country and inspired books and a Netflix documentary. It also raised fundamental questions about who deserves to get into the nation’s most exclusive institutions of higher education.

Mr. Singer, 62 years old, pleaded guilty in 2019 to four felonies, admitting to running a complex operation that arranged for parents to fraudulently boost their teens’ ACT and SAT scores and to bribe college coaches to flag the clients as recruited athletes, all but guaranteeing their admission to schools including Georgetown University and the University of Southern California. Payments were often funneled through Mr. Singer’s sham charity, allowing parents to take tax write-offs for the bribes.



Operation Varsity Blues snagged former Georgetown University tennis coach Gordon Ernst, left, who was sentenced to 2½ years in prison; television star Lori Loughlin, sentenced to two months incarceration; and Douglas Hodge, the ex-chief executive of bond giant Pacific Investment Management Co., who received a nine-month sentence.

Though he was at the head of a conspiracy that prosecutors say brought in \$25 million and tainted an admissions process that was intended to be based on merit, Mr. Singer also served as a key cooperater in the federal case. The probe, dubbed Operation Varsity Blues by investigators, started with a tip from an investor involved in a stock-fraud scheme and ultimately led to criminal charges against 57 individuals.

Most of those charged pleaded guilty, with sentences ranging from probation to 2½ years in prison. All but one person who took their cases to trial were found guilty; one parent also was pardoned by then-President Donald Trump and one coach entered a deferred prosecution agreement.

Mr. Singer sat in the courtroom Wednesday afternoon as Assistant U.S. Attorney Stephen

Frank summarized the scheme.

Mr. Frank said that while there were dozens of conspirators, “Without Rick Singer coming up with the scheme, masterminding the scheme, orchestrating the scheme, it would never have happened.”

“I am responsible for my actions and my crimes,” Mr. Singer told U.S. District Judge Rya W. Zobel. “The fraudulent testing scheme, bribing of university officials, lying on students’ applications and profiles, I did all of it.”

Mr. Singer apologized to the students he worked with, saying they were “deserving of more integrity than I showed them,” and expressed regret for tarnishing the reputations of universities, tainting the experiences of families who worked with him legitimately and embarrassing his family and friends.

“Despite my passion to help others, I lost my ethical values and have so much regret. To be frank, I’m ashamed of myself,” Mr. Singer said.

Prosecutors called Mr. Singer’s scheme “staggering in scope” and “breathtaking in its audacity.” They said his cooperation with the investigation was valuable, while also beset with missteps.

In addition to the prison term, Mr. Singer was sentenced to three years of supervised release, and ordered to pay \$10.7 million in restitution to the Internal Revenue Service, forfeit more than \$5.3 million in assets and pay a \$3.4 million forfeiture money judgment.

The delay in sentencing Mr. Singer is partly because of his agreement with the government; cooperators typically aren’t sentenced until after their work with authorities is

complete. Mr. Singer’s lawyer also died last year, leading to an additional delay.

Judge Zobel on Wednesday said Mr. Singer needed to face prison time, given how complex and lucrative the scheme was, and how long it went on. Still, she awarded him significant credit for his cooperation.

“It was a sobering day in court,” said Candice Fields, an attorney for Mr. Singer. “He hopes to continue making amends for mistakes of the past.”

Prosecutors say Mr. Singer ran the test-cheating scheme on about 30 separate occasions. He encouraged families to have their children tested for learning differences, securing extra time to take college-entrance exams. Enough extra time and they could sit for the tests at locations where Mr. Singer had a proctor either feed answers

to the teens or correct their test responses afterward.

For his scheme related to athletics, Mr. Singer exploited the fact that coaches of low-profile sports like sailing and women’s soccer were often poorly paid and under pressure to raise money for their programs.

Mr. Singer’s sentencing isn’t the final chapter of the Varsity Blues saga. In September, a federal judge said former USC water-polo coach Jovan Vavic could seek a new trial after determining some trial statements by prosecutors were misleading and potentially prejudicial.

Donna Heinel, a USC athletics administrator who admitted to conspiring with Mr. Singer, is scheduled to be sentenced Friday. And two parents have appealed their 2021 trial convictions.

Benched Star’s Mother Made Berhalter Allegation

By JOSHUA ROBINSON

A 31-year-old abuse allegation against U.S. men’s national team coach Gregg Berhalter was made by Danielle Reyna, the mother of U.S. men’s soccer star Gio Reyna, after she and Gio’s father, Claudio, took issue with Mr. Berhalter’s public description of benching their son during the Qatar World Cup.

Claudio and Danielle Reyna confirmed in separate statements on Wednesday that they had brought the allegation to the attention of U.S. Soccer, the sport’s national governing body. The allegations represent a confrontation between two families that had been friends for decades, dating back to the days when three of them were students at the University of North Carolina. News of the Reynas’ involvement was reported by ESPN.

The federation said Tuesday that it had opened an indepen-

dent investigation into the matter after receiving a complaint from an unnamed person. Mr. Berhalter, meanwhile, released a lengthy statement volunteering the details of the probe. He revealed that, in 1991, he had kicked his then-girlfriend (and now his wife of 25 years) Rosalind Berhalter in the legs during an altercation outside a bar. Mr. Berhalter wrote that the allegation came with a threat that the information could “take me down.”

The incident resurfaced on Dec. 11 when, U.S. Soccer says, it was contacted with the allegation against Mr. Berhalter. That person, who wasn’t named by the federation, turned out to be Danielle Reyna, Gio’s mother, a former member of the U.S. women’s national team, and the current wife of former U.S. men’s national team player Claudio Reyna.

Also on Dec. 11, a newsletter for the HOW Institute for Society’s Summit on Moral

Leadership in New York published comments that Mr. Berhalter had made at a speaking engagement there the previous week. Mr. Berhalter had described a situation with a player who showed the wrong attitude in practice and around the team in Qatar.

“In this last World Cup, we had a player that was clearly not meeting expectations on and off the field,” Mr. Berhalter said, under the assumption that his comments wouldn’t be circulated outside the room. “One of 26 players, so it stood out. As a staff, we sat together for hours deliberating what we were going to do with this player. We were ready to book a plane ticket home, that’s how extreme it was.”

Gio Reyna’s parents surmised that the player in question was their 20-year-old son, a highly regarded attacking midfielder with Borussia Dortmund who didn’t start any of the Americans’ four matches at



U.S. national team soccer coach Gregg Berhalter talks with player Gio Reyna in Qatar on Dec. 3.

the World Cup. Ms. Reyna, in her statement, said that she then contacted U.S. Soccer about the 1991 incident.

“But I want to be very clear that I did not ask for Gregg to be fired, I did not make any threats, and I don’t know anything about any blackmail attempts,” Ms. Reyna said in the statement reported by Fox Sports.

Gio Reyna later confirmed that he was the player in ques-

tion when he responded to Mr. Berhalter’s comments in a Dec. 12 post on Instagram.

“I fully acknowledge that I let my emotions get the best of me and affect my training and behavior for a few days after learning about my limited role,” he wrote. “I apologized to my teammates and coach for this, and I was told I was forgiven.”

“I support my wife, Danielle, and her statement,”

Claudio Reyna wrote. “I too was upset by Gregg’s comments about Gio after the U.S. was out of the World Cup, and I also appealed to [U.S. Soccer sporting director] Earnie Stewart on Dec. 11 asking him to prevent any additional comments.”

“However,” he added, “at no time did I ever threaten anyone, nor would I ever do so.”

Mr. Berhalter couldn’t be reached to comment.

California Suffers Flooding, Outages As Third Major Storm Hits the State

A powerful storm began to drench California late Wednesday, flooding roads, downing power lines and trees and prompting evacuation orders in

By Jennifer Calfas, Alicia A. Caldwell and Talal Ansari

several places just days after another system brought record-setting rain.

Gov. Gavin Newsom declared a state of emergency, readying state resources to assist with response and recovery efforts. Evacuations were ordered ahead of the storm for portions of Santa Barbara County in the southern part of the state and Santa Cruz County in northern California. Emergency officials in cities and towns across the Golden State warned residents to prepare for a variety of hazards, including flooding, mudslides and damaging winds.

The strongest effects of the storm were felt in northern and central California. Early Wednesday evening, PG&E Corp., a utility serving much



Gov. Gavin Newsom has declared a state of emergency. A car is towed out of a flooded intersection in Mill Valley, Calif.

of those regions, reported widespread outages around coastal areas in the north of the state. About 140,000 California customers were without power Wednesday evening, according to tracking site PowerOutage.US.

In Marin County, north of San Francisco, wind gusts were as strong as 85 miles an hour, according to the National Weather Service. The agency

warned of wind as strong as 50 mph in other parts of the San Francisco Bay Area and issued flash-flood warnings for communities including Big Sur.

San Francisco Mayor London Breed said the city was being inundated with 911 calls related to the storm and urged residents to use the number only for life-or-death emergencies.

The storm is the third system to hit the region since Dec.

26, according to the National Weather Service. The latest forecast predicts up to 3 to 6 inches of rainfall over the coastal hills of central and northern California, and higher totals in isolated regions, through Thursday.

State officials warned that this storm is just one of a series expected to hit California through next week. The storms are being fueled by an atmospheric river—a flowing column of condensed water vapor in the atmosphere that produces significant levels of rain and snow.

“This may be one of the most challenging and impactful series of storms to touch down in California in the last five years,” said Nancy Ward, director of the state’s Office of Emergency Services.

Officials in Santa Barbara County issued an evacuation order for those in the Alisal, Thomas and Cave Fire burn scars. In northern California, the Santa Cruz County Sheriff’s Office issued evacuation orders and warnings for several communities.

‘Romeo and Juliet’ Actors Sue Paramount

By JOSEPH DE AVILA

The two stars of the 1968 version of “Romeo and Juliet,” directed by Franco Zeffirelli, have sued Paramount Pictures for more than \$500 million, alleging they were sexually exploited during a nude scene in the film when they were teenagers.

Olivia Hussey, who played Juliet, was 15 years old when the movie was filmed and Leonard Whiting, who played Romeo, was 16. Both are now in their 70s and allege that Paramount engaged in fraud, sexual abuse and sexual harassment, according to a complaint filed Friday in state Superior Court in Los Angeles County.

Mr. Zeffirelli, who died in 2019, told the actors they would appear in flesh-colored clothing in a bedroom scene, according to the complaint. But on the day of the shoot, Mr. Zeffirelli told the actors they would wear body makeup with the camera positioned in a way that wouldn’t show their nude bodies, the lawsuit said.

The underage actors were misled and were filmed in the nude without their knowledge in violation of state and federal laws, the lawsuit said.

“Defendants were dishonest and secretly filmed the nude or partially nude minor children without their knowledge,” the suit said. “The knowing and repeated use of sexual images of minor children is the worst of behaviors in our society and must be eradicated.”

Paramount was “repackaging what is essentially pornography,” the complaint said. Paramount Global didn’t respond to a request for comment. The Franco Zeffirelli Foundation, an organization dedicated to the legacy of the director, didn’t respond to a request for comment.

Ms. Hussey and Mr. Whiting were previously barred from suing because the statute of limitations had expired. But in 2019, California passed a law that lifted the statute of limitations for childhood sex abuse for a three-year period. That three-year window expired at the end of 2022.

U.S. NEWS

President To Visit Border On Trip To Mexico

BY TARINI PARTI
AND ANNIE LINSKEY

WASHINGTON—President Biden said he intended to visit the U.S.-Mexico border during his trip to Mexico City next week.

"We're working out the details now," Mr. Biden said Wednesday.

The president's comments came after The Wall Street Journal reported the White House was strongly considering adding a visit to the border to the Mexico trip, according to people familiar with the discussions.

Mr. Biden is expected to meet Mexican President Andrés Manuel López Obrador and Canadian Prime Minister Justin Trudeau in Mexico City for the North American Leaders' Summit on Monday and Tuesday.

The trip would be Mr. Biden's first visit to the border as president. One of the people said there would be no new policy announcement at the event if it occurs. The president later said he would give a speech on border security Thursday.

The administration has faced bipartisan criticism for its handling of the border for the past two years. There were a record 2.2 million arrests last year by the U.S. Border Patrol of people caught crossing the southern border illegally, according to data released by U.S. Customs and Border Protection.

Parts of the southern border saw an influx of asylum seekers crossing the border illegally last month in anticipation of what was expected to be the end of the government's use of a public-health measure called Title 42, which allows the U.S. to expel migrants before they have a chance to ask for asylum.

The Supreme Court, however, ordered the government to keep that pandemic-era border policy in place beyond its scheduled December expiration while justices consider whether Republican-led states can intervene in a lawsuit over the restrictions.

Biden is expected to travel to Mexico next week for North American summit.

Some immigration advisers inside and outside the administration have been wary of a presidential visit to the border, arguing that the photo-op would legitimize GOP attacks and that Democrats should be crafting their immigration messaging on their terms.

Republicans have said that a lack of a visit to the border shows the administration hasn't been focused enough on the issue.

House GOP Leader Kevin McCarthy (R., Calif.) told reporters that he had invited the president to visit the southern border with him during a meeting in the Oval Office with Mr. Biden and other congressional leaders after the November election. "I explained to the president what I saw...the control of our border is lost right now," he said, adding the House GOP majority planned to launch investigations into Mr. Biden's handling of the issue.

When asked about a potential visit to the region, White House press secretary Karine Jean-Pierre said repeatedly in a recent press briefing: "The president's focus right now is to come up with solutions, is focused on making sure that we have the resources to manage what—the challenges that we're seeing at the border."

"If congressional Republicans are serious about dealing with the challenges that we're seeing at the border, they will assist," she said.

Mr. Biden's visit to the border follows an earlier one by Vice President Kamala Harris, who toured a border patrol facility and a port of entry in El Paso, Texas, in June 2021.

Biden, McConnell Hail Bipartisan Funding of Bridge Project



President Biden and Senate Minority Leader Mitch McConnell touted a bridge project made possible under the 2021 infrastructure bill during a trip to Kentucky on Wednesday, offering a show of bipartisanship as Washington lurches into a contentious era of divided government.

The former Senate colleagues appeared together, above, in Cov-

ington, Ky., where the White House announced funding to upgrade the Brent Spence Bridge between Ohio and Kentucky, as well as investments in other spans.

Mr. Biden cited the bipartisan infrastructure law as an example of elected officials in Washington working together. "It wasn't easy to get this done," he said, addressing Mr. McConnell. "It wouldn't

have happened without your hand."

In joining Mr. Biden, Mr. McConnell was implicitly endorsing both bipartisanship and certain kinds of government spending, both of which have fallen out of favor among a rising breed of Republicans. Only 13 House Republicans voted for the bipartisan infrastructure bill; of those, more than half didn't return to Congress.

Mr. McConnell was one of 19 Senate Republicans who backed the bill. On Wednesday, he described the bridge funding as a "legislative miracle." He said: "It's the government working together to solve a major problem at a time when the country needs to see examples like this."

The funds will go to upgrading the existing bridge and build-

ing a new bridge dedicated to interstate drivers, the White House said. The current bridge along a major commercial corridor lacks a safety shoulder and frequently is backed up. The Transportation Department has announced \$1.64 billion for the Brent Spence Bridge project.

—Catherine Lucey
—and Siobhan Hughes

Holdouts Block McCarthy

Continued from Page One
tractors of Mr. McCarthy opposed adjourning.

In one major concession, a McCarthy-aligned super PAC, the Congressional Leadership Fund, agreed to stop picking candidates in primaries where the seat is expected to stay in Republican hands, in an effort to win over critics who said the spending was sometimes unfair to conservative candidates. The group and the influential Club for Growth announced the deal Wednesday night, with the Club for Growth agreeing to drop its opposition to Mr. McCarthy.

For Wednesday's votes, the conservative holdouts threw their support behind Rep. Byron Donalds of Florida, who dropped his support for Mr. McCarthy a day earlier, saying he saw no way for him to win. Meanwhile, Democrats remained aligned behind their leader, Rep. Hakeem Jeffries of New York. One lawmaker who was previously a McCarthy supporter, Rep. Victoria Spartz of Indiana, voted present in all of Wednesday's tallies, saying talks were needed.

Because Republicans have such a narrow majority over Democrats—222 to 212, with one vacancy—Mr. McCarthy needs almost unanimous support from his party. Securing the speakership requires a majority of lawmakers who vote for a candidate. Ms. Spartz's vote of "present" lowered Mr. McCarthy's vote count to 201 from 202, while lowering the overall pool to 433 and the needed majority to 217.

Mr. McCarthy, who has pursued the speakership for nearly as long as he has been in the House, is the party's nominee for the post but has failed now in a half-dozen vote series to win the majority needed to get the position. It marked the first time since 1923 that a speaker wasn't elected on the first ballot.

The votes also showed the depth of the opposition, with holdouts making various demands related to committee assignments, chamber rules and desired issue votes, but also harboring grudges against Mr. McCarthy and leadership. Names floated as potential candidates if Mr. McCarthy were to drop out include Rep. Steve Scalise (R., La.), another member of leadership, as well as Rep. Patrick McHenry (R., N.C.). Both have backed Mr. McCarthy.



Rep. Matt Gaetz (R., Fla.) gestures during balloting on Wednesday for House speaker, which failed to produce a winner after six ballots.

"The smart thing to do is to get together, have a conversation, choose somebody and let's move forward," said Rep. Ken Buck (R., Colo.) on CNN.

On the House floor after Mr. McCarthy had failed to secure enough votes on a fifth ballot, lawmakers talked together in small groups. Among them: Mr. Perry, the leader of the House Freedom Caucus, and Rep. Matt Gaetz (R., Fla.)—both opponents of Mr. McCarthy—were talking to Mr. Scalise.

Nerves started to fray. In nominating Mr. McCarthy for the sixth round, Rep. Kat Cammack (R., Fla.) provoked outraged yells and jeers from Democrats when she suggested they had been drinking. "They want us to fight each other," Ms. Cammack said. "That has been made clear by the popcorn, and blankets and alcohol that is coming over there."

"She should apologize!" a Democrat shouted.

Trump endorsement

Mr. McCarthy got welcome news in the morning when former President Donald Trump issued a statement imploring holdout Republicans to get on board. In a post on his social-media platform Truth Social, Mr. Trump warned Republicans not to turn the triumph of winning the majority in the midterm elections into an embarrassing defeat. "VOTE FOR KEVIN, CLOSE THE DEAL, TAKE THE VICTORY," he wrote.

Mr. Trump has been making calls to lawmakers urging

them to back Mr. McCarthy and asking what they wanted to gain that support, according to a person familiar with the discussions.

Mr. McCarthy said under no circumstance would he leave the race for the speakership. He said he spoke to Mr. Trump Tuesday, and that Mr. Trump told him to stay in the contest.

The 20 Republican House members who voted on Tuesday to deny the speaker's gavel to Mr. McCarthy nearly all come from heavily Republican districts. Some said after Mr. Trump's endorsement they were still unmoved in their opposition to the California Republican.

Rep. Lauren Boebert (R., Colo.) said instead of cajoling lawmakers, Mr. Trump "needs to tell Kevin McCarthy that you do not have the votes and it's time to withdraw."

The failure to elect a speaker has delayed the swearing-in of all of the House members, meaning the House isn't technically formed. House rules call for the speaker to be elected first, then for lawmakers to be sworn in. After that, they were set to vote on a rules package that governs them in the 118th session of Congress. The lack of a speaker also delayed a planned vote on cutting funding for the Internal Revenue Service and other measures that the party has made a priority.

Mr. McCarthy has spent weeks negotiating with the most conservative members of his party, many of whom are

members of the House Freedom Caucus and who see Mr. McCarthy as not sufficiently conservative and too eager to make deals with Democrats. He acceded to their demands to change House rules to make it easier to oust a speaker, but refused other changes. He resisted the last-minute calls by some members for subcommittee gavels and more places on top committees.

Rep. Chip Roy of Texas said Wednesday that progress had been made, but not enough to truly change how the House operates.

Hard bargaining

On Monday night, ahead of the first speaker vote Tuesday, Ms. Boebert, Mr. Perry and Mr. Gaetz went to Mr. McCarthy with a list of requests, which they said could get him to 218 votes if he committed to all of them.

That package included demands that Mr. McCarthy promise to hold a vote on a proposal to secure the border put forward by Texas Republicans, a vote to place congressional term limits, and a bill that would replace income, payroll and other taxes with a consumption tax. The group also asked for any earmark that gets tacked on to legislation to be approved with a two-thirds vote, and that anytime an amendment to cut spending is proposed it be brought to the floor.

Finally, the group requested that Mr. McCarthy not support specific members in primaries.

A super PAC aligned with Mr. McCarthy has been willing to support specific candidates in primaries they believe have a better chance of winning.

In a party meeting Monday morning, the group also listed the committees they wanted members to be placed on, which they said Mr. McCarthy had asked for. Mr. McCarthy didn't agree to the full package, and he and allies accused the members of giving priority to their own self-interest over the party and the country.

Nancy Pelosi, the departing House speaker, dismissed the idea that fellow Democrats might vote present or leave the chamber during future ballots, thereby lowering the threshold needed for a Republican speaker. "That may be a Republican rumor that has no currency among the Democrats," she said.

A failure of Mr. McCarthy's bid would be unprecedented in modern history and underscore the shaky state of the Republican majority and the raucous nature of its conservative wing, which has caused trouble for party leaders in the past decade. In 2015, then-Speaker John Boehner resigned in the face of conservative pressure.

The House speaker dictates which bills make it to the floor, and is responsible for shepherding must-pass legislation, such as spending bills. Democrats continue to control the Senate.

—Lindsay Wise,
Eliza Collins and Alex Leary
contributed to this article.

U.S. NEWS

Crime, Housing Top Hochul's Priorities

New York governor is set to outline agenda for her first full term in speech next week

By JIMMY VIELKIND

ALBANY, N.Y.—New York Gov. Kathy Hochul enters her first full-term facing an uncertain economy, elevated crime and a dire housing crunch. She said she wants to tackle all those things while also changing the culture in the state capital, which has long been known for rough-and-tumble politics and high-profile clashes that she and other leaders say stifled collaboration.

Ms. Hochul, a Democrat, was inaugurated Sunday as the first woman elected governor of the Empire State. The former lieutenant governor first assumed the office in 2021 following former Gov. Andrew Cuomo's resignation, which came amid a sexual-harassment scandal.

Even as she responded to new waves of Covid-19 and a damaging hurricane, Ms. Hochul said from the outset that she wanted to show that a collaborative approach could work in a state characterized by politicians with big ambi-

tions and egos—almost all of whom were men. In a recent interview, Ms. Hochul reflected on her closer-than-expected election victory over then GOP Rep. Lee Zeldin and said she would heed lessons from years of work on the local political stage, much of which was out of the spotlight in the suburbs of Buffalo.

Mr. Zeldin focused on crime and the state's cash-bail laws, which he blamed for the 20% increase in major crimes in New York City between 2021 and 2022. The governor was slow during the campaign to address the attacks, said Democratic political strategist Bradley Honan, and her 6.4-percentage-point margin of victory was the closest in decades in a race few analysts thought would be competitive. Democrats have a greater than two-to-one advantage among registered voters in the state.

Ms. Hochul, 64 years old, said that she had long focused on public safety, including stricter gun control laws. But she said even some fellow Democrats expected her to fail and that she met voters who said they wouldn't support her because "they weren't sure a woman had the toughness that it takes to do this job."

"I knew I had to set out and

prove [that] they're all wrong," she told The Wall Street Journal, sitting in her Capitol office decorated with artifacts of the women's suffrage movement.

"There's an inner confidence that allows me to go into situations where I don't have to be the loudest voice in the room," Ms. Hochul said. "I can bring people together...and let them know I'm listening, but I also have strong opinions."

The governor is expected to outline her agenda in a speech next week. She said in the interview that she would continue to focus on public safety and rising housing costs—the median monthly rent for a Manhattan apartment now exceeds \$4,000—and promised to stem population loss in her inauguration speech. New York lost 220,000 residents in the year that ended July 1, the Census Bureau said, which is more than any other state.

Ms. Hochul said she has made it a priority—working with New York City Mayor Eric Adams—to revive New York City business districts that were hollowed out by the pandemic. The Hochul-Adams relationship is notably warmer than that between their predecessors, Mr. Cuomo and former New York City Mayor Bill de Blasio. The



'I can bring people together,' say Gov. Kathy Hochul, who won election to a full term in November.

RICHARD BEAVER FOR THE WALL STREET JOURNAL

men fought over everything from whether to keep schools open during the pandemic to the fate of a stray deer that made its way into Harlem.

In December, Ms. Hochul shared the stage with Mr. Adams to discuss a plan for reviving the city's business districts at a breakfast convened by the Association for a Better New York civic group. The pair convened a group that recommended a series of parks and promenades throughout some of the busiest parts of Manhattan, suggesting major changes to reposition office-centric

neighborhoods for the postpandemic world. Business executives including Goldman Sachs Chief Executive David Solomon helped draft the report.

Governors and mayors have feuded for decades and the conflict often let problems fester, ABNY chairman Steven Rubenstein said. Ms. Hochul and Mr. Adams were the first governmental leaders to make a joint appearance at the group in 50 years.

"She believes there can be a win-win," Mr. Rubenstein said. "It used to be like professional wrestling."

Ms. Hochul successfully pushed lawmakers last year to partially roll back a law that prohibited cash bail for most misdemeanor and nonviolent felony charges. She secured \$600 million of state funding for a new Buffalo Bills football stadium. Progressives in the legislature objected to both moves.

Looking toward her first elected term, she has promised to create 800,000 housing units over the next decade but hasn't detailed specific steps to achieve the goal. She also plans to propose additional funding for mass transit.

Times Square Suspect Says He Sought to Kill Police

By CORINNE RAMEY

The man charged with attacking police near Times Square on New Year's Eve told a detective after being arrested that he wanted to kill an officer in uniform, according to a complaint made public Wednesday.

Trevor Bickford, 19 years old, told the detective that he

saw the officer and waited until he was alone. "I said Allahu akbar"—Arabic for "God is great"—Mr. Bickford said, adding that he used a kukri, or type of short sword, to hit the officer over the head, according to the complaint. "I charged another officer but dropped the knife and I tried to get the police officer's gun but I couldn't."

Mr. Bickford, who law-enforcement officials said was motivated by Islamic extremism, made his first appearance in New York state court Wednesday, where he was charged with attempted murder and other offenses. In asking that he be held without bail, a prosecutor said that Mr. Bickford was a significant flight risk.

"He indicated that he had initially wanted to travel internationally but then decided to come to New York first in order to kill people and carry out jihad," the prosecutor said.

She said he had traveled to New York from Maine to murder government officials.

The judge ordered him jailed while awaiting trial.

The Legal Aid Society, which represents Mr. Bickford, asked the public in a statement to refrain from drawing hasty conclusions and to respect the privacy of his family.

"Trevor Bickford, who is just a teenager, has no prior contact with the criminal legal system," his lawyers said. "Earlier today, Mr. Bickford

was arraigned from Bellevue Hospital after languishing in NYPD custody for nearly four days despite a well-established court requirement that an arraignment take place within 24 hours of arrest."

The New York Police Department didn't respond to a request to comment.

—Sadie Gurman contributed to this article.

FROM PAGE ONE



Customers at a sweets shop in Gaza city

A Dessert Debate Simmers

Continued from Page One everything," said Joudie Kalla, a Palestinian-British chef and author of "Palestine on a Plate: Memories from My Mother's Kitchen."

"Knafeh, for Palestinians, runs through our veins," she added.

Like its culinary cousins falafel, shawarma, and hummus, knafeh inevitably has become enmeshed in the broader Israeli-Palestinian conflict. Israelis and their Arab neighbors feud over the origins of various kinds of Middle Eastern food.

While the iconic dessert's culinary roots stretch back centuries across the Middle East, many historians view the West Bank city of Nablus as the modern-day capital of the treat. Palestinian pastry chefs in Nablus use special, locally produced, cheese to give their knafeh a unique taste that's hard to replicate.

Pizza Hut Israel landed under the heat lamp last month after it unveiled a new knafeh-style pizza. "Bad taste and culinary appropriation," French-Palestinian chef Fadi Kattan wrote on Instagram. "Shame on you Pizza Hut!" (Some Ital-

ians also bashed the pizza.)

Pizza Hut Israel said the company wanted to honor knafeh and tap into its popularity by creating the new pizza, which sells for as much as \$23. "We noted that this is a Middle Eastern dish in order to give it the proper cultural respect," the company said in a written statement.

Beyond the political backdrop, the appeal of knafeh drives even kin and co-workers to tangle over it. In the Old City of Jerusalem, Jafar Sweets claims to have a secret recipe that keeps customers returning, but one of its young workers broke away and set up a competing knafeh shop with a confusingly similar name.

The owner of the Old City shop, Adnan Jafar, refuses to try his former employee's offerings. "I only eat my own," he said.

Gaza City knafeh maker Mahmoud Saqallah says Gaza pastry chefs are the true masters, even though some rivals say their version barely qualifies as authentic. Gaza knafeh is unique because it doesn't contain cheese. Gazans use bulgur wheat instead of pastry dough and then add cinnamon, nutmeg and walnuts. "If you want to learn how to make Arabic knafeh, you have to learn from Gaza chefs to master the art," he said.

In the West Bank, many disagree. "Gaza's Arabic knafeh is a totally different dessert, they share the name, but not-

ing else," said Amal Abu Hamid, a Ramallah resident.

When Yaffa Knafeh opened its doors in 2019, Tel Aviv customers sometimes had to wait up to 90 minutes in a line snaking down the street for single servings of knafeh with goat milk ice cream that cost \$8—more than four times the price at the most popular West Bank shops.

Knafeh was a staple of the late Palestinian leader Yasser Arafat's marathon midnight peace talks with diplomats at his presidential compounds in Gaza City and Ramallah, U.S. officials said.

Aaron David Miller, a veteran American diplomat who met with Mr. Arafat countless times, said the Palestinian leader bragged about knafeh and insisted on hand-feeding him the sweet while they carried out intense negotiations.

In 2009, Nablus sought to create the world's largest knafeh. The 240-foot, two-ton behemoth was set in the middle of the city, where hundreds of people tore into it.

In 2018, two young American diplomats set out to find the best knafeh in Nablus and produced a video documenting their quest. In true diplomatic fashion, the pair avoided taking sides, concluding that "all of the knafeh in Nablus is delicious."

—Omar Abdel-Baqi in Nablus, Aaron Boxerman in Jerusalem and Anas Baba in Gaza City contributed to this article.

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WORLD NEWS

Russia Says Cellphone Use Led to Attack

BY ANN M. SIMMONS
AND JARED MALISIN

Russia blamed the use of banned mobile phones by its soldiers for the deadliest known assault on Russian forces during its war with Ukraine, and raised the death toll from the attack to 89, as Ukraine's president warned that the Kremlin is preparing for a new offensive in the war.

The Russian Defense Ministry said the strike on a facility that housed its newly mobilized soldiers occurred at 12:01 a.m. local time on New Year's

Day. The regiment's deputy commander was killed in the attack, the ministry said.

"It is already obvious that the main reason for what happened was the inclusion and massive use, contrary to the ban, by personnel of mobile phones in the reach of enemy weapons," the Defense Ministry said on its Telegram messenger channel Wednesday. The use of cellphones allowed opposing forces to pinpoint the location of Russian forces, it said.

The statement, attributed to Lt. Gen. Sergei Sevryukov, first deputy chief of the main

military-political directorate of Russia's armed forces, said an investigation was under way in which "the guilty officials will be brought to justice."

The move to attribute blame for the attack on the soldiers themselves came after some of the war's staunchest supporters criticized Russian military leaders for concentrating troops in an unsecure location next to stockpiles of ammunition and other military equipment.

The U.S. and other members of the North Atlantic Treaty Organization have long warned their soldiers not to

use unencrypted, unsecure communications equipment or social media while on duty, and increasingly to be wary about all kinds of electronic communications.

Ukrainian President Volodymyr Zelensky, meanwhile, warned that Russia is preparing a new offensive in an attempt to reverse Moscow's fortunes in a war in which Russian forces have lost swaths of Ukrainian territory they occupied early in the conflict.

"We have no doubt that the current masters of Russia will throw everything they have left

and everyone they can muster to try to turn the tide of the war and at least postpone their defeat," he said late Tuesday.

The commander in chief of Ukraine's armed forces, Valeriy Zaluzhny, said the battle around Bakhmut in eastern Ukraine is "the most challenging situation" faced by Ukrainian forces.

"There, the enemy is virtually attempting to advance over their corpses," said Gen. Zaluzhny in a call with the U.S. chairman of the Joint Chiefs of Staff, Gen. Mark Milley.

Mr. Zelensky spoke with

French President Emmanuel Macron on Wednesday. France will send light AMX-10 RC armored combat vehicles to help in the war, Mr. Macron told his Ukrainian counterpart during the phone call, according to French officials.

President Biden, when asked Wednesday whether the U.S. would send Bradley Fighting Vehicles to Ukraine, said the combat vehicles are under consideration.

Washington is expected to announce its next Ukraine aid package as early as Friday, U.S. officials said.

Ukraine Sees Signs Moscow Is Shifting From Bakhmut

BY ALISTAIR MACDONALD

BAKHMUT, Ukraine—Russian troops have tempered their assault on the eastern Ukrainian city of Bakhmut, Ukrainian commanders say, as stiff resistance forces Russian units to shift some of their firepower to surrounding areas.

Some Ukrainian officers and British military intelligence say that Russia is no longer hitting Bakhmut—a city that has assumed outsized importance to both sides—with the same ferocity as it was last month. The Ukrainian commanders say Russia instead has repositioned armored vehicles and artillery fire toward the nearby town of Soledar.

Bakhmut and Soledar are part of the same front, and fighting has ebbed and flowed around both cities before. An easing in clashes in one area doesn't suggest the Russians have given up on taking Bakhmut entirely, but rather indicates that Ukraine's resistance has forced a rethink.

Several Ukrainian officers say they believe that Russia, at least for now, has redirected fire from Bakhmut after struggling for months to take the city. Instead, Russia might seek to test Ukrainian defenses around Soledar and claw out a victory there, they say.

Since the autumn, Bakhmut and its surrounding area have emerged as one of the most hotly contested front lines of the war, with both sides pouring a large number of troops and hardware into the front.

Ukraine's top military commander, Valeriy Zaluzhny, recently said the fighting in the Bakhmut area was "the most challenging situation" faced by his forces.

While it has little strategic significance, Bakhmut has acquired great importance for Wagner, the Russian paramilitary force that has sought to storm the city, as well as for Gen. Sergei Surovkin, who was appointed Russia's military commander in Ukraine in October. Russian and Ukrainian forces have been fighting for Bakhmut, a city of 70,000 people, for about six months.

Taking Bakhmut would have great psychological significance for Russia after a string of battlefield setbacks.

At a Ukrainian artillery position on the outskirts of Soledar, Russian ordnance has pummeled the surrounding area in recent days. Ukrainian howitzers hit back at what an artillery officer said were Russian positions outside the city.

British military intelligence said Ukraine has committed



Ukrainian soldiers wait as an artillery battle takes place on the outskirts of Soledar in eastern Ukraine's Donbas region.

significant reinforcements to Bakhmut, blunting Russian attacks at great cost for both sides. Russia is unlikely to achieve a breakthrough in the coming weeks, British intelligence said Tuesday.

At an anti-aircraft position close to Bakhmut, the platoon commander said Russian fire had roughly halved in recent days and appeared to be redirected at Soledar. Serhii Cherevatyi, a spokesman for the Ukrainian forces in the east, said he hasn't noticed a significant falloff in Russian

artillery strikes at Bakhmut or a redirection of fire.

Earlier this week, incoming explosions from Russian fire sounded every two minutes around Bakhmut, with Ukrainian forces firing about once a minute.

"They are looking for the weakest points in the Ukrainian system," said one officer, who had ZU-23, the name of a Soviet anti-aircraft gun, tattooed on his knuckles.

The flow of Ukrainian casualties from Bakhmut has slowed at one local hospital.

Andriy Zholob, the commander of the 46th Brigade's medical unit, said Monday he was conducting six or seven operations a day between Dec. 17 and 19, but hadn't carried out one for the past two days.

On Monday, smoke rose from Soledar. In the surrounding fields, fires and smoke rose from at least five craters, while artillery fire from both sides continued at regular intervals.

Russia is still concentrating its efforts on conducting offensive actions in the Bakhmut area, Ukrainian armed forces

said Tuesday. Russian tanks and artillery fired at 20 settlements in the area, it said.

Despite the respite, Ukrainian soldiers remain on alert for a renewed Russian push on Bakhmut. "We are expecting a counterattack at any time," a Ukrainian army captain said.

Watch a Video

Scan this code for a video on the role of mercenaries aiding Russia.



Skiers glide down a ribbon of artificial snow in the Swiss Alps amid warmer-than-usual temperatures.

Record Heat Wave Hits Europe

BY ALYSSA LUKPAT

An unseasonable heat wave in Europe shattered January temperature records in multiple countries, thawing business at ski resorts but likely avert-

ing a predicted energy crisis as people shut off their heaters.

The continent was whipsawed late last year by frigid temperatures and soaring gas prices, only to begin 2023 with unprecedented warmth, meteo-

rologists said. Parts of Denmark, France, Germany, Poland, Spain, Switzerland and other countries recorded their warmest January days on record. Temperatures reached nearly 70 degrees Fahrenheit in certain areas on Jan. 1.

On a typical January day, national weather offices have recorded average temperatures about 15 degrees lower.

Maximiliano Herrera, a climatologist who tracks extreme weather, said on Twitter this week that this heat wave was "the mother of all extreme events ever seen in Europe."

Parts of the continent were forecast to get rain and wind in the coming days that could offer a reprieve from the heat.

In the Alps, the warm temperatures thawed snow and kept people off the slopes. Several ski resorts in France and Switzerland said they were closed this week because most of the snow had melted. The closures came during the peak ski season, when resorts depend on business to sustain them for the rest of the year.

The warm front arrived on the continent around Dec. 30, said Switzerland's Federal Office of Meteorology and Climatology.

Natural Gas Prices Plunge

Continued from Page One

warmer than normal and before Russia's invasion of Ukraine jolted energy markets.

The plunge is a bad omen for drillers, whose shares were among the stock market's few winners last year. Cheaper gas is good news for households and manufacturers whose budgets have been busted and profit margins pinched by high fuel prices. Though shocks of cold and problems with pipelines could still spike regional prices, less-expensive natural gas should help to cool inflation in the months ahead.

Mild weather is driving gas prices lower in Europe, too, spelling relief for the region that coming into the winter faced the possibility of rolling blackouts and factory shutdowns.

The drop is a welcome surprise for European governments that committed hundreds of billions of dollars to shield consumers and companies from high energy prices. Moscow cut supplies of gas to Europe last year.

So far, Russia's strategy isn't working. Warm weather is limiting demand, as is a European Union-led effort to curb consumption. But analysts said prices in Europe could shoot up again when the continent tries to refill stores for the 2023-24 winter.

Last year's high gas prices in the U.S. were a big driver of the steepest inflation in four decades. When prices peaked in August, the question was whether there would be enough gas to get through the winter, given record consumption by domestic power producers with few alternatives, as well as demand in Europe, where the race is on to replace Russian gas.

Now the question in the

market is how low prices will go. They were already falling when the late December storm brought snow to northern cities and stranded travelers. Frigid temperatures prompted a big draw from U.S. natural-gas stockpiles and froze wells in North Dakota and Oklahoma. At its peak, the storm took nearly 21% of U.S. gas supply offline, according to East Daley Analytics, a gas consulting firm.

The demand surge and the supply disruptions were fleeting and failed to counteract forecasts for balmy January weather. Prices also were

Lower prices for natural gas should help cool inflation in the months ahead.

pushed lower by another delay in the restart of a Texas export facility. It has been offline since a June fire.

Temperatures above 60 degrees Fahrenheit are forecast this week around the Great Lakes and along the Ohio Valley, while highs in the Southeast might reach into the 80s.

As measured in heating-degree days, a population-weighted measure of temperatures below 65 degrees Fahrenheit, this week will be twice as warm relative to normal as the last week of December was cold, said Eli Rubin, senior energy analyst at the

gas-trading firm EBW Analytics-Group.

The firm estimates that warmer weather over the first half of January will reduce gas demand by about 100 billion cubic feet over that stretch. That is about the volume of gas that the U.S. produces each day. The Energy Information Administration estimates daily U.S. output hit a record in 2022.

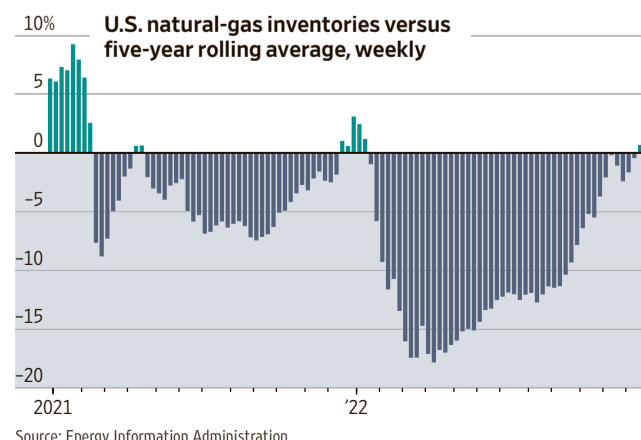
Analysts anticipate similarly strong production in 2023. They expect the year to pass without new LNG export capacity coming online for the first time since 2016.

"The market is moving from a mind-set of winter scarcity to looking ahead to exiting winter with more in storage, adding production and not adding any new LNG exports," Mr. Rubin said. "If anything, the market looks oversupplied."

Analysts have been reducing their gas-price assumptions as well as their outlooks for producers as the first weeks of winter pass without sustained periods of cold weather.

Gabriele Sorbara, an analyst at Siebert Williams Shank, told clients this week that he expected natural gas to average \$4.25 in 2023, down from a forecast of \$5.50 before the warm spell. As a result, he downgraded shares of EQT Corp., the biggest U.S. producer and one of the top-performing stocks in the S&P 500 last year, from "buy" to "hold."

—Joe Wallace contributed to this article.



Source: Energy Information Administration

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WORLD NEWS

Sunak Vows to Cut Inflation, Boost Economy

By MAX COLCHESTER

LONDON—British Prime Minister Rishi Sunak pledged to halve inflation and boost the economy this year as he seeks to overturn a hefty deficit in the polls and shore up a nation beleaguered by rising prices, a struggling nationalized health system and rolling strikes.

Mr. Sunak, who has been the U.K.'s prime minister since October, used his first big domestic-policy speech to promise action on five priorities, pitching himself as a managerial leader who can start to fix the country ahead of a national election expected next year. Mr. Sunak's Conservative Party trails the main opposition Labour Party by 20 points in the

polls, according to pollster Redfield & Wilton Strategies.

In addition to reducing government debt, cutting inflation and returning the economy to growth, Mr. Sunak said he would shrink the record waiting lists in the National Health Service and do more to tackle illegal immigration.

"People don't want politicians who promise the earth and then fail to deliver," Mr. Sunak said Wednesday. "They want government to focus less on politics and more on the things they care about."

Britain is in a difficult place. Inflation is running at 10.7%, close to a 40-year high. The nation is gripped by the biggest wave of strikes in decades, with nurses, bus drivers and

rail workers among those walking out this month over pay disputes. The NHS, meanwhile, is struggling with a backlog of more than seven million people waiting for treatment after it

'We need to address these problems, not just talk about them,' the U.K. leader says.

paused many non-urgent operations during the pandemic.

The Bank of England forecasts that the economy would shrink by 1.5% this year and might continue to contract in

the first half of 2024. Economists expect that the U.K.'s recession will be deeper and longer than in most other major Western economies, as Britain struggles with a combination of energy-price increases caused by the war in Ukraine and a tight labor market.

Amid a bleak economic outlook, with real wages set to fall over two years, the opposition Labour Party is repeatedly hammering home the message that the Tories aren't effective managers of the economy.

Mr. Sunak said he would offer voters "peace of mind for the months to come" in a break from the hectic politics that saw 2022 deliver three Conservative prime ministers. Mr. Sunak was brought in by

Conservative lawmakers last fall after his predecessor, Liz Truss, spooked the markets with a plan to borrow to fund tax cuts. He succeeded in stabilizing government borrowing costs, announcing a plan to cut government spending and raise taxes to their highest levels since just after World War II.

"I think people do accept that many of these challenges are at least, in part, the legacy of Covid and impacted by the war in Ukraine," he said. "But that's not an excuse; we need to address these problems, not just talk about them."

One bright spot for the government is that economists expect inflation to fall quickly this year, leaving Mr. Sunak's target of halving inflation within

reach. The Bank of England forecasts that inflation would ease rapidly from the middle of 2023 on the back of decreasing energy costs, the falling cost of imported goods and muted domestic demand as households tighten their purse strings. The Office for Budget Responsibility, a government-funded think tank, projects inflation at 3.75% by the last quarter of the year.

Mr. Sunak hinted that there might be a resolution to the continuing industrial disputes paralyzing the nation. He said more details would be announced shortly. He pledged to tackle illegal migration, saying he intends to pass new laws to rapidly detain those who arrive on small boats from France.

French Unions to Battle Increase in Retirement Age

By NOEMIE BISSERBE

PARIS—France's unions have pledged to dig in for a prolonged fight against President Emmanuel Macron's plan to overhaul the country's pension system, a new threat to his pro-business agenda.

Mr. Macron's government is meeting with unions this week, putting an explosive issue back on the table as the country navigates the economic fallout of the war in Ukraine. The government said it would detail the proposed measures next week.

Revamping the country's pension system was one of the main planks of Mr. Macron's election platform when he was re-elected in April. The French leader plans to increase the retirement age by two or three years from 62, saying it is the only way to preserve France's social model without raising taxes or increasing the country's debt. The fight throws into question Mr. Macron's

ability to enact his political agenda during his second term in office.

Unions say raising the country's retirement age is unnecessary and would penalize people who started working at a young age.

"We are determined to prevent this reform—which will primarily hit workers of modest means—from going through," said Laurent Berger, the general secretary of the CFTD, France's largest union, after meeting with Prime Minister Elisabeth Borne on Tuesday, ahead of more meetings on Wednesday.

"That means strikes, and protests," said Frédéric Souillot, the general secretary of Force Ouvrière, another French union.

France's pension system recorded a profit of 900 million euros, equivalent to \$955 million, in 2021 and is expected to post a €3.2 billion profit in 2022, according to a recent report by a pension advisory

panel. But the system will start incurring losses after 2022, and could eventually threaten the government deficit-reduction targets, the report added. Mr. Macron's government aims to reduce the public-sector budget deficit to below a European Union ceiling of 3% of economic output in 2027 from 5% in 2022.

The pension overhaul "aims to ensure the balance of our system for the years and decades to come," Mr. Macron said last week. "We need to work longer," he added. The new rules, he said, would take effect by the end of this summer.

The French president is also set to struggle to gather support for the measure among lawmakers. Mr. Macron lost his majority in the National Assembly, France's lower house of parliament, in June, as the war in Ukraine and its impact on fuel and food prices took a political toll on the French leader.

Mr. Macron's party, Renais-



Medical students in Toulouse in November protested a plan to add an extra year to their studies.

sance, and its allies still control the most seats in the National Assembly, but not enough to retain the majority that allowed the French leader to steamroll the opposition during his first term. Far-right and left-leaning lawmakers have vowed to oppose Mr. Macron's plans, while conservative lawmakers want French workers to retire at 63 with a minimum pension of €1,200.

Mr. Macron's push to raise the retirement age risks spark-

ing social unrest in a country reeling from high inflation. Tens of thousands of protesters have taken to the streets in recent months to demand higher wages to cope with rising food and energy prices. About two in three French people are against an increase in the retirement age from 62 to 65, according to recent polls.

In 2019, when Mr. Macron last attempted to overhaul the country's pension system, his move triggered the longest

transport strike in France's history, paralyzing the country for weeks.

Mr. Macron had proposed to consolidate France's 42 pension plans, which vary widely in retirement age and income, into one universal system, and introduce bonuses and penalties to encourage people to work until age 64. But he was forced to shelve his plans when the country went into lockdown because of the Covid-19 pandemic.

Meta Fined In EU Over Online Ads

Continued from Page One said it issued its decisions after a board representing all privacy regulators in the bloc in December ordered the Irish regulator to do so, over the Irish regulator's objections, The Wall Street Journal earlier reported. Ireland leads the enforcement of the EU's General Data Protection Regulation for Meta because the company's European headquarters are in Dublin.

The Irish decisions are significant because they could end up restraining Meta's ability to use some of the data it collects on its own apps. The decisions don't specifically order Meta to seek users' consent to use their activity data to target their ads, but they eliminate the contractual legal justification Meta currently uses to do so. That leaves the company few other options under EU law to justify such ads, privacy lawyers and activists said.

Meta said Wednesday that the decisions don't prevent personalized advertising on its platforms and said that it is evaluating options to continue offering users personalized services. The company said it rejects the idea that it would have to seek users' consent as a legal justification under EU law, and cited "a lack of regulatory certainty in this area."

"We strongly believe our approach respects GDPR, and we're therefore disappointed by these decisions," a spokesman said.

Meta has long allowed users to opt out of personalizing ads based on data it gleans from users' activity on other websites and apps. But it doesn't give users any such option for opting out of ads based on data about activity on its own platforms—such as what posts a user comments on or videos an Instagram user watches.

That in-house data is one of Meta's main tools for building customized audiences for the personalized ads it sells as part of its core advertising business, some analysts said. Meta brought in \$83 billion in advertising revenue for the



Mark Zuckerberg spoke virtually at a conference in Paris in June.

nine months ended Sept. 30, nearly a quarter of which came from Europe.

If a significant number of people opt out of ads powered with that behavioral data, prices for Meta's advertising could fall as much as 10% to 20% in a worst-case scenario, wiping 12% to 25% from the company's valuation, wrote Ali Mogharabi, an analyst at Morningstar Research Services, after the Journal's article about the pending decision in December.

Meta took a revenue hit in 2021 when Apple Inc. required iPhone app developers to ask users whether they want their usage to be tracked. Many iPhone users declined that tracking, cutting off Meta from a significant source of data it used to target ads. The company said the change reduced its revenue by 8% in 2021.

Wednesday's decision represents a warning shot for the digital advertising industry. Many companies rely on behavioral ads. But some EU privacy regulators have been insisting that such ads require user consent in a way that makes it easy to say no—even when dealing with data that a company collects itself.

In France, for instance, privacy regulator CNIL fined Apple €8 million on Wednesday for allegedly not seeking sufficient prior consent before its App Store read user information from iPhones and used it to target ads. The regulator said the company's new operating system, iOS 15, now asks for such consent. Apple said it will appeal.

In Ireland, the privacy regulator has now fined Meta

nearly \$1.4 billion in five separate decisions over the past year and a half.

Wednesday's decision also showcases divisions within Europe about how to enforce the GDPR when it comes to advertising.

Ireland initially recommended a much lower fine for more minor infringements, finding that nothing in the GDPR stopped Meta from making behavioral ads a necessary part of its contract with users, as part of the bargain struck for a given service. But a number of other EU privacy regulators disagreed, arguing that behavioral ads aren't necessary to provide a social network. A board of all EU privacy regulators, the European Data Protection Board, in December overruled Ireland as part of a dispute-resolution system built into the GDPR.

On Wednesday, Ireland's Data Protection Commission said it has changed its decision to incorporate the European data board's decision last month about behavioral advertising. But the Irish regulator also said it plans in the coming weeks to seek an annulment of a separate part of the EU privacy board's decisions last month, in which Ireland says it was ordered to open new investigations into all of Facebook's and Instagram's data-processing operations. The Irish regulator said ordering such investigations "may involve an overreach on the EDPB" beyond its powers under the GDPR.

EDPB representatives didn't immediately have any comment.

SILVER LININGS
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Winston Churchill's original oil on canvas *Still Life, Silver at Chartwell* is an exceptional composition and a rare still life. Painted at his estate at Chartwell, the artist imbues the work with a sense of peaceful tranquility through a poignant use of light and shadow. Also bearing significant provenance, Churchill gifted the painting to Sir Anthony Eden, the Earl of Avon. Circa 1930. Signed "W.S.C." Canvas: 13 3/4" h x 19 7/8" w. Frame: 21 1/8" h x 26 5/8" w. #31-6199

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Schools Test Mental-Health Approaches To Discipline

By ANDREA PETERSEN

More schools and community groups are taking a less punitive, more collaborative approach to discipline as behavior problems rise among children and teens.

Some schools are reducing out-of-school suspensions in favor of in-school suspension days, adding sit-down talks with the principal and introducing written assignments reflecting how to change behavior. Other schools are bringing in counselors prior to meetings with the principal to help children calm down.

The moves partly stem from a growing consensus among many who work in education that disruptive behavior often reflects underlying issues such as anxiety, depression and trauma. Mental-health problems among children and teens surged during the pandemic, the result, psychologists say, of isola-

tion, family stress and loss.

Principals and counselors say they believe that working with children to address deeper problems is more effective. In the past, they say, penalizing children by sending them home or delivering other punishments didn't typically lead to better behavior. Still, new approaches can be harder for schools to implement, requiring more training and staff.

"For a lot of students, depression can look more like irritability, and students who have experienced post-traumatic stress are more likely to act out," says Sharon Hoover, co-director of the National Center for School Mental Health at the University of Maryland School of Medicine.

Discipline changes like limiting suspensions and not sending disruptive children out of the classroom are seeing pushback from some teachers, says Dr. Hoover. It's challenging to teach with a disruptive child in the classroom and, she says, many teachers are also

feeling pandemic burnout.

In addition, the new approaches are more labor-intensive and require sufficient mental-health staff and training and support for teachers, says Olivia Carter, a school counselor at Terry W. Kitchen Central Junior High in Cape Girardeau, Mo. At Ms. Carter's school, counselors are coming in more often to help students calm down after misbehaving, she says. Counselors will take children for a walk, play soothing music or distract them with a chat about their favorite things before they meet with the principal.

The recent discipline changes are an acceleration of a shift over the past decade or so, partly to address concerns about racial inequity in how punishments are levied, says Dr. Hoover. Government data has shown that Black students are much more likely to be expelled or suspended from school than white children. Also these punishments can lead to higher dropout rates and lower academic achievement, scientific studies, including an analysis published in 2015 in the journal *School Psychology Review*, have shown.

Instead of changing the problematic behavior, suspensions and being sent to the principal's office can make acting out more likely, says Jill Sharkey, a professor in the department of counseling, clinical and school psychology at the University of California, Santa Barbara. If misbehavior gets children out of doing work or gives them extra attention, kicking them out of class rewards that behavior, she says.

Mary Fulp, a high-school principal in Palmer, Alaska, says she has seen a rise in behavior issues

among students in the last couple of years, encompassing everything from children not being prepared for class to physical fights and drug use. Besides the loss and disruption teens experienced in the pandemic, Ms. Fulp also blames social media, including TikTok challenges that encourage children to vandalize bathrooms.

She found, however, that out-of-school suspensions weren't changing behavior. "Kids would come back angrier," she says.

So this school year, Ms. Fulp added a day of in-school suspension, where students do their work in a separate room. She also cut the length of out-of-school suspensions. And all suspended students now complete a "restorative assign-

ment" where they answer questions like "What is one thing uniquely wonderful about you?" and "What are you committed to doing as you go back to class after today?"

After Ethan Robins, a 16-year-old junior who goes by the name Parker, hit another student who he said was making fun of him and his friends, he was given a day of in-school suspension. Parker said that talking to Ms. Fulp about what happened and then doing the restorative assignment made him reflect on his behavior.

"It definitely helped me learn. It felt like the school actually cared," Parker said. New approaches to discipline are happening outside schools, too. At Boys & Girls Clubs of the Fox Valley in Wisconsin, behavior-support staffers created cards for each child that detail information including "Least Favorite Activities" and "Things That Help the Youth Calm Down." "Some young people may prefer to be left alone. Some look for connection" after an outburst, says Carlyn Andrew, the clubs' senior director of counseling and training.

The cards started as a pilot for "high-needs" children in 2020 and expanded to all children in 2022. Club employees also received training on techniques to encourage good behavior. Instead of saying, "Stop yelling," for example, employees are coached to say, "Use your talking voice," Ms. Andrew says.

Aleshia Wiggs sends her two sons, ages 8 and 10, to the clubs in the summer and after school. She says her older son, Bradley, has sometimes yelled or pushed chairs when he feels like he's not being treated fairly.

Now, when Bradley gets upset, club staff encourage him to walk away from the situation and take some time by himself to calm down.

Then he can go back to the group, talk out any issues, apologize if he needs to and move on. Bradley has also started therapy for anxiety. Ms. Wiggs says Bradley is having fewer anger outbursts and is better able to talk about how he is feeling. In October, Bradley received the clubs' "Youth of the Month" award for good behavior and other positive qualities.

Steps include asking students to reflect on their behavior.

Beer Lovers Feel Awash In Breweries

By MIKE JORDAN

Craft beer's popularity has risen nationwide for more than a decade. About 9,500 breweries operate in the U.S. now, leading to the question of how much anyone wants yet another take on the IPA.

Highland Brewing Co. of Asheville, N.C., opened in 1994. It advertises itself as the first legal brewery to launch since Prohibition in the Appalachian city of 94,000 residents. Now it's one of over 50 in the area.

The business has gone from a basement brewery to a hilltop 40-acre destination that produces more than 40,000 barrels annually and generates around \$15 million in revenue, according to Leah Wong Ashburn, president and chief executive of Highland. She says she worries for the industry and how crowded the field has become.

"The competition is now such that I think it's overwhelming for consumers who haven't been into craft beer," Mrs. Ashburn says. "If they walk by the cooler and see 1,000 choices, they have no idea what to do."

Pete Dunlop, a 34-year Portland, Ore., resident and beer aficionado, says that as the volume of breweries has ballooned, the quality has plummeted. He points to the microbrew mecca of Bend, Ore., a town with

102,000 residents and over 30 breweries.

"It used to be you could hit all the breweries in a day or two. Try that now and you need a week," Mr. Dunlop says.

He sees breweries looking to stand out now with experimental flavors and techniques that often miss their mark. He recalls recently having tried one hazy IPA from near Portland with notes of coffee and coconut juice.

"It was so weird, just a bizarre assault on your palate," he says.

Geoi Bachoua, owner and operator of Bine & Vine Bottle Shop in San Diego's Normal Heights neighborhood, likes to keep his 1,800-square-foot store's selection of more than 500 beers varied. He says he isn't impressed with most of the 30 to 40 new beers he samples each week before deciding what gets stocked.

"The vast majority of what I taste is garbage," he says.

Mr. Bachoua says that craft beer has reached an oversaturation point in the San Diego area, home to nationally known breweries like Stone Brewing. He says upstart breweries need to take a hard look at the financial realities: "It's not just growth anymore. Seven years ago it was nothing but growth."

Now he sees "a lot" of breweries closing and consumers turning to wine or nonalcoholic beverages like kombucha.

In Atlanta's West End neighborhood, three craft breweries and a beer-heavy bar—Wild Heaven Beer,



Monday Night Brewing, Best End Brewing and Hop City Beer & Wine, respectively—occupy the Lee + White retail development. Locals have nicknamed the complex Malt Disney.

But Eric Johnson, Wild Heaven's co-founder and brewmaster, says breweries like his have benefited from the increased competition.

"I don't view any of that as even remotely problematic," he says. Wild Heaven arrived at Lee + White in July 2019, two years after the development opened. "We looked at this space because Monday Night [Brewing] was already here. Creating a critical mass of folks doing something exciting is important," he says.

Many others in the industry also see plenty of room for growth. Colorado, another hub of U.S.

beer culture, is home to over 428 craft breweries, according to the Brewers Association, a trade group based in the state. There were 126 in 2011.

Charlie Berger, co-founder of the Denver Beer Co., welcomes the crowded field. The company plans to open its fourth taproom in early 2023. It also has a separate production facility.

"There's a ton of room for smaller, medium and even regional breweries," he says. "As you get to the national level, there's less. We're not playing at that level."

Newbie breweries, like Chicago's Funkytown Brewery, have to work hard to get noticed, their executives say. The Black-owned brewery launched in 2021 with an eye on Black consumers new to craft beer.

Denver Beer Co. plans to open its fourth taproom in early 2023.

Going after a niche customer base didn't make it easier, co-founder Rich Bloomfield says. The brewery hired focus groups to test early beers like Hip-Hops and R&Brew, which is now a flagship.

"We learned to keep bitterness and acidity low from those study groups," Mr. Bloomfield says. Funkytown has released 11 beers since opening, and is now sold at local Whole Foods grocery stores and the United Center, home to Chicago's NBA and NHL teams. Having expanded the brewery's footprint into Milwaukee, he expects to sell 6,800 barrels this year at \$4 million in revenue, with almost \$1 million in net profits.

Funkytown's strategy to distinguish itself also includes eye-catching label art that prominently features Black people. Community support from breweries like Revolution Brewing and Half Acre Beer Co. helped the brewery gain footing.

Customers ultimately determine whether there's too much beer in their town.

"There's an old phrase in the wine industry that I feel like I've heard more in beer recently," says Bart Watson, chief economist at the Brewers Association. "How do you make a small fortune in beer? You start with a large fortune."

PERSONAL JOURNAL.



**ON THE
CLOCK**
CALLUM
BORCHERS

Maybe your office building has a gym where you can squeeze in a few bicep curls on your lunch break. Or perhaps you're still working from home and could go for a run between Zoom calls.

Working out in the middle of the workday makes perfect sense...in theory. In reality, a certain type of person has a distinct advantage in pulling it off routinely.

"I'm the boss," says Jessica Vibberts, founder and chief executive of Full Potential Ventures, a consulting firm for nonprofits.

Ms. Vibberts, 45, often works early in the morning and late at night but breaks around midday for a barre class, Pilates or high-intensity interval training. She says pausing work to exercise makes her a better leader by keeping her mind fresh. Her clothes are another story after a sweaty session, but she works remotely, having moved from San Francisco to Portugal a couple of years ago. Not that she worried about showing up to meetings in yoga pants before.

As a nonprofit executive before starting her own business in 2017, she used to make time for muscle toning by inviting colleagues to chat in her office while holding air squats or planks. "That's part of the privilege of having some authority," she says.

Committing to workouts during the workday may be less about willpower than, well, power. You need not be the CEO (though that helps), but it generally takes some seniority to block your calendar for fitness during business hours or take meetings while exercising at the same time. Being very good at your job helps, too.

The demands of certain roles make exercise breaks impractical, of course. Please save the push-ups for the end of your shifts, air-traffic controllers. (And if you work in any capacity for Southwest Airlines, the flying public would like you to concentrate exclusively on your job for now.)

Stepping away can even be diffi-



Power Gets Flexed in Workday Workouts

Generally, it takes some seniority to block your calendar for fitness during business hours

cult for people with hybrid arrangements and malleable schedules that should lend themselves to workout sessions in the 9-to-5 window. More employers are installing productivity software on work laptops to monitor every keystroke and take screenshots every few minutes, so it might not be possible to slip into a midday spin class undetected.

One CEO says he feels less self-conscious about his midday regimen as the person in charge.

A brief burn might be achievable, and a few sit-ups here or kettlebell swings there are certainly better than nothing. But the masters of full-blown workday workouts are those with enough clout to be temporarily unreachable by

colleagues and not get in trouble.

"It gives me a level of comfort to know that I can be a little bit late or I can push a meeting, and no one's going to be able to say much," says Jim Webb, CEO of the Goodman Corp., a professional-services firm in Houston.

Mr. Webb, 36, takes a jiu jitsu class at noon a couple of times a week. Including the drive and a post-grappling shower, he's out of pocket for about an hour and a half on those occasions.

Who's available to spar with him in the middle of the day? Often, he says, it's other executives or police officers for whom physical fitness is part of the job.

He adds that he promotes a flexible work culture in his business of about two dozen employees and wouldn't object to others taking time out to work out. Still, he feels less self-conscious about his midday regimen as the person in charge.

Daniel Carey, a top lobbyist at the American Optometric Associa-

tion, says his seniority and experience help him temporarily disconnect in the middle of the workday and not worry that he will miss something. He works remotely from a 5-acre Kentucky property that is a fitness buff's dream, with space for him to run with a weighted backpack, flip tractor tires, climb ropes and hoist barbells in a two-car garage that doubles as a home gym.

You can call or email while he's pumping iron, but he won't answer. "I'm not checking my phone," he says. "I've got my music and for 30 or 45 minutes, I'm locked off."

Call Thomas Van Kempen III, on the other hand, and the chief revenue officer at software startup CloudShape will pick up at any time. Just don't be surprised to hear him breathing hard through bench presses or lat pulls during the conversation.

"People know if they call between 11 and 2, there's a good chance that they'll catch me in the

middle of a set," says the 36-year-old, who served in the Marines and who works out of his garage-office-gym in Atlanta.

Sometimes the only way to have a word with a busy, fitness-conscious executive is to join the workout. Two or three times a week, employees of data-science startup Ascend jog around San Francisco with CEO Sean Knapp in a ritual that the boss calls a "run-on-one" meeting. He says the company's chief business officer is his most consistent partner and about a half dozen others join him sporadically.

Mr. Knapp, 42, says he's content to run at anyone's pace, but bear in mind that he competed in track and cross-country at Stanford, once placing seventh at the conference championship in the 3,000-meter steeplechase.

Keeping up with him is hard enough. Then try saving enough breath to hold a conversation.

"That's the challenge," he says. "That takes some practice."

Snag Referrals to Help Land a Job

Asking someone to put in a good word takes strategizing

By **RAY A. SMITH**

Many workers who have been laid off in tech and elsewhere are landing jobs at new employers with an effective tactic—getting a company insider to vouch for them.

In the age of automated hiring systems, having the endorsement of someone on the inside can help candidates stand out from the dozens, if not hundreds, of applicants for the same job.

Many people who have advertised their layoffs on LinkedIn and other online networking forums say it can quickly lead to job referrals from recruiters and employees at other companies and, soon, actual offers. In a study of recruiting practices at more than 1,000 mid- and large-size companies by talent-management software firm SilkRoad Technology Inc., employee referrals accounted for more than 30% of all hires.

Yet asking for a referral often takes strategizing and the willingness to accept potential rejection, veteran job seekers and career coaches say.

Whether asking someone to put in a good word for you with a hiring manager, forward your résumé to a recruiter or endorse you on LinkedIn, lean on someone who is at the company—or has ties to people who do. Always give your referrer an out in case they don't feel comfortable.

"You need to give the other person a lot of space and make them not feel like you are pressuring them," says Dorie Clark, who teaches executive education at Duke University's Fuqua School of Business and Columbia Business School.

If it is someone you know professionally but aren't close to, tell them at the outset that you are sending your application to their employer, she says. Then be direct and say, "I don't know if it would be appropriate for you to put in a word for me, but if you feel comfortable doing that, I'd really appreciate it."

If the person you are asking knows you socially, not professionally, explain that just vouching for your character would go a long way, but say you understand if they feel they can't. Acknowledge that you are asking for a favor, she says.

"Sometimes you just need to lean into the awkward," she says.

If the person declines, know that they might have good reasons for their decision. Professionals tend to make connections that make sense and will enhance their own reputation, says Alisa Cohn, an executive coach and author. They might know

connection to your target employer, advises Faye Liu, who says she sometimes uses the tactic to make connections with potential new business leads for her chemical-fingerprinting technology firm, RevoChem LLC.

"It has to be a client I've known for a long time and a person that's very willing to help," she says.

Some professionals say they have had success making referral contacts on the fly. When Deekshit Bonthala Nagendra looked for a product manager job in 2022, he says he researched the teams he was applying to join, then messaged those



An endorsement can help you stand out as an applicant.

30%

or more of hires stemmed from employee referrals

more about the position you are applying for, and why you aren't the right fit. They might also feel they don't know you well enough to refer you, and some will say so.

If your referrer agrees to help, be proactive and send along a paragraph of your accomplishments they can simply forward, other career advisers say.

A strong professional network is helpful in these situations. Check your LinkedIn network for anyone with a

team members on LinkedIn. He cited his internships and graduate engineering studies at Duke and said he wanted to learn what it was like to work at their company.

Once he made contact, he says he asked for advice on scoring an interview and whether they could connect him with the hiring manager. If he got a no, he would ask if they could refer him to a recruiter for the team or another team member who might give advice.

Mr. Nagendra says the approach helped him land a job at a San Francisco technology company where he is starting this month.

"People are always willing to help as long as they see there's effort from the other person that they really want this job," he says.


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ARTS IN REVIEW

CULTURAL COMMENTARY

The Boss's Boardwalk Outcasts

The now-iconic soulful rock 'n' roller made his debut half a century ago with an album of New Jersey noir

By MARC MYERS

At age 19, in 1969, Bruce Springsteen was a homeless, self-described “faux hippie” cast adrift in blue-collar Freehold, N.J., an hour and a half south of New York. In his 2016 memoir, “Born to Run,” he wrote that he didn’t identify with the counterculture or conservatives, and as a musician he wasn’t distracted by “drugs, booze or girls.” Rock, for Mr. Springsteen, was manual labor, and he believed that a shot at success was possible only if he outworked everyone else.

What kept Mr. Springsteen grounded after his parents left New Jersey for a better life in California was a guitar, dreams fed by Asbury Park gigs and the castaways enshrined in his songs. Within three years, he would sign with Columbia Records and pay tribute to the beach town on his first studio album.

“Greetings From Asbury Park, N.J.,” released 50 years ago this month, initially did poorly. It did not enter the Billboard album chart until two years later and peaked at No. 60, riding the coattails of his hit third LP, “Born to Run.” Two singles were issued from “Greetings”—“Blinded by the Light” and “Spirit in the Night”—but neither charted.

One of the album’s liabilities was the absence of electric-guitar solos. Instead, songs featured tor-

niversary reissue and hybrid Super Audio CD. But in 1973, Mr. Springsteen’s brand of machine-gun storytelling peppered with unmoored characters and seedy imagery was radical. The album was mischaracterized by critics as a cheap, bar-band distillation of Bob Dylan, even though his nine songs today seem more aligned with Jack Kerouac’s Beat observations.

Mr. Springsteen’s rock ‘n’ soul style also didn’t fit an existing music genre. War and Stevie Wonder dominated the album chart on the soul side while progressive-rock bands such as Jethro Tull and the Moody Blues and folk-pop balladeers James Taylor, Carly Simon, Carole King and Neil Diamond made up the balance.

Reviewing “Greetings” in Creem magazine, Dave Marsh questioned Mr. Springsteen’s aesthetic: “His entire career is based upon a total disregard for taste and control on the most fundamental level.” Dan Nooger in the Village Voice piled on: “Much of the album seems to stumble under the weight of its own supposed significance and obscures the fact that he has a strong innate feel for singing hard rock.”

In Mr. Springsteen’s favor, however, was a sizable East Coast demographic of club-hoppers who loved do-it-yourself rockers and saw themselves in his songs. The working-class blues that hung over coastal, suburban towns back then between New Jersey and Virginia was melancholy but hopeful, buoyed by the promise of sandy summers, boardwalk neon and the Atlantic Ocean’s horizon.

Mr. Springsteen lived those blues. Many of his “Greetings” songs were written on a piano in an abandoned second-floor beauty salon in Asbury Park. Several of them, including “Growin’ Up” and “It’s Hard to Be a Saint in the City,” won over Columbia talent scout John Hammond and label president Clive Davis.

What’s most fascinating about “Greetings” is its earnest compassion for free-wheeling losers. “Blinded by the Light” celebrates the chrome-crazed energy of Jersey Shore nights and aimless outcasts such as “little Early-Pearly,” “go-cart Mozart,” “some bloodshot forget-me-not” and “some silicone sister with her manager’s mister.” There are no villains, only lost souls.

The album’s three ballads—“Mary Queen of Arkansas,” “Lost



Bruce Springsteen circa 1973, above; his album ‘Greetings From Asbury Park, N.J.’ was released 50 years ago.



rents of lyrics and soul-inspired lead vocals that many listeners found hard to grasp and sing along to. Now, these once-perceived drawbacks give the Jersey-noir album a nocturnal intimacy.

Over time, the hometown portrait of “Greetings” has inspired artists such as John Mellencamp, Jon Bon Jovi and Melissa Etheridge. Later this year, Mobile Fidelity plans a 180-gram vinyl an-

in the Flood” and “The Angel”—are anguished, while the surging “Growin’ Up” addresses the struggle to be oneself: “I was open to pain and crossed by the rain and I walked on a crooked crutch / I strolled all alone through a fallout zone and came out with my soul untouched.”

In one of two songs set in New York, “Does This Bus Stop at 82nd Street?” we see the city through Mr. Springsteen’s eyes: “Wizardimps and sweat sock pimps, interstellar mongrel nymphs / Rex said that lady left him limp / Love’s

like that (sure it is).”

“For You” relates the story of a guy in love with a suicidal girl whose “life was one long emergency”: “Princess cards she sends me with her regards / Barroom eyes shine vacancy, to see her you gotta look hard.”

The album’s other uptempo songs best conjure the hair-in-the-wind spirit of the early 1970s. “Blinded,” “Bus,” “Spirit in the Night” and “Saint” all ring with the sound of high-school hopes and the promise of Saturday nights. The LP’s only shortcoming

is the surface treatment of song characters. We’re never given a reason to root for nightcrawlers such as Crazy Janey, Wild Billy, Hazy Davy or Killer Joe, so they wind up as sideshow cutouts.

Mr. Springsteen’s future was still uncertain on “Greetings,” allowing us to feel both his optimism and his vulnerability. In this regard, the LP plays like a postcard from his unsteady self.

Mr. Myers is the author of “Anatomy of 55 More Songs” (Grove Press).

OPERA REVIEW

Hailing the New Year at the Met

By HEIDI WALESON

Umberto Giordano’s “Fedora” (1898) proved to be perfect New Year’s Eve fare at the Metropolitan Opera on Saturday night. It’s relatively short; the creaky plot is melodrama rather than tragedy; there’s a party scene; and it’s a splendid *verismo* showcase for the right soprano—in this case, Sonya Yoncheva. David McVicar’s handsome new production offered plenty of eye candy and kept the entertainment level high without cheesy overreach. With the early (6:30 p.m.) curtain, the crowd could head out at 9 for their own festive dinners and Champagne toasts after the heroine expired.

Arturo Colautti’s libretto is based on a play by Victorien Sardou, who also provided the source material for Puccini’s “Tosca.” “Fedora” makes less sense. The title character is a Russian princess. In Act 1, which takes place in St. Petersburg, her fiancé, Vladimir, is murdered, supposedly by Nihilists (a violent political group of the period), and she swears to avenge him. In Act 2, at a grand party in Paris, she seduces the accused killer, Count Loris Ipanoff, into a confession. While Loris is off getting proof of justifiable homicide, Fedora dispatches a letter to St. Petersburg condemning him. Loris returns with a different letter (the opera has quite a few) that proves that Vladimir was having an affair with Loris’s wife and was marrying Fedora for her money. Shocked at these revelations, Fedora transfers her affections to Loris. Alas, that letter to St. Petersburg will return

to haunt the lovers in Act 3, in which they have decamped to Switzerland. Things don’t end well.

Ms. Yoncheva, elegantly swathed in sumptuous period gowns by Brigitte Reiffenstuel, managed to make Fedora’s questionable choices persuasive. In Act 1, she was every inch the imperious aristocrat, her imposing soprano declaring rapturous adoration of a man who, it is clear, she barely knows. (We’ve already heard his servants briskly discussing his unsavory habits.) The seduction scene of Act 2 was perfectly manipulative, and her headlong tumble into passion, vigorously and idiomatically paced by conductor Marco Armiliato, made for a complete—and exciting—reversal. In Act 3, her voice turned lush and imploring as she begged for forgiveness, a convincing prelude to her inevitable suicide.

As Loris, tenor Piotr Beczala had less to do—he doesn’t even appear until Act 2. His delivery was more stentorian than lyrical, which was particularly noticeable in the opera’s brief hit tune, “Amor ti vieta,” but he made a fine dramatic foil for Ms. Yoncheva. There were numerous other engaging musical moments as well, since Giordano and Colautti laced the melodrama with fun and



Umberto Giordano’s 1898 ‘Fedora’ has a creaky plot but an engaging score.

novelty. The Act 2 party took off with a merry waltz; later, the French diplomat Giovanni De Sirixi (Lucas Meachem) and Fedora’s flirtatious cousin Olga (Rosa Feola) traded teasing arias—he describes Russian women as tough Cossacks; she declares that French men are as ephemeral and headache-inducing as Veuve Clicquot Champagne. Both

Sonya Yoncheva in the title role of the new production.

singers imbued their spotlight moments with élan.

The party also features a Chopin-esque piano solo (performed by Bryan Wagon, resplendent in a long blond wig, as Olga’s current paramour), which cleverly accompanies the Fedora-Loris seduction. Other notable soloists were Jeongcheol Cha, as Vladimir’s coachman Cirillo, offering halting, poignant testimony about the shooting, and Luka Zylík, as a peasant boy, who sang a hauntingly dissonant folk tune, accompanied by concertina, making a striking contrast to the volcanic emotional explosions of Act 3.

Mr. McVicar skillfully balanced playfulness and histrionics. Charles Edwards’s detailed set designs combined grandeur with sleight-of-hand: Elements of each act’s set remained in the subsequent ones, reminders that the past is never gone. The production also haunted the ghost, both in his portrait, hanging on a wall at stage left, and in person. That physical ghost made for an effective staging of the dreamy Act 2 Intermezzo, giving Fedora and Vladimir—whom we never see together alive—a mimed love scene; Fedora’s subsequent switch to Loris was thus all the more startling.

Adam Silverman’s atmospheric lighting emphasized the different tones of the acts: The gloomy, heavy reds of Vladimir’s sitting room in Russia; the breezy white curtains in Paris; the bleached-out

mountain in Switzerland that faded into blackness for the denouement. Ms. Reiffenstuel’s costumes were always perfectly apt to the moment, be it somber or silly, from the coachman’s huge fur coat and hat to Olga’s blue silk lounging pajamas and the bloomers in which she sets off on a bicycling adventure.

“Fedora” was last staged at the Met in the 1996-97 season as a vehicle for soprano Mirella Freni. It is symbolic of another age of opera production and attendance, when an unfamiliar title, featuring many of the favorite musical and dramatic hallmarks of better-known turn-of-the-century Italian operas, could be slotted into the subscription season and please the audience. Today, this production, even with its splendid cast and staging, seems like something of a dinosaur.

The Met recently announced that it will increase the percentage of contemporary titles in future seasons, since new works like “Fire Shut Up in My Bones” and “The Hours” have actually been outselling warhorses. Novelty matters, particularly now that the company depends heavily on single-ticket sales—subscriptions have dropped to less than half of what they were two decades ago. The Met’s brand has always been grand traditional operatic entertainment, performed for an audience that returned every year to see many of the same spectacles or related ones, and willingly paid premium prices. With that business model under heavy pressure, a pure diversion like this “Fedora”—if revived when it is no longer New Year’s Eve and with a less starry cast—might well show its C-list cracks. And in a repertory house that needs a lot of titles—23 this season—it’s hard to predict what might take its place.

Ms. Waleson writes on opera for the Journal and is the author of “Mad Scenes and Exit Arias: The Death of the New York City Opera and the Future of Opera in America” (Metropolitan).

SPORTS

The Mental Trauma Facing the NFL

After Damar Hamlin's collapse, the league must reckon with the impact on shaken players

By Andrew Beaton
and Louise Radnofsky

As the NFL grapples with the terrifying midgame collapse and hospitalization of Buffalo Bills safety Damar Hamlin, it's also confronting a rapidly evolving sports landscape in which athletes' mental health has emerged as a crucial issue.

The 24-year-old Hamlin was showing "signs of improvement," the team said Wednesday, but was still in critical condition in the intensive care of a Cincinnati hospital on Wednesday after making a tackle, standing up and then crumbling to the ground during Buffalo's marquee game against the Cincinnati Bengals on Monday. Medical personnel appeared to perform CPR before he was taken to the hospital in an ambulance. He was in cardiac arrest and his heartbeat was restored on-site.

League officials on Wednesday declined to pin down a specific cause of the incident, but Dr. Allen Sills, the league's chief medical officer, said a condition called commotio cordis—in which a sudden blunt force trauma to the chest affects the electrical system of the heart, causing an arrhythmia and cardiac arrest—"certainly is possible."

The dramatic scene involving Hamlin played out not just on national television, but also directly in front of players from both teams who watched a peer receive emergency treatment in a life-or-death situation, seconds after he had been doing what every one of them also does for a living. Those on the field were visibly shaken by what they saw, with some in tears. Players on opposing teams embraced and Bills players gathered, kneeling in a prayer circle.

The NFL said that the Bills-Bengals game, which was stopped after the incident, will not be played "this week," while league officials added that there were various possibilities for handling it. The league did not announce any changes to the schedule for Week 18, which is slated to begin Saturday. The Bills have begun inching back to normalcy, saying on Wednesday that they would hold meetings and conduct a walk-through but not hold media availability.

The NFL must now reckon with the impact of this incident not just on Hamlin, but also his peers. Ques-



Tre'Davious White, left, and Mitch Morse of the Buffalo Bills reacted after Damar Hamlin collapsed on Monday night.

tions have been raised about when players—not just on the Bills and Bengals, but all around the league—might feel comfortable proceeding with the season. Some were on the field and witnessed what happened first hand. Others could have seen it on television and imagined themselves in their colleague's shoes.

Talks about whether or not some NFL players will feel ready to play by this weekend have started, and some have expressed a desire to have the games delayed. "That's been a real conversation since last night and again this morning and now into tonight," said NFL agent David Canter on Tuesday.

Such concerns have rapidly risen in the consciousness of both the public and athletes in the past two years. Superstars including gymnast Simone Biles and tennis player Naomi Osaka have spoken frankly about the ways in which their mental health has affected their ability

to perform, as well as the impact of performing on their mental health.

As a result, sports officials are increasingly being asked to treat athletes' mental health on a par with their physical well-being. Troy Vincent, the NFL's executive vice president of football operations, described what happened Monday as "traumatic."

Dr. Scott Goldman, a psychologist who works with professional sports teams, said the problem is particularly tricky because different people cope with trauma in different fashions. What's best for one player might not be optimal for another.

Some, he said, might not be able to fathom playing when a fellow player is in a dire situation. To others, though, football may be a sanctuary and a distraction they can turn to.

"I think this is going to be a really complicated thing for the individuals to navigate, the organiza-

tions to navigate and the league to navigate," said Goldman, who has been an embedded psychologist with two NFL teams in the past. "This is not a simple solution of suspend the season or force re-engagement."

Dr. Angel Brutus, a licensed professional counselor with the U.S. Olympic & Paralympic Committee, said that letting athletes collectively make a decision of when to return—and respecting individuals who didn't want to—is one way to address varied responses.

"One of the tenets when it comes to trauma response is, 'Where is my sense of control?'" she said. "If there is an opportunity to cultivate a sense of control...that in itself has implications for the ability to decrease angst."

Delaying or suspending this weekend's games in respect of Hamlin and players' mental health would be an extraordinary measure.

The only time in modern history that the NFL has nixed an entire weekend of games was after the Sept. 11, 2001, terrorist attacks, when the league shuttered the following weekend.

In the day after Hamlin's collapse, the NFL Players Association and the league were already drawing attention to mental-health options available to players. The union tweeted: "ALL players: please reach out if you need someone to talk to. There are several resources available to you," with a link to counseling options.

In a memo sent to teams Tuesday, commissioner Roger Goodell said that each club had received information about mental health and support resources available to players and staff.

One recent study, from 2019 in the British Journal of Sports Medicine, found that elite athletes may suffer from higher rates of trauma-related mental disorders, such as post-traumatic stress disorder, than the general population. Recognizing these can be made more difficult by athletes' tendencies to mask symptoms, the study said.

These topics, once virtually nonexistent in sports, have been ushered to the front burner in recent years. Biles, the 2016 Olympic all-around champion, withdrew from the team final mid-competition at the Tokyo Games, citing a state of mind that prevented her from competing safely or effectively.

Biles then sat out defending her all-around title, and three other event finals for which she had qualified, before eventually returning with a scaled-down performance to win bronze on the balance beam.

Such situations are less and less unusual. Osaka withdrew from the 2021 French Open, after citing her distress in conducting news conferences that she said contributed to her anxiety. Philadelphia Eagles tackle Lane Johnson sat out three games last season as he battled depression. On Tuesday, the University of Iowa's men's basketball team said one of its starters and leading scorers would be taking an indefinite leave to address anxiety.

DYLAN BUELL/GETTY IMAGES

The WSJ Daily Crossword | Edited by Mike Shenk

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- 29 Cheyenne allies
- 30 NYSE watcher
- 35 Reggae precursor
- 37 "It's Gonna Be Me" band
- 39 Afternoon affair
- 40 Red Cross class, briefly
- 41 Crop for cattle
- 42 Bucks
- 43 Short outing
- 46 Overdid it at the buffet
- 47 Nutty confection
- 48 Gap crossed by impulses
- 51 Puzzle
- 53 Dawn goddess
- 56 Follower of Jah
- 60 Equipment
- 61 Brownie "Brick Road" brand
- 64 Apache allies
- 66 Subject of "Legacy of Ashes"

CROSSWALKS | By Jesse Goldberg

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| 5 "Peacemaker" star John | 32 Spot | 58 PC key | 3 Betray fear | 3 Purrs |
| 9 Hookah cousins | 33 Become filled to overflowing | 59 Shows of respect | 4 Laudatory lines | 4 Carpe |
| 14 Outmoded library fixture | 34 In medias ___ | 62 Copying | 5 Military garb | 5 Tens |
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| 17 Timberland logo feature | 39 Unlucky symbols, four of which can be found in this puzzle | 66 Pace | 8 Colorful marbles | 8 Iron |
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| 19 Drink order | 44 Germane | 68 They're not going places | 10 Physicist Georg | 10 Gait |
| 20 Sibs and 'rents, collectively | 45 Runs one's mouth | 69 Charge carriers | 11 Like the exit one should leave through in a fire drill | 11 Henna |
| 21 Gives away | 49 Long, in Hawaiian | 70 Resort along the Roaring Fork River | | 12 Hansel |
| 23 Narrow inlet | 50 Seize | 71 Holders of spectacles | | 13 Sails |
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| 26 How sensitive subjects should be handled | 54 Kingbird, for one | | | 15 Adore |
| 27 English cathedral city | | | | 16 Scents |

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

The Forces That Shaped Donovan Mitchell's 71-Point Night

By Robert O'Connell

IN ONE SENSE, what Donovan Mitchell accomplished Monday night was truly rare. The Cleveland Cavaliers guard scored 71 points in an overtime win over the Chicago Bulls, the most in one game since Kobe Bryant scored 81 in 2006 and tied for the eighth-most in NBA history. The list of players who scored 70 points in a game features just seven people, one of whom—Wilt Chamberlain, still basketball's statistical colossus—did so six times.

"We were treated tonight to one of the greatest performances in the history of the NBA," Mitchell's coach, J.B. Bickerstaff, said after the game. In another sense, though, Mitchell's outburst was simply the latest in a season of buffed-up box scores. Six days before, the Dallas Mavericks' Luka Doncic had tallied a triple-double of 60 points, 21 rebounds, 10 assists—a stat line without precedent. Three days prior, the Milwaukee Bucks' Giannis Antetokounmpo had registered his second straight game with at least 40 points and 20 rebounds, becoming the first player since 1982 to accomplish the feat. Just after Mitchell made his last two field-goal attempts on Monday night, a pair of 27-foot 3-pointers, Golden State's Klay Thompson set to work on what would become his own 54-point total, in a double overtime win against the Atlanta Hawks. The next night, Antetokounmpo scored 55 in a win against the Washington Wizards.

The NBA's golden age of scoring has lately stretched into an epoch; the league's collective offensive rating has registered its seven highest marks over the last seven seasons. Even in that point-piling context, though, this season's stretch of breakthrough individual perfor-

mances is notable. Through 560 games, there have been 87 games in which a player scored 40 points or more, according to Stats Perform. The previous high through the same stretch of the season in the era since the NBA's merger with the ABA in 1976? 61, set two years ago.

Basketball's general scoring boom began by way of both inspiration and legislation. In the mid-2010s, the NBA followed the lead of Golden State Warriors superstar Stephen Curry and then-Houston Rockets general manager Daryl Morey. The former proved that the 3-pointer was as viable a superstar's calling card as the driving dunk, the latter demonstrated its use as a franchise-defining strategy. The resulting explosion changed the game forever. Mitchell, who was a senior at Brewster Academy in New Hampshire the year Curry won his first title, has never known a professional atmosphere that frowned upon his hoisting, say, 15 3-

pointers in a game (which he did Monday night, making seven).

Then, in 2018, the league emphasized rules to allow offensive players greater "freedom of movement," cutting down on the grabs and nudges that had long made up the dark arts of defenses. All of a sudden, players were taking more valuable shots while restrained by less contact than ever.

As offenses have acclimated themselves to the new scoring paradise, efficiency has climbed almost annually. This year, NBA teams' 113.5 points per 100 possessions—through Monday's games—is the highest mark since possession totals have been tracked.

It isn't just stars who are contributing. The influx of optimized scorers includes role players, whose shooting skill can keep defenses from fixating on drive-first scorers like Antetokounmpo.

In another era, a 50- or 60-point night often suggested that a player had overruled his coaching staff or demoted his teammates, taking matters into his own hands. Now such performances get spoken of in terms of optimization, not ego. "It wasn't just about him scoring," Bickerstaff said of Mitchell after his 71-point night. "He played the complete game."

Mitchell's game was a montage of canny new-age basketball. He capitalized on the space in Chicago's defense to muscle in for layups, drew enough fouls to make 20 free-throws and, when defenders overcommitted to him, tossed alley-oops to his teammates. Scoring wasn't the only category in which Mitchell led the Cavaliers; he also handed out 11 assists.

Afterward, Mitchell joked that he'd previously pulled off a stat line like that only in NBA 2K, the videogame series. Then he mentioned one difference: "I don't think I did it this efficiently."



Donovan Mitchell scored 71 points on Jan. 2.

KEN BLAZER/USA TODAY SPORTS

OPINION

Putin, Xi and One Dead Pope



WONDERLAND
By Daniel Henninger

A big story the past year has been the firming alliance between the world's two leading autocrats, Russia's Vladimir Putin and China's Xi Jinping, predicated on their conclusion that the West is in terminal decline. Fortuitously, the world has just lost its most relevant analyst of the presumption that the West is finished—Pope Emeritus Benedict XVI.

Benedict's funeral is Thursday, and what we should not do is let him pass into history. He was a man for our season.

It would be insulting to the seriousness of Benedict's criticism of Western culture to say he shared the views of Messrs. Putin and Xi, whose ideas about the West's moral decline

Russia and China want to replace the West. Benedict wanted to save it.

merely support strategies of cynical opportunism. Russian bots feed destructive garbage into the West's social-media ecosystem, which is also the reason U.S. national-security specialists—like many parents—believe the TikTok platform is being used by China's leadership as a force multiplier of cultural erosion.

Benedict, by contrast, desperately wanted to save the West and the Judeo-Christian tradition to which he had devoted his life.

It may seem quixotic to enlist a deceased pope for the competition with China and

Russia. Pope Benedict's immediate predecessor and good friend, Pope John Paul II, had Ronald Reagan, Margaret Thatcher and a small army of pro-Western intellectuals as allies in his battle with the ideology of Soviet communism. Their only like today is Ukraine's Volodymyr Zelensky.

Moreover, the challenge from China and Russia is discussed mostly in military and economic terms. Ukraine's defense against the Putin invasion is about transfers of military hardware and economic sanctions on Russia. Despite a new consensus that Mr. Xi has made China an aggressor nation, most thinking is about economic disentanglement and funding a long-delayed defense in the Pacific region.

But this underestimates the stakes as Messrs. Putin and Xi see them. For them, this project isn't only about specialists analyzing military and economic capacities. It's about fundamental belief systems. As such, this is likely to be a long-term struggle that runs beyond the battles over Ukraine or Taiwan.

Their conclusion is that the West's populations have become morally soft and politically disconnected from any firm belief in the liberal democratic values that won two world wars and helped the West rise to economic and cultural dominance. Messrs. Putin and Xi think the Western belief system is vulnerable now and replaceable.

"The moral, historical truth is on our side," Mr. Putin said in his New Year's address. "This is the year," he said, that "showed that there is no higher power than love for one's family and friends, loyalty to friends and comrades-in-arms,



Pope Benedict XVI

and devotion to one's motherland." Mr. Putin's traditionalism, of course, is meretricious. It's about power.

At the Communist Party's 20th National Congress in October, Mr. Xi asserted that "scientific socialism is brimming with renewed vitality in 21st-century China. Chinese modernization offers humanity a new choice for achieving modernization." That new choice, evident from Chinese daily life, includes each person's willingness to surrender to the state an array of long-assumed freedoms—of opinion, speech and privacy.

Whether Russia and China will "win" this competition is debatable. What's not disputable is their belief that they have the will to displace the West's values with their own.

As pope, Benedict was acutely aware of China's threat to these values. Speaking on Christmas Eve 2010 from his window on St. Peter's Square, Benedict urged the "faithful of the church in mainland China" not to "lose heart through the limitations imposed on their freedom of religion and conscience."

Obituaries of Benedict, while respectful, have nonetheless

characterized him repeatedly as a "conservative," which at best consigns him to just another voice in the political tumult. This is a disservice to Benedict's own intentions.

As a German cardinal, Joseph Ratzinger argued that by itself secularism, or reason, was inadequate to sustain intact social structures. He summarized these views as pope in his 2009 encyclical letter, "Caritas in Veritate" (Love in Truth). Secularism, he argued, will fail without the ballast of religion, or faith:

"Reason and faith can come to each other's assistance. Only together will they save man. Entranced by an exclusive reliance on technology, reason without faith is doomed to flounder in an illusion of its own omnipotence. Faith without reason risks being cut off from everyday life."

Messrs. Putin and Xi want to wear us down from the outside in. But one may also ask, Why should we do it to ourselves? Look at the internal destabilization under way from social pathologies and disconnectedness. Secularism by itself provides no brake on bad choices.

This writer's longstanding solution to reducing the country's problems has been: Go to church on the weekend. Learn that in fact, you're not No. 1 and not alone.

It has become unfashionable, if not forbidden, to talk about religious belief in the context of public life. The "religious right" and all that. But perhaps the moment is right to revive Benedict's argument for religion's proper role in organizing a coherent, self-confident society, or nation.

Write henninger@wsj.com.

BOOKSHELF | By Mark G. Spencer

At the Start Of the Spread

The Contagion of Liberty

By Andrew M. Wehrman
(Johns Hopkins, 401 pages, \$32)

In November 1736, Francis Franklin—Benjamin Franklin's beloved 4-year-old son—fell ill with smallpox and soon died. Philadelphia at the time was in the midst of an epidemic, and the Franklins' painful ordeal was one of an estimated 100,000 similar tragedies that played out in 18th-century America. In "The Contagion of Liberty," Andrew Wehrman weaves together dozens of individual stories and their layered historical contexts to provide a fascinating account of smallpox in America, from colonial times through the early republic.

Smallpox was one of the 18th century's most feared diseases, affecting cities around the world and ravaging early American urban centers in recurring waves. Those who were infected developed high fevers, body aches and painful pocks filled, Mr. Wehrman writes, "with a viscous milk-white pustular fluid that could soak clothing and bedsheets with infectious material." Forming beneath the skin, the pocks could number in the thousands, often concentrating on the face, hands and feet, inflaming nerve endings before erupting through the skin's surface. The disease, highly contagious before and after the onset of visible signs of infection, was also deadly. Mortality rates ranged from 10% to 30%.

How best to control the disease was an urgent question. If first-level defenses—targeted quarantines and mobility restrictions—didn't work, entire towns and cities were locked down, disrupting daily life and devastating commerce. It was known that smallpox survivors gained lifelong immunity; in 17th-century Europe, a procedure of inoculation had emerged that involved taking a small amount of pus from an infected person

and injecting it into a healthy person's arm. If successful, the procedure would produce a mild case of the disease from which the patient would survive, immunity intact. But things could and did go wrong. The freshly inoculated were themselves contagious and posed a grave danger to the community. Some patients died. Was inoculation advisable? Was it a private affair? A civic responsibility? Hot-tempered debates raged in town meetings and newspapers. Some considered inoculation insufficiently justified by the scientific evidence. Others believed that surviving smallpox was best left to God's will.

Many assumed that Franklin's son had died from inoculation. Days before Christmas 1736, Franklin—an inoculation supporter—explained in a short note, printed at the foot of his own Pennsylvania Gazette's last page, that Francis's death was not evidence against inoculation. The truth was that the boy had contracted the disease naturally. Franklin had intended to have his son inoculated but had not done so in time. Later, in his autobiography, he wrote: "I long regretted bitterly, and still regret that I had not given [smallpox] to him by inoculation."

Americans developed their own techniques of inoculation. Dr. Adam Thomson of Philadelphia and Dr. George Muirson of New York, for instance, each claimed separately to have invented the American method of including mercury in the inoculation process. John Adams complained of his 1764 inoculation that the mercury levels were so high it loosened his teeth. The new procedure had another side-effect: Its higher cost made it too expensive for many.

Communities struggled with how best to deal with all of this. In Boston, there were government-led efforts to provide universal inoculation. In Norfolk, Va., an "informed citizenry" reacted violently to elective private inoculations, favoring a system that would require community approval. In Marblehead and Salem, Mass., debates about inoculation hospitals intertwined with discussions of freedom in a nascent revolutionary movement.

The march toward revolution in America coincided with a smallpox epidemic. True freedom now meant freedom from disease as well.

The contest over smallpox didn't end with the onset of the Revolutionary War. George Washington—who had contracted smallpox while traveling in Barbados as a 19-year-old—was at first "an inoculation skeptic," Mr. Wehrman tells us. He resisted wide-scale inoculation of his army, fearing "an uncontrollable epidemic." But by February 1777, having come to see things differently, he issued an inoculation order. That about-face, submits Mr. Wehrman, came only after Washington's soldiers, officers and doctors demanded it. Still, "once Washington fully committed to inoculation, he never again wavered." His actions "signaled that the leadership of this new country would answer to its people."

The American Revolution's historians, Mr. Wehrman writes, "have generally preferred to see the Revolution without its smallpox scars." A fuller picture shows that "widespread acceptance of inoculation had been forged in the same fire as the Revolution, steeped in its language, and animated by the same popular political participation." It also shows that for African-Americans, who were by and large denied access to inoculation, "their pursuit of freedom required them to brave fast-spreading natural smallpox." They died by the thousands in what Mr. Wehrman labels "the most ghastly tragedy of the American Revolution."

In 1799, news of Edward Jenner's cowpox vaccination for smallpox arrived in America. Jenner's method eliminated the need for isolating the vaccinated, since they were not contagious. Silencing many of the objections associated with inoculation, vaccination spread in postrevolutionary America "as a private salvation sold by physicians to individuals willing to pay for it." But, Mr. Wehrman writes, those 19th-century developments ought not obscure the fact that "the Revolutionary War was won only by conquering smallpox first" and that doing so was a communal effort.

Mr. Wehrman, an associate professor of history at Central Michigan University, has produced a deeply researched and gracefully written volume. The title of his book plays on the phrase by the historian Bernard Bailyn, who wrote that the Revolution originated in, and then thrived on, the "contagion of liberty." For Mr. Wehrman, there remains unfinished business. "The American Revolution," he writes, "will only be achieved with equality in health, and that requires an ongoing, all-in public effort to spread the contagion of liberty."

Mr. Spencer, a professor of history at Brock University, is the author of "David Hume and Eighteenth-Century America."

I Got 2022 Mostly Right. Now on to 2023!

By Karl Rove

Time for the annual review of my 2022 predictions, followed by prophecies for 2023. Here are the 23 correct and eight wrong picks that gave me a 74.2% success rate for last year.

First, things I got right. Republicans took the House with fewer seats than the post-World War II average (way less). Democrats gained governorships, but the Republican advantage in state legislative seats grew. GOP secretary of state candidates in Arizona, Michigan and Nevada (all Trump-endorsed election deniers) lost. President Biden's approval rating at year's end was under 45%.

I was right on inflation rising faster than wages. Growth softened from 2021's 5.9% to an estimated 1.9%. Unemployment was 3.7% in November, the last data released from the year, lower than last November's 4.2%. Covid persists but, even with more variants, is a less significant issue. Public-school enrollment remains below pre-pandemic levels.

Russia failed to subjugate Ukraine. China and North Korea increased hostile actions: China against Taiwan and Kim Jong Un against everyone. Lula was elected Brazil's president again.

Mike Tirico replaced Al Michaels on "Sunday Night Football." Mr. Michaels then landed at "Thursday Night Football." Golden State became NBA champions. Jane Campion won best director for "Power of the

Dog," and "Succession" won its second Outstanding Drama Series Emmy.

I was right on three of four Jan. 6 items. Hundreds of defendants charged for the Capitol assault pleaded guilty or were convicted; few were acquitted. The Supreme Court allowed the release of President Trump's Jan. 6 documents. The House investigating committee found that groups planned violence for that day. But it wasn't established that the Willard Hotel Trump command post knew that.

My really, really bad call was *Roe v. Wade*. The Supreme Court didn't weaken the ruling; it overturned it. Yet while abortion rights dominated Democratic messaging, it remained a minor advantage. Every GOP governor who recently signed strong pro-life bills won re-election—in Florida, Georgia, Ohio and Texas. Meanwhile, the only Democratic governor who lost, Nevada's Steve Sisolak, based his campaign on abortion rights. But Democrats were helped in states with abortion referendums, like Michigan.

There were other predictions that didn't pan out. Hobbled by bad candidates, Republicans didn't flip the Senate. The percentage of Americans saying the country is on the right track didn't improve; it remained at 30% at year's end. Inflation didn't decline from last year's 6.8% annual rate in November, but instead rose to 7.1%. Georgia beat Alabama to become college football champs. Argentina—not Brazil—took the

World Cup. Norway—not the U.S.—won the most Winter Olympic medals.

What do I think 2023 holds? Ukraine keeps making gains on the battlefield, but doesn't restore its Feb. 23, 2022, borders. The West provides critical military and economic aid, though with growing domestic controversy. Vladimir Putin throws in more men and resources, inflicting more violence on the outnumbered

Ukrainians. Despite the imbalance of forces, Russia doesn't prevail. China suffers an explosion of Covid cases and deaths. Beijing also steps up pressure on Taiwan but doesn't invade. Europe becomes more friendly to nuclear and hydrocarbon energy.

Mr. Biden declares that he's running for re-election. A significant Democrat realizes the danger this represents and, à la Ted Kennedy 1980, runs. The Republican field is a fraction of 2016's 17 candidates—no more than six significant GOP candidates are standing by year's end. Mr. Trump's numbers decline through the year. Mr. Biden's approval number ends 2023 below 45%.

Nancy Pelosi leaves Congress this year. The Supreme Court ends racial preferences

I missed on *Roe v. Wade* but correctly called the NBA and the House majority.

Mr. Rove helped organize the political-action committee *American Crossroads* and is author of "The Triumph of William McKinley" (Simon & Schuster, 2015).

God and Math at Dinner

By Mike Kerrigan

In "Orthodoxy," his masterpiece of Christian apologetics, G.K. Chesterton observed something interesting about bards and rationalists: "The poet only asks to get his head into the heavens. It is the logician who seeks to get the heavens into his head. And it is his head that splits."

I shared this observation with my eldest son, Joe, early in his college career, when he told me he'd declared math as a major. Chesterton's warning wasn't against using logic, only embracing it to the exclusion of all else. The topic came up again recently over dinner when Joe, now a senior, explained something

counterintuitive to his old man.

He said that between integers—say, 1 and 2—there are infinitely many real numbers, like 1.1 and 1.265. Such thinking scared me straight into law

My son explains why some infinities are greater than others.

school at his age, yet somehow I grasped it now, if only conceptually. "Like the Incarnation," I offered. An instance of the Creator, while remaining fully God and fully man, entering into his creation: the infinite bounded by the finite.

"I suppose," Joe answered, checking my catechism against his set theory. Then he said something even trippier. Although whole numbers can be listed out to infinity, the hypothetical list of real numbers is necessarily larger than the hypothetical list of whole numbers. Not all infinities are equal.

Infinity and infinity-plus? Had that notion entered my mind in college, I'd have reclined in darkness with a cold compress on my head. I didn't get the underlying math but, thinking I understood the broader concept, parried with another analogy: "Like higher and lower degrees of heavenly perfection."

Long ago I'd accepted how

a shotgun shack in heaven's outermost borough was good enough for a sinner like me. Joe concurred, and when he did, I was relieved. To Chesterton, the madman "is not the man who has lost his reason" but "the man who has lost everything except his reason." Our conversation assured me that Joe had ample stores of wonder. He was simply seeing God in the math, as I see the math in God.

It was a delightful dinner between a father and his son. And when the check came, perhaps proud of the numerical proficiency I'd shown, Joe graciously let me pay.

Mr. Kerrigan is an attorney in Charlotte, N.C.

OPINION

REVIEW & OUTLOOK

Who's Crazy Enough to Be Speaker?

We were taught to believe that all jobs have dignity, but on second thought there is serving as Speaker of a Republican-controlled House of Representatives. After two days of intra-GOP stalemate over electing Kevin McCarthy, our main question is why the California Congressman still wants the job?

For that matter, why would anyone want it? It's true the Speaker is third in line to be President, you get your name in the history books and your portrait hung in the Capitol, and you can sit and applaud uncomfortably behind President Biden during his next two State of the Union addresses. Other than that, there's not much to recommend the job.

That was true for John Boehner, who became Speaker in 2011 but was ousted in 2015 by a rump GOP faction after he failed to show enough enthusiasm for futile political gestures. Paul Ryan took over and was able to push through the 2017 tax reform, among other things, but he left after 2018 rather than have to deal with the growing Crank Caucus.

Mr. McCarthy lost three more floor votes on Wednesday, as 20 Republicans refused to budge despite being outvoted 10 to 1 by their colleagues. The rebels without a plausible alternative candidate first nominated Arizona Rep. Andy Biggs, who had received only 31 votes in November in the contest with Mr. McCarthy to become GOP leader. He'd lose a race against a Capitol parking-lot attendant.

The rebels then nominated Ohio Rep. Jim Jordan, who doesn't want the job and endorsed Mr. McCarthy. Then they nominated Florida Rep. Byron Donalds, a second-term who voted for Mr. McCarthy on the initial vote. He has no

chance to win, but he does now have a higher name ID.

At this point all of this isn't so much about Mr. McCarthy as about whether he or anyone else could lead a coherent majority for the next two years. Mr. McCarthy has already conceded that a mere five Members will be able to move to vacate the Chair and put his Speakership in jeopardy. Any small faction could hold him hostage at any time.

If Mr. McCarthy bows out, there are other Republicans who might be able to get 218 votes for Speaker, but why would they want the job? Does Steve Scalise, the No. 2 House Republican, want to spend two years listening to ultimatums from Colorado Rep. Lauren Boebert? Wisconsin Rep. Michael Gallagher gave a spirited nominating speech for Mr. McCarthy on Wednesday and is widely respected, but he can accomplish much more leading the Select Committee on China that Republicans are setting up.

The problem any GOP leader faces today is that too many Republicans don't really want to hold and keep political power. They're much more comfortable in opposition in the minority, which is easier because no hard decisions or compromises are necessary. You can rage against "the swamp" without having to do anything to change it. This is the fundamental and sorry truth behind the Speaker spectacle and the performative GOP politics of recent years.

It's sorer still because the country desperately needs an effective check on the excesses of the progressive left that dominates today's Democratic Party. That's what voters said when they gave Republicans the House majority, which they seem intent on squandering.

You can't lead a majority that would rather be in the minority.

Biden Snookers Joe Manchin Again

Did President Biden take Joe Manchin for another ride? The West Virginia Senator insisted on numerous conditions for the \$7,500 electric vehicle tax credit in the Inflation Reduction Act (IRA). Now the Treasury Department is doing an end-run to let more Americans and EVs qualify.

Mr. Manchin last spring argued that the government shouldn't subsidize Americans to buy EVs, especially since some models have waiting lists. But he later surrendered and cut a deal with Senate Majority Leader Chuck Schumer to prevent the well-to-do from pocketing the tax credit and boost U.S. auto manufacturing.

The IRA's modified \$7,500 tax credit, which takes effect this year, includes new price limits (\$80,000 for vans, SUVs and pickups and \$55,000 for sedans) and income caps (\$150,000 for singles and \$300,000 for married couples). It is also restricted to EVs assembled in North America.

Half of the credit (\$3,750) is tied to an increasing share of EV battery components being made in North America, and the other half to its minerals being extracted or processed in the U.S. or countries with which the U.S. has a free-trade agreement. Under the law as written, few EV models are expected to qualify for even half of the credit in coming years.

Cue the screams from the auto industry. Foreign auto makers and governments complained the law discriminated against them. European leaders have threatened to file a complaint with the World Trade Organization. U.S. auto makers warned the restrictions would dampen demand. EV start-ups selling

Treasury's guidance on EV subsidies ignores the Senator's policy limits.

luxury cars claimed they were jilted.

Enter Treasury, which last week issued guidance that would help automakers circumvent the restrictions by letting EVs leased to consumers qualify as "commercial clean vehicles," which don't include North American manufacturing, material sourcing, income or price restrictions.

The IRA's commercial EV tax credit was intended for the likes of Amazon, UPS and contractors. But under Treasury's interpretation, a BMW i7 (retail price: \$119,300) leased to a consumer would qualify for the commercial vehicle credit whether or not it is used by a business. Ditto other EVs no matter their cost or where they're made.

An Experian report last February estimated that about 28% of new EVs are leased. Many EV drivers prefer leases because they expect battery technology to improve and their resale value to fall quickly. Treasury's guidance will encourage dealers to lease EVs instead of selling them, and customers may find lease financing more attractive.

All of this is a bait-and-switch on Mr. Manchin. Treasury's guidance "bends to the desires of the companies looking for loopholes and is clearly inconsistent with the intent of the law," Mr. Manchin said last Thursday, adding that he plans to introduce legislation that "clarifies the original intent of the law and prevents this dangerous interpretation from Treasury from moving forward."

Good luck rounding up Democratic votes. As much as Mr. Manchin doesn't want to admit it, he bought a lemon when he voted for the IRA and now Americans are stuck with it.

LETTERS TO THE EDITOR

George Santos and All That Is Wrong in D.C.

Regarding Peggy Noonan's column "Why George Santos's Lies Matter" (Declarations, Dec. 31): Where do you draw the line—Mr. Santos must go but Elizabeth Warren and Richard Blumenthal can stay? Is it because Sens. Warren and Blumenthal each told one big lie, whereas Rep.-elect Santos told 15? Well, President Biden told 300, but I guess his didn't include claiming he was Jewish. Let's also not forget all the government officials who lied about or covered up information on Russiagate and Hunter Biden's laptop.

I think what Mr. Santos has said is disgraceful, but integrity has one meaning, and you don't have it if you tell one lie or 300.

GLENDIA STEPHENS
Burke, Va.

Mr. Santos is kryptonite to the Republican Party. Allowing his assault on truth will harm the entire party's credibility. His interview with Tulsi Gabbard on Fox News showed him to

be arrogant, condescending and largely unapologetic. Mr. Santos rightly claims that other politicians lie, most egregiously Mr. Biden, but a line must be drawn somewhere, and Mr. Santos's behavior is too offensive to be excused.

Mr. Santos is the poster child for what is wrong with our politics. He should be stripped of his office and sent to political purgatory as an example to current and future candidates of both parties. As for the "big guy"? Perhaps his lies will catch up with him in 2024.

PETER DODGE
St. Augustine, Fla.

Many people who voted for Mr. Santos want him removed from office. The people who should be fired, however, are the opposition researchers for Democratic candidate Robert Zimmerman, who lost to Mr. Santos in November.

HELMUTH W. TRIESHMANN JR.
Newport News, Va.

Misdiagnosis Meets Overdiagnosis in the ER

In a criticizing a recent peer-reviewed government report that summarizes 279 studies on emergency-room misdiagnosis ("A Study Sounds a False Alarm About America's Emergency Rooms," op-ed, Dec. 30), Dr. Kristen Panthagani focuses on only one of the report's findings: the estimate of 250,000 U.S. deaths a year from ER diagnostic errors. She asserts that "the estimate was derived from a single study" in which "one person unexpectedly died related to a delay in diagnosis" in 2004. She claims the report "misused this single death to estimate a death rate."

As the report's lead authors, we can attest that this misrepresents our methods. We triangulated data from multiple sources to validate the 0.2% death rate before extrapolating nationally. We analyzed two high-quality studies that corroborate a 0.2% to 0.3% death rate. We showed that the 0.2% rate corresponds to 6.7% of ER-associated deaths being due to diagnostic error, which matches findings from autopsy studies. We also confirmed that the estimated serious-harm rate of 0.3% is compatible with disease-specific misdiagnosis-related harm rates synthesized in the report (0.2% to 0.5% for the most common symptoms, based on millions of U.S. ER visits).

Diagnostic errors aren't unique to the ER setting. The ER serious-misdiagnosis-related harm rate we estimated, 0.3%, lies between rates esti-

mated in primary care (0.1%) and inpatient care (0.4%), as expected.

PROF. DAVID NEWMAN-TOKER, M.D.
PROF. KAREN ROBINSON
Johns Hopkins University
Baltimore

The basic flaw isn't misdiagnosis but overdiagnosis. Until recently, the ER was a place to rule out life-threatening situations, then discharge patients to the appropriate provider. In the age of Big Medicine, this is no longer the rule. Further, Medicare and Medicaid penalize hospitals for readmitting patients within 30 days of discharge. This motivates ERs to think twice before releasing anyone.

Fear of misdiagnosis causes many ER physicians to defer making any diagnosis at all and admit patients who can be served better as outpatients. Instead, these physicians do work-up to rule out many possible, although unlikely, conditions, until something abnormal is found. Then even more tests and consultations follow.

During hospitalization, patients are denied their usual routine and often become weaker and sicker. So, even when nothing significant is found after weeks, the elderly patient may require more time in rehabilitation. All this defensive medicine costs billions and results in overdiagnoses even as misdiagnoses appear to have become rarer.

JONATHAN L. FOX, M.D.
Northfield, N.J.

Can We Still Teach Southwest in B-School?

For decades, business schools have used Southwest Airlines as a case study in corporate-strategy classes ("Pete Buttigieg, Air Traffic Controller," Review & Outlook, Dec. 29). The company's use of a single aircraft, the Boeing 737, and its point-to-point network structure gave it cost and operational advantages that drove growth and profitability. Southwest also eschewed complicated network alliances and, until recently, international routes. In principle, any Southwest crew member should be able to operate any aircraft on any route.

This structure should give South-

west resiliency. That Southwest's operations collapsed during the Christmas storm when other airlines recovered quickly is shocking. The company has none of the complexity of its major competitors in fleet, crew or route. Perhaps we should teach the case of Southwest in leadership classes instead, because surely this is a leadership failure of the first order.

PROF. MICHAEL WEEKS
The Citadel, Baker School of Business
Charleston, S.C.

Putin's War in Ukraine and The 'Conversion of Russia'

Regarding Tunku Varadarajan's "The Patriarch Behind Vladimir Putin" (Houses of Worship, Dec. 30): In my youth in the 1950s, I was often an altar boy at a Roman Catholic Mass. When the priest would announce that the last prayer was for the "conversion of Russia," I thought there was no way it would ever happen. It was way too big an ask, even for God.

Lo and behold, it happened, according to Cyril Hovorun, an Orthodox monk and former private secretary and theological counselor to Patriarch Kirill, head of the Russian Orthodox Church. Mr. Hovorun claims that Mr. Putin and his ilk now "have the mentality of crusaders, for whom Ukraine is their Jerusalem."

I suppose God heard our prayers from 70 years ago. But I also now see how God acts in strange ways.

LAWRENCE G. KARCH
Gainesville, Va.

The Quest to Re-Educate Jordan Peterson

You would think Canadians had learned by now not to tell Jordan Peterson what to say. The psychology professor became an internet sensation in 2016 after arguing that Canadian legislation amounted to "compelled speech" on gender pronouns. Now the College of Psychologists of Ontario is demanding that Mr. Peterson acknowledge he "lacked professionalism" in public statements and undergo a "coaching program" of remedial education.

Maybe the new commissars missed Mr. Peterson's videos praising Aleksandr Solzhenitsyn, the man who said: "Live not by lies." Mr. Peterson won't comply, and he says he'll now face a disciplinary committee that could revoke his license to practice.

The College of Psychologists, the profession's governing body in Ontario, appointed an investigator in March to examine complaints about Mr. Peterson's comments on Twitter and the popular Joe Rogan podcast. On Nov. 22, the College's panel released a decision. Per images provided by Mr. Peterson, the panel ruled: "The comments at issue appear to undermine the public trust in the profession as a whole, and raise questions about your ability to carry out your responsibilities as a psychologist."

What are these comments? Calling Elliot Page, the transgender actor, by his former name, "Ellen," and the pronoun "her," on Twitter. Calling an adviser to Prime Minister Justin Trudeau a "prik." A sarcastic crack at anti-growth environmentalists for not caring that their energy policies lead to more deaths of poor Third World children.

Calling a former client "vindictive." Objecting

to a Sports Illustrated swimsuit cover of a plus-size model: "Sorry. Not Beautiful. And no amount of authoritarian tolerance is going to change that." In Canada even offenses begin with "sorry."

"The impact risk in this case is significant," the panel found, because the comments "may cause harm." It counseled Mr. Peterson that coaching would

help "mitigate any risks to the public." The College of Psychologists declined to comment on the case, citing confidentiality.

Mr. Peterson responded sensibly: "Who exactly was harmed, how, when, to what degree, and how was that harm measured?" He says there have been about a dozen formal complaints since 2017, each one demanding a formal reply. One complainant cited Mr. Peterson's Twitter response to a critic worried about overpopulation: "You're free to leave at any point." Mr. Peterson thinks the investigations aren't about mitigating harm but preventing free expression, and that "the process is the punishment," giving online detractors an effective way to badger him.

Professional bodies are supposed to ensure that practitioners are competent, not enforce political orthodoxies or act as language police outside the office. But that's the trend in Western medical associations and beyond. The Law Society of Ontario had pushed a mandatory diversity pledge for all lawyers until a members' revolt took over the board and nixed the pledge in 2019. At the time, an Ontario lawyer objected to the "ever-expanding mission to socially engineer the profession."

Sounds like an issue of id, ego and superego. You could ask a psychologist about it.

For speaking his mind, the psychologist could lose his license.

This Slope Really Is Slippery

In "MAID in Canada: What's Behind the Euthanasia Scandal?" (op-ed, Dec. 31), Chris Selley writes, "There is no telling where it might end." In the U.S., we know where it ends. It goes from "safe, legal and rare" to "anyone, anytime and for any reason," paid for by taxpayers and involving physicians irrespective of their ethical or religious beliefs.

KURT NEUMANN, M.D.
Bloomfield, Mich.

Taxes and Our Patriotic Duty

Politicians should recall the ruling of Justice Learned Hand ("How Congress Cut Trump's Taxes" by Jay Starkman, op-ed, Dec. 29): "Any one may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern which will best pay the Treasury; there is not even a patriotic duty to increase one's taxes."

NAFTALI REICH
Lakewood, N.J.

CORRECTION

The Centers for Disease Control and Prevention estimates that three-quarters of Covid virus circulating in Northeastern states is the XBB strain. This statistic was mischaracterized in the Jan. 3 Life Science column.

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

**Pepper ...
And Salt**

THE WALL STREET JOURNAL



"Ready for the meeting?"

OPINION

The Tragedy Of Kevin McCarthy

By Will Hurd

It's hard not to see the predicament of Rep. Kevin McCarthy as a tragedy. A man who was heralded 15 years ago as a new brand of conservative leader, who set records for fundraising, and who helped get candidates elected all over the country now has had to suffer through successive failures to become speaker of the House.

Mr. McCarthy was a co-author, with future Speaker Paul Ryan and Majority Leader Eric Cantor, of "Young Guns: A New Generation of Conservative Leaders" (2010), which criticized earlier Republicans, particularly on matters of the federal budget. They wrote that Republicans were "arrogant and out of touch" and suffered "failures from high-profile ethics lapses to the inability to rein in spending or even slow the growth of government."

He's very good at winning elections but doesn't have what it takes to be a great legislative leader.

Yet as a lawmaker, and in four years as minority leader, Mr. McCarthy showed no particular legislative interests and had no signature achievements. He would have been the perfect Republican National Committee chairman, a job that's concerned only with building the party and winning elections. As a leader in Congress, he needed to demonstrate that he could effectively legislate and govern as well.

Winning elections is the first step to good governance. Effective policy and legislation is the next. Too many politicians have forgotten over the past decade that good policy is good politics. An effective lawmaker or statesman has to focus on more than the X's and O's of elections.

Mr. McCarthy repeatedly tried to placate bomb throwers in his own party, who were never going to be happy with anything less than complete capitulation. He bent over backward to please a vocal minority while taking for granted that the reasonable majority of his party would remain loyal. He even exhibited such on the eve of the speakership vote. Instead of staying firm and backing the wishes of the rational wing of the party, he caved in to the demands of his opposition on issues like making it easier to "vacate the chair"—the legislative process to remove the speaker. He was willing to weaken the speakership to win it. If he'd spent more time working with rational lawmakers to get like-minded candidates elected, he wouldn't have ended up in this position.

The most glaring example of his appeasement: On the afternoon of Jan. 6, 2021, Mr. McCarthy reportedly spoke honestly to President Trump about the rioters in the Capitol: "They're trying to f— kill me!" A few weeks later, to get back into Mr. Trump's good graces, he changed his tune and went to Mar-a-Lago "to make peace with the ex-president," as he told his colleagues.

Mr. McCarthy was only one of many Republicans who hitched their wagons to Mr. Trump. But the former president has repeatedly shown that he is a loser with a base that never grows, and that trusting him is a fool's errand. By following him, Republicans lost the House in 2018, the White House in 2020, and the Senate in 2020 and again in 2022. He was a major contributing factor in preventing a red wave last year. The result was a House majority so slender that a few extremists had the power to deny the speakership to the man Mr. Trump once called "my Kevin."

Mr. Hurd, a Republican, represented Texas' 23rd Congressional District, 2017-21. He is author of "American Reboot: An Idealist's Guide to Getting Big Things Done."

How to Take the Twitter Files to Court

By Jed Rubenfeld

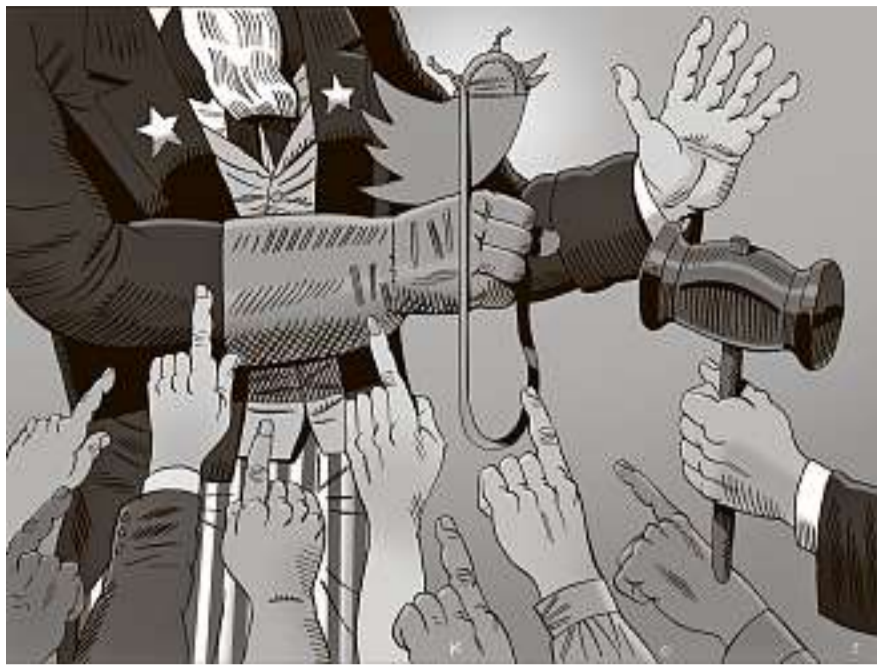
Elon Musk says the Twitter Files prove a profound and systematic violation of the First Amendment. Commentators on the left insist they're a "nothing-burger." This dispute ought to be resolved in court. But how?

The wrong way would be more First Amendment lawsuits against Twitter by targets of censorship such as journalist Alex Berenson. Mr. Berenson was suspended in 2021 for disputing public-health orthodoxy about Covid vaccines. Although Twitter reinstated Mr. Berenson's account before Mr. Musk took over the company, a judge dismissed the First Amendment claim without even allowing discovery, declaring it "implausible" that the federal government was heavily involved in the company's censorship decisions. That assumption was wrong. We now know that federal agencies were deeply enmeshed in Twitter's censorship, from high-level policy making to targeting specific posts.

But because of two recent developments, there are no real remedies available to a plaintiff in such a case. First, a Supreme Court decision, *Egbert v. Boule* (2022), virtually guarantees that a plaintiff in these circumstances couldn't recover monetary damages. Second, Mr. Musk's takeover of Twitter precludes injunctive relief. If the company no longer works with federal agents to censor speech and is welcoming back the past targets of such censorship, there's nothing to enjoin.

Instead, Twitter users—including but not limited to those targeted for censorship—should bring a class action against the government agents involved in the censorship.

The First Amendment protects not only speakers but also consumers, listeners and viewers. As the high court held in *Virginia Board of Pharmacy v. Virginia Citizens Consumer Council* (1976), when speakers are muzzled, their intended audience suffers a First Amendment violation too. Twitter users, even those who weren't censored themselves, would therefore



violated the First Amendment rights of listeners as well as speakers regardless of whether the government was involved in a particular individual's being censored.

If Twitter is no longer acting as a federal censorship field office, why wouldn't such a class action by social-media users be moot like an individual lawsuit against the company? Because of Facebook, Google and other internet companies. As Matt Taibbi reported, "the government was in constant contact not just with Twitter, but with every major tech firm." There's no reason to think that has stopped. A class action against federal defendants would seek to halt all government efforts to use social-media companies to achieve the censorship the Constitution forbids.

have standing to bring suit.

Suing federal agents would preempt the claim that there was no "state action." The nub of the "nothingburger" argument is that the Twitter Files fail to show government "coercion" and Twitter therefore never became a state actor. That argument is wrong: A private party can become a state actor through voluntary joint action with the government, which the Twitter Files richly detail. But a class action against federal defendants would avoid the entire question. They're obviously state actors.

File a class action against federal agents seeking an injunction against social-media censorship efforts.

And as the Supreme Court held in *Norwood v. Harrison* (1973), it is an "axiomatic" principle of constitutional law that the government "may not induce, encourage or promote private persons to accomplish what it is constitutionally forbidden to accomplish." That's exactly what the Twitter Files show officials from the Federal Bureau of Investigation, the Centers for Disease Control and Prevention, the Central Intelligence

Agency, the Department of Homeland Security and other federal agencies doing—inducing and encouraging Twitter to censor constitutionally protected speech.

The plaintiffs wouldn't have to prove Twitter was a state actor. It wouldn't even matter if Twitter had rebuffed all the government's censorship requests (which it didn't). Judge Richard Posner of the Seventh U.S. Circuit Court of Appeals made this point in *Backpage.com v. Dart* (2015): When a government official unconstitutionally attempts to induce a private company not to carry someone else's speech, the official's conduct "is actionable and can be enjoined" even if the company "ignores it."

A class action would eliminate another roadblock. Some free-speech cases against social-media companies have been dismissed on the ground that the individual plaintiffs couldn't show that the government had targeted them or their posts in particular. A class action escapes this difficulty. It might target the CDC's successful effort to get Twitter to adopt policies banning posts arguing that children didn't need Covid-19 vaccines or observing that the government's own data show the shots don't prevent infection or transmission. These policies denied all users important information and opinions and thereby

The attorneys general of Missouri and Louisiana have already jointly brought a similar lawsuit, and preliminary discovery has added more evidence of federal involvement in censorship at all major social-media companies. But a motion to dismiss is pending in that case, and it remains to be seen whether courts will find that state attorneys general have standing to press these claims. A user class action would overcome this difficulty too.

That no monetary damages lie waiting explains why plaintiff class-action firms aren't lining up to bring this litigation. But that shouldn't deter intrepid public-interest lawyers who still believe in the First Amendment, few though they may be. (And if the plaintiffs prevail in a civil-rights case, their lawyers are entitled to attorney fees at market rates.)

Let's hope that proves incentive enough. The internet, as the Supreme Court has said, is the modern public square. The freedom of speech can't survive in this country if the government is free to work with tech companies to control what can be said or seen in that square.

Mr. Rubenfeld is a professor at Yale Law School and a First Amendment lawyer. He has advised numerous clients who have been censored online.

Will Climate Change Really Put New York Underwater?

By Steven E. Koonin

A recent National Aeronautics and Space Administration report yet again raises alarm that New Yorkers are about to be inundated by rapidly rising seas. But a review of the data suggests that such warnings need to be taken with more than a few grains of sea salt.

The record of sea level measured at the southern tip of Manhattan, known as the Battery, begins in 1856. It shows that today's waters are 19 inches higher than they were 166 years ago, rising an average of 3.5 inches every 30 years. The geologic record shows that this rise began some 20,000 years ago as the

NOAA says the city's sea level will rise a foot by 2050, but there are too many variables to know.

last great glaciers melted, causing the New York coastline to move inland more than 50 miles.

There is no question that sea level at the Battery will continue to rise in coming decades, if only because the land has been steadily sinking about 2 inches every 30 years because of factors including tectonic motion, rebound from the mass of the glaciers, and local subsidence. Rather, the question is whether growing human influences on the climate will cause sea level to rise more rapidly. To judge that, we can compare recent rates of rise with those in the past, when human influences were much smaller.

The nearby chart shows how



much sea level rose during the 30 years prior to each year since 1920. That rise has varied between 1.5 and 6 inches. The 5-inch rise over the most recent 30 years is higher than the centurylong average but isn't unprecedented and shows no sign of increasing.

As the Earth warms, changes in sea level at the Battery will depend in part on global changes. These include the loss of ice from mountain glaciers, Greenland and Antarctica as well as the ocean's expansion as it warms. It's very difficult to predict these changes—many factors influence ice loss, and the oceans absorb only 0.25% of the heat flowing

through the Earth's climate system. The 30-year rises in the latter half of the 20th century were diminished by about an inch due to the filling of reservoirs behind dams and changes in groundwater around the world.

The Battery's sea level also depends on local changes in the sea and the sinking of the land. Most important is the natural variability of winds, currents such as the Gulf Stream, salinity and temperatures of the North Atlantic, which cause variations in sea level along the entire U.S. Northeast coast. Because of these many variables, climate models can't account for the ups and downs so evident in the graph.

Despite this, the recent NASA report echoes a February National Oceanic and Atmospheric Administration report predicting more than 1 foot of rise at the Battery by 2050. Such a rise during the coming 30 years would be more than double the rise over the past 30 years and more than triple the past century's average. Even more remarkably, the NOAA report says this rise will happen regardless of future greenhouse-gas emissions. There is no way of knowing if this prediction is correct.

So while New Yorkers should watch the waters around them, there is no need to dash to higher ground. The Battery's sea level hasn't done anything in recent decades that it hasn't done over the past century. And although we'll have to wait three decades to test the predicted 1-foot rise, measurements over the next decade should tell us how quickly we'll need to raise the seawalls.

Mr. Koonin is a professor at New York University, a senior fellow at Stanford's Hoover Institution, and author of "Unsettled: What Climate Science Tells Us, What It Doesn't, and Why It Matters."

Notable & Quotable: Gov. Ron DeSantis

Florida Gov. Ron DeSantis, in his second-term inaugural address, Jan. 3:

It is often said that our federalist constitutional system—with 50 states able to pursue their own unique policies—represents a laboratory of democracy. Well, these last few years have witnessed a great test of governing philosophies as many jurisdictions pursued a much different path than we have pursued here in the state of Florida. The policies pursued by these states have sparked a mass exodus of productive Americans from these jurisdictions—with Florida serving as the most desired destination, a promised land of sanity.

Many of these cities and states have embraced faddish ideology at the expense of enduring principles. They have harmed public safety by coddling criminals and attacking law enforcement. They have imposed unreasonable burdens on taxpayers to finance unfathomable levels of public spending. They have harmed education by subordinating the interests of students and

parents to partisan interest groups. They have imposed medical authoritarianism in the guise of pandemic mandates and restrictions that lack a scientific basis.

This bizarre, but prevalent, ideology that permeates these policy measures purports to act in the name of justice for the marginalized, but it frowns upon American institutions, it rejects merit and achievement, and it advocates identity essentialism.

We reject this woke ideology. We seek normalcy, not philosophical lunacy! We will not allow reality, facts, and truth to become optional. We will never surrender to the woke mob. Florida is where woke goes to die!

Now Florida's success has been made more difficult by the floundering federal establishment in Washington, D.C.

The federal government has gone on an inflationary spending binge that has left our nation weaker and our citizens poorer, it has enacted pandemic restrictions and mandates—based more on ideology and politics than on sound science—and this has eroded free-

dom and stunted commerce.

It has recklessly facilitated open borders: making a mockery of the rule of law, allowing massive amounts of narcotics to infest our states, importing criminal aliens, and green-lighting the flow of millions of illegal aliens into our country, burdening communities and taxpayers throughout the land.

It has imposed an energy policy that has crippled our nation's domestic production, causing energy to cost more for our citizens and eroding our nation's energy security, and, in the process, our national security.

It yields its authority through a sprawling, unaccountable and out-of-touch bureaucracy that does not act on behalf of us, but instead looms over us and imposes its will upon us.

The results of this have been predictably dismal. This has caused many to be pessimistic about the country's future. Some say that failure is inevitable.

Florida is proof positive that We the People are not destined for failure. Decline is a choice. Success is attainable. And freedom is worth fighting for.

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WORLD NEWS

Israel Official Aims to Bolster Settlements

Far-right finance minister says he will move to 'strengthen grip' on West Bank

By DOV LIEBER
AND AARON BOXERMAN

JERUSALEM—Israel's new finance minister—the leader of the country's far-right Religious Zionism party and an advocate of outright annexation of at least parts of the West Bank—said he plans to spend billions of dollars building infrastructure and investing in Jewish settlements in the territory.

"We will lead the development, formalization and strengthening of our grip in these areas of our homeland, Judea and Samaria," Bezalel Smotrich said as the new government was sworn in last week, using the biblical name for the West Bank.

Members of the Religious Zionism party—many hailing from Israel's West Bank settlements—form a critical bloc in Prime Minister Benjamin Netanyahu's new government and now control posts that oversee key elements of Israel's presence there.

Their aim is to pave the way for a million more Jewish settlers and to gradually eliminate any differences between life in the settlements and within Israel's internationally recognized borders. Their ultimate goal, they say, is to foreclose the possibility of a future Palestinian state.

"The difference now is the absolute clarity of this Israeli government's public policy," said Husam Zomlot, the Pales-



New Finance Minister Bezalel Smotrich wants Israel to formally annex the occupied territories.

tinian Authority's ambassador to the U.K. "This is a stab in the heart of the whole idea of a two-state negotiated solution sponsored by the United States."

Mr. Smotrich's vision for the West Bank underscores the challenges Mr. Netanyahu will face as he tries to hold together a solidly right-wing government and maintain good relations with the U.S., Europe and Arab allies, all of whom oppose annexation. The Biden administration has said it would fight any attempt at annexation under the new government.

Mr. Netanyahu has pledged not to annex the West Bank, but his new government's efforts to expand Israeli authority over the territory is likely to test his relationship with the U.S. It could also harm one of Mr. Netanyahu's most-ambitious foreign-policy goals: ex-

panding normalization to Saudi Arabia.

Blurring the distinction between Israel and the West Bank could make it increasingly difficult for Israeli leaders to argue that Israel's occupation is temporary, said Pnina Sharvit-Baruch, who formerly led the Israeli army's international law department.

"Even if there's no de jure annexation, merely a de facto one, it will become harder and harder to expect support even from our allies in this," Col. Sharvit-Baruch said.

The United Nations General Assembly voted on Friday for the International Court of Justice to issue an advisory opinion on whether Israeli policies on the ground have changed the legal status of its occupation. Some 87 countries voted for the resolution and 26 were

opposed, including the U.S.

Mr. Netanyahu called the decision "despicable" and a violation of the Jewish people's right to the territory.

Mr. Smotrich, who declined interview requests, advocates for Israel to one day formally annex the occupied territory without giving its 2.6 million Palestinian residents full political rights, which left-wing Israeli critics say would mean the end of Israeli democracy.

Religious Zionism said in its platform that the process of slowly changing the reality in the West Bank is meant to skirt U.S. opposition to the formal Israeli annexation of the sensitive territory, which Washington hopes will be the heart of a future Palestinian state.

"Since declaring sovereignty over the entire area will encounter opposition from

Palestinians Kept In State of Limbo

Israel conquered the West Bank during the 1967 Mideast war. The territory is considered the heart of the ancient Jewish presence in the Holy Land and has deep spiritual significance for religious Jews.

The West Bank is also home to millions of Palestinians who have lived under Israeli military rule for decades. Most live in areas administered by the Palestinian Authority, which was created in the 1990s as part of a peace process aimed at solving the Israeli-Palestinian conflict. The peace process between the

two sides has remained deadlocked since 2014.

Israel has neither annexed the territory—which could mean taking responsibility for its Palestinian residents—nor withdrawn. Instead, Israel administers a military occupation under whose auspices around 500,000 Israeli settlers now live. Much of the international community considers all Israeli settlements to be illegal.

For Israeli settlers, Israel's military still handles some crucial planning decisions, such as building new housing units in the settlements, but they are subject to Israeli civil law and can vote in national elections. For Palestinians, the Israeli army administers everything. They can't vote in Israeli elections.

the United States, we must promote sovereignty de facto," the party's 2021 platform said.

As part of a coalition agreement with Mr. Netanyahu, Mr. Smotrich was given control of an Israeli military body that regulates planning for both settlements and Palestinian construction in parts of the West Bank where Israel maintains civilian control. Mr. Netanyahu said he has veto power over any changes Mr. Smotrich plans to make.

A key move will be to gradually transfer authority currently held by the military body, which is led by an Israeli general, to civilian ministries, Religious Zionism lawmaker Ohad Tal said.

For example, Mr. Tal said if a settler wants a permit to close off their porch, they must submit an application

through the military process. "The army isn't meant to handle civil affairs, so citizens receive far-worse services."

Mr. Tal didn't respond to questions about which body would respond to similar Palestinian requests.

Israeli settlers say even though they pay taxes like other Israeli citizens, they receive spotty cellular access, drive on poorer roads and face additional bureaucracy because of the geopolitical sensitivities of the West Bank.

"We want to be treated like other citizens, with the same rights, just like anyone in Ra'anana or Herzliya, and that's not the situation today," said Hananel Dorani, an Israeli settler leader from Kedumim, naming wealthy cities within Israel's internationally recognized borders.

Predecessor's Death Removes Constraint on Pope Francis

By FRANCIS X. ROCCA

ROME—Pope Francis has been the leader of the Catholic Church for almost 10 years, but he has been the only pope in the Vatican just since Saturday.

The death of Pope Benedict XVI after a decade in retirement has ended an extraordinary arrangement that helped define the current pontificate. While Pope Francis has taken a markedly different tack than his predecessor, he may feel even freer to do so now.

Benedict's presence was a reassuring sign to many conservatives of continuity in church leadership, and hence of support for Pope Francis. That made Benedict's occasional public statements all the more influential, especially when they indicated divergence with the current pope's approach on matters including

clerical sexual abuse and interfaith dialogue. Pope Francis, who stressed his esteem for his predecessor, had an interest in avoiding explicit disagreement.

According to Cardinal Joseph Zen, a former bishop of Hong Kong who has been critical of the current pope's rapprochement with China, Benedict was a restraining influence on Pope Francis on more than one occasion. In particular, he cites the decision by Pope Francis in 2020 not to make it easier to ordain married men as priests, after Benedict defended the tradition of clerical celibacy in his contribution to a book on the subject.

"Someone said that Pope Benedict, after his resignation, should have kept quiet and not created confusion in the Church. It seems to me quite the opposite: precisely because there is confusion in the



Pope Francis at the Vatican

Church, a Pope Emeritus, like every bishop and cardinal as long as he has breath and is of sound mind, must fulfill his duty as Successor of the Apostles to defend the sound tradition of the Church," Cardinal

Zen wrote on his personal website on Tuesday. "In crucial moments, even Pope Francis accepted this contribution of his predecessor, as when he defended the priestly celibacy of the Roman Church."

Pope Francis is now also freer to establish a protocol for retired popes, to make it clearer that there is only one pontiff at a time, according to the Rev. Thomas Reese, author of the book "Inside the Vatican." Critics on both left and right have said clearer rules are necessary to avoid confusion about the church's leadership.

"He could not do it while Benedict was alive, because it would have been seen as a criticism of Benedict and would have been seen as demeaning if the retired pope had been told to stop wearing white, not call himself pope and return to his baptismal

name," Father Reese said.

Benedict consistently refrained from criticizing his successor in public, which may have exerted a restraining influence on some of his conservative followers, an influence now lifted with his death.

Already, one of the late pope's closest confidants has confirmed that Benedict privately disapproved of Pope Francis' 2021 decision to impose restrictions on the use of the traditional Latin Mass, which largely undid Benedict's lifting of restrictions in 2007.

"It hit him pretty hard. Pope Benedict read [Francis' decree] with pain in his heart, because his intention had been to help those who simply found a home in the old Mass to find inner peace," Archbishop Georg Gänswein, Benedict's private secretary, told a website affiliated with the German

Catholic newspaper Die Tagespost in an interview released on Saturday, the day of the retired pope's death, though recorded months earlier.

Although Benedict is gone, he could still pose a challenge to Pope Francis and his allies in the realm of ideas. Benedict's death and the commemorations around it could be the occasion for renewed public interest in his teaching, some of which is notably at variance with that of Pope Francis, said Sandro Magister, who writes about the Vatican for Italy's L'Espresso magazine.

"Francis can't free himself from the legacy of his predecessor, even if now his predecessor is no longer alive, because this legacy remains alive, insofar as his heirs know how to interpret and apply it," Mr. Magister said.

WORLD WATCH

AUSTRALIA

Country to Boost Defense With Himars

Australia said it will acquire a highly mobile, U.S.-built rocket system that can strike targets from far behind the front lines, the latest step by the U.S. ally to beef up its military amid increased competition with China in the region.

The High Mobility Artillery Rocket System, or Himars, has gained prominence after being used effectively by Ukrainian forces against Russia. The system involves trucks that can carry satellite-guided rockets and strike targets up to about 185 miles away with high precision.

"In the current strategic environment, it's important the Australian Defence Force is equipped with high-end, targeted military capabilities," said Richard Marles, Australia's defense minister.

Australia said the Himars will include a weapon-locating radar to detect and respond to land, air and sea threats. It didn't say how many Himars it would purchase, but U.S. officials last year approved the sale of 20 Himars and related equipment to Australia, for an estimated \$385 million, from contractors including Lockheed Martin Corp.

—Mike Cherney

CUBA

U.S. Resumes Visa Services at Embassy

Grappling with the biggest flood of Cuban migrants in decades, the U.S. reopened their



Friends and relatives gathered around a bus carrying inmates upon their release from the Insein Prison in Yangon, Myanmar, on Wednesday after the military pardoned 7,012 prisoners, including some political detainees, to mark Independence Day.

long-closed legal pathway on Wednesday by resuming all visa services at its embassy in Havana.

Hundreds of thousands of Cubans desperate to leave the island's flailing economy and reunite with family in the U.S. but unable to get visas in their own country have been forced to fly to Central America and make tortuous journeys north, or navigate the Florida Straits in rickety vessels. The number of Cubans

detailed on the U.S. southern border is now second only to the number of Mexicans, according to Customs and Border Protection figures.

Hundreds of people gathered outside the embassy for visa appointments Wednesday, or waited outside for loved ones.

"This could help reduce illegal immigration, and make it so people can go to the United States in a safer way," said applicant Ariel

Arzuaga, a 59-year-old technician once deported from Panama, one of the Central American jumping-off points to U.S.-bound migrants.

Visa services were fully restarting Wednesday for the first time since a virtual shutdown prompted by health incidents among staff slashed the American presence in Havana in 2017.

The embassy gradually began to expand such services and diplomatic staffing in a limited ca-

capacity in May. Now the U.S. could give at least 20,000 visas a year.

In late December, U.S. authorities reported stopping Cubans 34,675 times along the Mexico border in November, up from 28,848 times in October. The growing migration is because of economic problems, discontent among Cubans and the relative ease with which Cuban migrants can obtain legal status in the U.S.

—Associated Press

MYANMAR

General Pardons 7,000 Prisoners

Myanmar's ruling military leader pardoned more than 7,000 prisoners, including some political detainees, and detailed plans for an election this year during a ceremony Wednesday marking the 75th anniversary of independence from Britain.

Senior Gen. Min Aung Hlaing urged other nations and international organizations, as well as his country's own people, to support "the genuine, discipline-flourishing multiparty democratic system," a concept the ruling military has defined as its goal since it ousted the elected government of Aung San Suu Kyi in February 2021.

The army's takeover reversed nearly a decade of progress toward democracy after 50 years of military rule.

The plan for a general election is widely seen as an attempt to normalize the military's seizure of power through the ballot box and to deliver a result that ensures the generals retain control. The military will control the entire process and has spent the past two years eviscerating any credible opposition.

There was no sign the pardoning of 7,012 prisoners, along with a partial commutation of the sentences of other inmates not convicted of serious crimes, included Ms. Suu Kyi. She has been held virtually incommunicado by the military since it seized power.

—Associated Press

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, January 5, 2023 | B1

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Salesforce to Cut Jobs and Offices

Layoffs of 10% of workforce, reduction in space come amid customer pullback

By WILL FEUER

Salesforce Inc. is laying off 10% of its workforce and reducing its office space in certain markets, extending a brutal period for technology job cuts into the new year.

Salesforce Co-Chief Executive Marc Benioff said the cuts come as many of the company's customers are taking a more cautious approach to

spending, a trend that more software companies said they have been facing lately.

"The environment remains challenging and our customers are taking a more measured approach to their purchasing decisions," Mr. Benioff said in a letter to employees.

Mr. Benioff, who also serves as chairman of the company, said the business-software provider hired too many people as revenue surged earlier in the Covid-19 pandemic. "I take responsibility for that," he said.

The corporate mea culpa for overhiring has become a

recurring message in recent months at tech companies as executives realized that some of the hiring they undertook to keep pace with soaring demand for all things digital early in the pandemic left them overstaffed as the business environment soured.

Meta Platforms Inc. CEO Mark Zuckerberg last year apologized for hiring excesses as the company said it would cut 13% of its staff days after Twitter Inc. co-founder Jack Dorsey, who ran the company until late 2021, offered contrition after the social-media platform's new owner, Elon Musk, cut head count by

roughly 50%.

Vimeo Inc., a video-sharing platform based in New York, said Wednesday that it had decided to trim its ranks by 11% after cutting 6% of its staff in July. CEO Anjali Sud said that, in addition to a further worsening of economic conditions, "we also have a better understanding of where postpandemic demand is settling" and how that affects near-term growth.

Collectively, tech employers cut more than 150,000 jobs in 2022, based on estimates from Layoffs.fyi, a website that tracks the events as they surface in media reports and

company releases.

Most of the layoffs at Salesforce are expected to occur over the coming weeks, Mr. Benioff said.

Salesforce had nearly 80,000 global employees as of Oct. 31, up from more than 49,000 employees as of Jan. 31, 2020, according to company filings.

The company disclosed the restructuring plan on Wednesday in a filing with the Securities and Exchange Commission. It said it will incur about

Please turn to page B2

◆ Heard on the Street: Salesforce under a cloud.. B12

Amazon Layoffs To Exceed Initial Reports

By DANA MATTIOLI AND JESSICA TOONKEL

Amazon.com Inc.'s layoffs will affect more than 18,000 employees, the highest reduction tally revealed in the last year at a major technology company as the industry pares back amid economic uncertainty.

The layoffs are concentrated in the company's corporate ranks and represent roughly 5% of that element of its workforce and 1.2% of its overall tally of 1.5 million employees as of September.

The Seattle-based company in November said that it was beginning layoffs, with cuts concentrated on its devices business, recruiting and retail operations. The Wall Street Journal reported cuts could total around 10,000 people. Thousands of those cuts began last year.

The rest of the cuts will bring the total number of layoffs to more than 18,000 and will be made over the coming weeks.

On Wednesday, Chief Executive Andy Jassy addressed the cuts in a blog post. "Amazon has weathered uncertain and difficult economies in the past, and we will continue to do so," said Mr. Jassy. He added that the majority of the cuts are on the retail and recruiting areas of Amazon. The blog post said the company would alert affected employees later this month.

As of September, Amazon employed 1.5 million people, Please turn to page B2

Stock Market Ekes Out Its 7th Santa Rally in Row



Strategists often use the Santa Claus rally to gauge market performance in the coming year.

By HANNAH MIAO

Santa Claus made it to Wall Street in the nick of time.

At the start of every new year, market buffs watch stocks to see if they notch what is known as a Santa Claus rally. The trend refers to the tendency for U.S. stocks to rise during the period comprising the last five trading sessions of a year and first two of the next year.

The S&P 500 rose 0.8% during the Santa rally period—with most of the gains secured in the final day. That marks the S&P 500's seventh consecutive Santa rally.

"It's a delayed Santa Claus rally here, but we'll take it because it was not a December to remember," said Ken Mahoney, chief executive of Mahoney Asset Management.

Since 1950, the S&P 500 has traded higher 78% of the time during the Santa-rally period for an average gain of 1.3%, according to Dow Jones Market Data. If the index fails to clinch a Santa rally, it would be the first time since the 2015-2016 period.

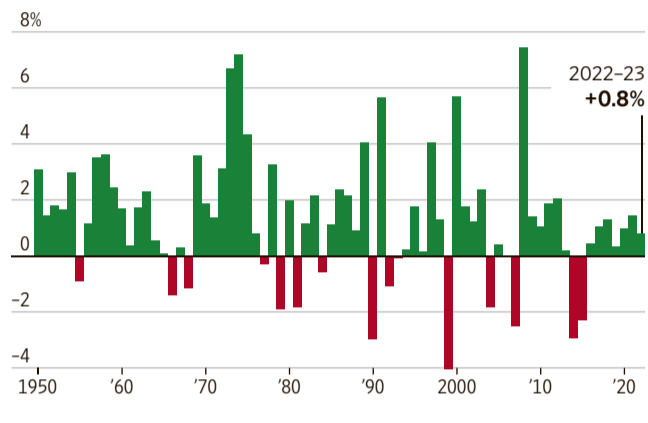
Market watchers say the Santa-rally phenomenon can be explained by seasonal strength around the year-end as investors tend to rebalance

portfolios and look ahead with optimism. New money often comes into the market at the start of the year. Typically light trading volume around the winter holidays can also exacerbate stock moves.

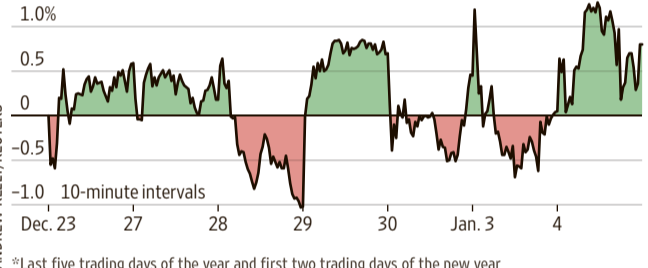
Strategists also often use the Santa Claus rally to gauge market performance in the coming year. When the S&P 500 experiences a Santa rally, the index posts a greater average gain in the new year than the overall typical return, according to a CFRA Research analysis.

But this time around, tightening monetary policy and worries about an economic

S&P 500 return during Santa Claus rally period*



S&P 500 performance during the 2022-23 rally period



*Last five trading days of the year and first two trading days of the new year Sources: Dow Jones Market Data (return); FactSet (2022-23 rally performance)

slowdown complicate the market trend. Investors are still contending with the Federal Reserve's aggressive rate-raising campaign aimed at bringing down persistently hot inflation. Many are bracing for a potential recession on the horizon. Stocks face competition from safer assets like bonds now offering higher yields.

"The actions of the central bank take precedence over what would be a normal rally," said Quincy Krosby, chief global strategist for LPL Financial.

Jeff Kilburg, founder and CEO of KKM Financial, said he

anticipates continued near-term turbulence in the stock market as investors reel from the volatility of 2022, during which the S&P 500 recorded its worst year since the 2008 financial crisis. He said he is "cautiously optimistic" about the rest of the year as the worst of market headwinds get priced in and isn't taking the Santa rally too seriously in such a historic environment.

"We may need to discount the Santa Claus rally indicator based on the historic digestion of interest-rate increases. We've never seen a year like we saw in 2022," he said.

STREETWISE | By James Mackintosh

Blackstone Concession Is Warning to Investors



If you are trying to get your money out of Blackstone Inc.'s giant private-property fund, the new year brought some bad news and some potentially very good news.

The bad news was that, no, you can't have all your money back right now. So many other people tried to withdraw in December that the 5% quarterly cap will limit the amount that comes out until March, assuming everyone renews their withdrawal requests.

The good news is that the University of California's endowment, known as UC Investments, decided to put \$4 billion into the fund, known as BREIT, locked up for five years with a two-year limited withdrawal period afterward, for an average of six years. That is a huge investment, especially into a fund with fees—1.25% a year and 12.5% of profit—set for small private investors, not major institutions.

But it isn't a pure vote of confidence: Blackstone will use as much as \$1 billion to pay UC Investments if it

Please turn to page B11

Cineworld Battles Weakness At Box Office as It Seeks Sale

By AKIKO MATSUDA AND ALEXANDER GLADSTONE

Bankrupt British movie-theater chain Cineworld Group PLC said it continues to miss its box-office projections due to challenging market conditions as it gears up to sell itself out of chapter 11.

Joshua Sussberg, a lawyer for Cineworld, owner of Regal Cinemas, told Judge Marvin Isgur of the U.S. Bankruptcy Court in Houston on Wednesday that the company's restructuring effort since its bankruptcy filing in September is hindered by the lackluster box-office performance.

In addition, there haven't been many blockbusters because the pandemic disrupted film production.

"The box office receipts have significantly and consistently underperformed expectations during these cases," Mr. Sussberg said.

Cineworld's average number of admissions from September to December was 37% less than expected, he said. In December, the admission number was 44% less than what the company projected when it entered chapter 11, he said.

Cineworld was forced to push back its scheduled milestones in the chapter 11 process because of the hesitancy among its investors. Prices of the company's prebankruptcy loans traded down to 18 cents



Cineworld's Regal Cinema in Chicago.

on the dollar as of December, Mr. Sussberg said.

Cineworld attributed the difficult restructuring process to an industry transition as streaming services keep movie fans away from theaters.

Robert Feinstein, a lawyer representing unsecured creditors, said industry revenue could return to 80% of the 2019 levels, but "it's an optimistic guess."

"I think the consensus is that these are uncertain times," Mr. Feinstein said.

Cineworld managed to make more money per person by 15% because of increased concession sales and moviegoers' preference for premium seats. Its market share has improved slightly, to 17.3% as of December from 16.8% as of January 2022.

As it entered the fifth month in bankruptcy, Cineworld is boosting its efforts for a swift exit from chapter 11, including selling itself to a third party, an option the company had initially resisted earlier in the process.

Cineworld said Tuesday that it plans to run a marketing process for its assets, focused on a sale of the entire company. It denied it was in talks with AMC Entertainment Holdings Inc. regarding the sale of any of its cinema assets. AMC in December said it had held talks with Cineworld's lenders about a potential transaction. But a market-driven decline in AMC's equity led the company to back away because such a deal had become uneconomical for the buyer.

INSIDE



AVIATION

Jeep maker Stellantis reaches a deal to help manufacture an electric flying taxi. B3



HEARD ON THE STREET

A cash infusion eases the pressure on Blackstone's REIT. B12

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	H	ReNew Energy Global
AES.....B3	Hamilton Lane.....B11	Robinhood.....B2
Alphabet.....B3	Hong Kong Exchanges and Clearing.....B11	Roku.....B3
Amazon.com.....B1,B2,B3,B4,B12	HP.....B2	S
AMC Entertainment...B1	Hyundai.....A2	Salesforce.....A2,B1,B12
Apple.....A7,B11	I	Samsung Electronics...B1
Archer Aviation.....B3	International Business Machines.....B4	Siemens Gamesa Renewable Energy...B3
B	K	Silvergate Capital.....B2
BlackRock.....B12	Kohler.....B4	Solv Energy.....B3
Blackstone.....B1,B12	L	Stellantis.....B3
ByteDance.....B4	Lyft.....B2	T
C	M	Tesla.....A2,B11
Cineworld.....B1	Meta Platforms.....A1,B1,B2,B12	Toyota Motor.....A1
Coinbase Global.....B2	Microsoft.....B2,B3	Twitter.....B12
Comcast.....B3	N	U
F	Netflix.....B12	UBS.....B12
Ford Motor.....A1	News Corp.....B10	United Airlines.....B3
Fox.....B10	Nissan Motor.....A2	V
Freddie Mac.....A2	P - R	Verizon Communications.....B12
G	Paramount Global.....A3	Vimeo.....B1
GE HealthCare Technologies.....B2	PG&E.....A3	W
General Electric.....B2		Wells Fargo.....B4
General Motors.....A1		

INDEX TO PEOPLE

A	Giroux, David.....B2	N
Aguzin, Nicolas.....B11	Hollis, Jack.....A2	Naidoo, Shamla.....B4
B	Huth, Mandy.....B4	P
Bankman-Fried, Sam..B2	I	Parker, Randy.....A2
Benioff, Marc.....B1,B12	Ielpo, Florian.....B11	Patel, Dylan.....B2
Bojar, Grzegorz.....B4	J	R
Butterfield, Stewart..B2	Jassy, Andy.....B11	Ray, John III.....B2
C	Jong-hee, Han.....B1	S
Culp, Larry.....B2	K	Schmidt, Stephen.....B4
D	Kilburg, Jeff.....B1	Seshadri, Sunil.....B4
Davis, Scott.....B2	Krosby, Quincy.....B1	Sidberry, Demetrius.....B11
Dorsey, Jack.....B1	Kye-hyun, Kyung.....B2	Sinha, Sumant.....B3
Duy, Tim.....A2	L	Sud, Anjali.....B1
E	Li, Charles.....B11	T
Espinasse, Philippe..B11	M	Tavares, Carlos.....B3
F	Mahoney, Ken.....B1	Taylor, Bret.....B2,B12
Frick, Robert.....A2	Mawston, Neil.....B2	W - Z
G - H	Moreno, Leonardo.....B3	Wheeler, Judy.....A2
Gallagher, Donny.....B4	Murdoch, Rupert.....B10	Zuckerberg, Mark.....B1
	Musk, Elon.....B1	

Authorities Move to Seize Funds Tied to FTX

Federal authorities are moving to seize hundreds of millions of dollars in assets in the U.S. tied to the bankrupt cryptocurrency exchange FTX, a

By Alexander Saeedy, Becky Yerak and Peter Rudegeair

sign that the battle over control of the company's remaining funds is escalating.

Seth Shapiro, a Justice Department official, said at an FTX bankruptcy court hearing on Wednesday that the federal government has seized or is in the process of seizing Robinhood shares whose ownership is disputed by FTX and BlockFi, a crypto lender that collapsed in late November. The dispute involves 56 million shares. "We either believe these assets aren't property of the bankruptcy estate," or fall under some bankruptcy-code exception, Mr. Shapiro told Judge John Dorsey in the U.S. Bankruptcy Court in Wilmington, Del.

Separately, Katharine Parker, a federal magistrate judge in New York, in December ordered the seizure of money that an FTX unit was keeping in accounts at Silvergate Capital Corp., according to a court filing Wednesday. An earlier filing put the amount at about \$93 million.

The Justice Department has accused FTX co-founder Sam Bankman-Fried of stealing billions of dollars of customer money. The U.S. attorney for the Southern District of New York said Tuesday that his office formed an FTX task force and one of its goals is to recover victim assets. The Federal Bureau of Investigation also filed an affidavit with a New York federal court in order to seize FTX funds.

Meanwhile, court-appointed liquidators in the Bahamas have been attempting to recover remaining funds inside bank accounts in the U.S., some of which were frozen after the exchange's collapse. However, federal authorities pre-empted some of that dispute and seized at least some of the disputed

funds as their probe of FTX and Mr. Bankman-Fried widened.

FTX lawyer James Bromley said during Wednesday's hearing that the seizures were ordered by the court in connection with the criminal case in the Southern District of New York involving Mr. Bankman-Fried.

"The question as to the ownership of those Robinhood shares was an open question before the seizure took place," Mr. Bromley said. "We wanted to make sure that it was clear the Robinhood shares that were being seized were being seized from accounts" that aren't currently under the direct control of the bankrupt FTX.

Silvergate on Wednesday filed a copy of Judge Parker's warrant that led to the seizure of FTX's funds at the bank. The bank made the filing to a federal bankruptcy court in Delaware handling the insolvency of FTX Digital Markets, a Bahamian subsidiary of FTX that housed its international exchange.

Bahamian regulators placed FTX Digital Markets into liquidation in November, just before FTX's new Chief Executive John J. Ray III placed about 100 FTX subsidiaries under chapter 11 protection in the U.S.

FTX Digital Markets' liquidators, appointed by the Supreme Court of the Bahamas, previously asked to transfer \$93 million out of Silvergate and another roughly \$50 million held at Moonstone Bank in Washington state into accounts they control. "It would be irresponsible to leave significant U.S. assets (more than \$140 million) in the hands of two small crypto banks," the liquidators wrote last month. They pointed to Silvergate being the subject of at least four class-action lawsuits brought by FTX creditors and Silvergate shareholders.

Silvergate said the liquidators could all have asked for consensual access instead of attempting to obtain it through a court order. "Silvergate, having repeatedly confirmed that the accounts had been frozen, vigorously disputes the implications that the funds are, in any way, at risk of loss," the bank wrote.

duct, including possible money laundering. "It is critical that all financial institutions safeguard their systems from bad actors," Superintendent of Financial Services Adrienne Harris said.

Paul Grewal, chief legal officer at Coinbase, said in a statement that Coinbase "has taken substantial measures to address these historical shortcomings." The company "remains committed to being a leader and role model in the crypto space, including partnering with regulators when it comes to compliance," he added.

Coinbase shares added 12% Wednesday.

—Vicky Ge Huang

BUSINESS & FINANCE

GE HealthCare Ends First Day Of Trading With \$27.5 Billion Value

By THOMAS GRUYA

General Electric Co. completed the spinoff of its healthcare business, which began trading Wednesday as GE HealthCare Technologies Inc. GE HealthCare, which makes MRI machines and other hospital equipment, now trades on Nasdaq under the ticker symbol "GEHC." The stock ended its first day of trading Wednesday at \$60.49 a share, giving the newly public company a market capitalization of around \$27.5 billion, according to Nasdaq's website.

The separation is a key step in the breakup of the industrial giant, which leaves the conglomerate with three divi-

sions: jet engines, natural-gas-powered turbines and wind turbines. The gas and wind turbines are expected to be combined with other GE energy businesses into a new company called GE Vernova that will split off in early 2024. The three-way split, first announced in the fall of 2021, follows years of restructuring.

"Once they are separate they will get a new set of investors," said Scott Davis, an industrial analyst and CEO of Melius Research. He said overall investor interest in GE has been low going into the breakup, but the spinoffs may change that.

GE's own shares, which

trade on the New York Stock Exchange, rose 5.9% to \$70.20, giving it a market capitalization of roughly \$76.7 billion. The stock had closed Tuesday near \$85 a share before adjusting for the split, with a market cap of about \$91 billion.

GE Chief Executive Larry Culp says the spinoffs will bring more focus and accountability to the business he has revamped since 2018. Mr. Culp plans to stay on as CEO of GE Aerospace, the biggest and most profitable unit.

GE issued GE HealthCare shares to existing shareholders and will retain about 20% equity in the spinoff.

Through the first nine

months of 2022, GE HealthCare reported revenue of \$13.4 billion, up 3% from the previous year. Earnings fell to \$1.4 billion from \$1.7 billion as expenses increased.

After the GE HealthCare split, most investor attention will remain on Aerospace, said David Giroux, chief investment officer of T. Rowe Price Investment Management Inc., which held 2.1% of the GE shares outstanding at the end of September.

"Whatever is left, more than 80% of the enterprise value is going to be aerospace," he said. "There is a very powerful recovery story in the core aerospace business over the next five years."

Amazon To Lay Off 18,000

Continued from page B1 with a large percentage of them in its warehouses. The layoffs are concentrated in the company's corporate ranks, some of the people said.

Amazon was one of the biggest beneficiaries of the Covid-19 pandemic as customers flocked to online shopping. The rush to Amazon's various businesses, from e-commerce to grocery and cloud-computing, pushed forward years of growth for the company. To keep up with demand, Amazon doubled its logistics network and added hundreds of thousands of employees.

When demand started to wane with customers moving back to shopping in stores, Amazon initiated a broad cost-cutting review to pare back on units that were unprofitable, the Journal reported.

In the spring and summer, the company made targeted



The exterior of the Spheres, comprising part of Amazon.com's headquarters in Seattle

cuts to bring down costs, shutting physical stores and business units such as Amazon Care. Amazon later announced a companywide hiring freeze before deciding to let employees go.

Many tech companies have cut jobs as the economy sours. Amazon's layoffs of more

than 18,000 employees would represent the highest number of people let go by a tech company in the past few months, according to tallies released on Layoffs.fyi, a website that tracks the events as they surface in media reports and company releases.

The trend has affected

companies like Amazon and others that have acknowledged they grew too quickly in many cases.

Facebook parent Meta Platforms Inc. said it would cut more than 11,000 workers, or 13% of staff, adding to layoffs at Lyft Inc., HP Inc. and other tech companies.

Salesforce To Cut Jobs, Space

Continued from page B1 \$1.4 billion to \$2.1 billion in charges from the plan, with as much as \$1 billion in the company's current quarter.

Shares in Salesforce closed up 3.6% to \$139.59 on Wednesday. The stock had fallen almost 46% over the

past 12 months.

Salesforce hired aggressively during the first two years of the Covid-19 pandemic, as companies turned to Salesforce's software offerings to keep operations humming despite remote workforces.

Also during the pandemic, the company bought workplace-messaging app Slack Technologies.

More recently, though, Salesforce and other cloud-services companies have warned of slowing sales, citing pressure on customers to pull back spending amid inflation and other economic con-

cerns.

Amazon.com Inc. and Microsoft Corp., the world's two largest cloud-computing providers, have said demand for those offerings has slowed as customers look to cut bills.

Both companies have also announced belt tightening.

In recent months, Salesforce has been hit by several executive departures, including co-CEO Bret Taylor and Stewart Butterfield, the chief executive and co-founder of Slack Technologies.

Tensions had been growing between Mr. Taylor, who is leaving just over a year after

he was elevated to co-CEO, and Mr. Benioff during the months leading up to the company's announcement that Mr. Taylor would depart.

The company said it expects to be mostly done with the employee restructuring plan by the end of fiscal 2024, and to finish its real-estate restructuring in fiscal 2026.

Watch a Video



Scan this code for a video on why tech layoffs don't reflect the job market.

Gadget Slump To Persist

Continued from page B1 analysts polled by data provider FactSet. The company reports preliminary earnings on Friday.

Prices of memory chips, Samsung's main source of income, have plunged due to a supply glut and as worldwide shipments of smartphones and other electronic goods have contracted.

Mr. Han, a veteran of Samsung's television business, took the helm of the company's newly combined smartphone and consumer-electronics division in a shake-up in December 2021. He has made a series of changes. Samsung's other co-CEO, Kyung Kye-hyun, heads its semiconductors and components division.

For years, Samsung staffers from different units of the consumer tech business largely worked in silos and were motivated to give priority to the interests of their own business units—a process that motivated internal competition but hindered efforts to develop products that could seamlessly work with each other. Now, Mr. Han said, they are aligned under the singular goal of "what's the best device and method to enable a certain connected feature in the most effortless, user-friendly way?"

Samsung created an umbrella team staffed with workers from



The executive hopes the downturn will ease in the second half.

each product unit to work on improving users' experiences on multiple devices, said Mr. Han. The team's office includes rooms mimicking real homes and other spaces where connected devices are tested and developed across many scenarios.

Mr. Han said the goal is to make devices of Samsung and its partnered brands operate in the most hassle-free manner possible, with the enabling tech running quietly in the background, something he calls "calm technology."

For now, Samsung smartphone users can time a washer to finish its cycle for when they return home and turn on the music on a Samsung TV, with the stereos automatically lighting up in sync with the beat. A user can also scan the bar code on a packet of frozen hot dogs using a smartphone, and Samsung's microwave will heat up

the item according to the instructions.

Mr. Han's bet, if successful, would help increase consumer demand and brand loyalty for Samsung's lineup of phones, TVs and appliances as it looks to

'A crisis usually creates a new opportunity,' says Han Jong-hee.

ward off growing competition from rivals, said Dylan Patel, chief analyst at SemiAnalysis, a tech-industry consulting firm. Samsung sells nearly half a billion devices around the world annually.

Analysts say differentiating smartphones through new de-

vice features and high specifications alone is increasingly difficult, raising the value of integrating multiple devices and service offerings that expand user experience.

This is an area Samsung has wrestled with in the past, according to former and current executives. The company rose to prominence through its strengths in hardware but has struggled in past efforts to develop robust services and software capabilities to augment the use of its products, they said.

In recent years, Samsung has struggled against rival Apple to defend its share of the market for premium smartphones, where a majority of the industry's profits are generated. Apple has built up an exclusive ecosystem of connected products and services that helps attract new consumers and advance customer retention.

Should Samsung successfully develop an Apple-like ecosystem of well-connected devices and services, it could double the profit margin of Samsung's consumer tech businesses in the long run, said Neil Mawston, executive director for global wireless practice at TechnInsights Inc.

Today, Samsung leads the global smartphone market by overall shipments, but Apple dominates the premium smartphone market. Over the past two years, Apple's share of the market for premium smartphones priced over \$600 has risen by roughly 10 percentage points to 77% as of 2022, while Samsung's share has fallen by about 5 percentage points to 16%, according to Counterpoint Research, a tech-market researcher.

BUSINESS NEWS

Stellantis Sets Deal to Build Flying Taxis

Auto maker to help Archer Aviation produce model at factory in Georgia

By RYAN FELTON

Stellantis NV, the global auto maker that owns Jeep, Ram and other well-known car brands, is getting into the aircraft-manufacturing business, striking a deal with Archer Aviation Inc. to help it build an electric flying taxi.

The two companies said on Wednesday that Stellantis would help Archer, a publicly traded air-mobility company established in 2018, manufacture its Midnight model at a factory the aviation company plans to build in Georgia.

The Netherlands-based auto maker also plans to provide up to \$150 million in equity capital to Archer and aims to be the company's exclusive contract manufacturer for the forthcoming aircraft, which can take off and land vertically like a helicopter.

The move is an unusual one for the auto industry, which has largely stuck with ventures that involve ground transportation and vehicles with wheels, rather than propellers.

Stellantis Chief Executive Carlos Tavares said its decision aligns with the auto maker's broader strategy of providing other transit services to customers, outside its traditional business of selling them individual cars and trucks.

In recent years, Stellantis has also invested in a car-sharing rental firm, similar to Zipcar, and, like other car companies, is trying to diversify its business model, particularly in urban areas where many people don't own a car.

Archer, a San Jose, Calif.-based company that specializes in small, electric-powered aircraft, was among a number of flying-taxi startups that pursued stock-market listings over the past two years through special-purpose acquisition companies, or SPACs. Archer has said its goal is to deploy 6,000 aircraft by 2030.

The aviation company's first model, the Midnight, is designed to carry up to five passengers, including the pilot, and take short-distance trips of about 20 miles with a 10-minute charging time in between, Archer has said. United Airlines Holdings Inc. has backed Archer, agreeing last fall to pay a \$10 million deposit on a 100-aircraft order.

Electric-flying-taxi compa-



Stellantis aims to be the exclusive maker of Archer Aviation's Midnight, an electric-flying taxi.

nies have been developing and testing vehicles but need to secure approval from regulators before they or customers that purchase the aircraft launch commercial service. In the U.S., the Federal Aviation Administration has been examining aircraft, working on pilot requirements and looking into how to integrate planned vehicles into the airspace.

Archer expects to gain certification by the end of 2024 and start commercial operations afterward, the company's CEO has said.

Archer's stock has struggled since going public in September 2021, with shares down roughly 80% through Tuesday's close. Following the announcement of the manufacturing plans Wednesday, Archer's

shares closed up 9.3%.

Stellantis aims to provide Archer with the personnel, manufacturing expertise and capital to support production at the factory in Georgia, which is scheduled to open in 2024.

The two companies said the partnership would help Archer meet its plans to commercialize its aircraft and avoid spending hundreds of millions

of dollars during its manufacturing ramp-up phase.

The auto maker, which became a strategic partner for Archer in 2020, said it plans to buy more shares in the company on the open market, after first investing in it in 2021.

Stellantis is cutting back in other areas as it tries to restructure its business to invest in costly new technologies, such as electric vehicles.

In December, the auto maker said it would indefinitely stop operations at a 1,350-employee assembly plant in Illinois, citing the need to generate savings to fund its transition to EVs.

Stellantis, which was formed through the merger of France's PSA Group and Fiat Chrysler Automobiles NV in January 2021, said it intends to spend \$35 billion in the coming years on new battery-powered models and manufacturing capabilities.

The car company said it aims to have electric vehicles represent half of its sales in North America by 2030. At the same time, Stellantis has scaled back manufacturing ambitions in China, having faced stiff domestic competition and complications with a local partner that built and distributed Jeep SUVs in the country.



Battery storage is especially important in states like California, which rely in part on solar power that can't be generated at night.

Renewable Energy Companies Strive to Offer 24-Hour Power

By PHRED DVORAK

Wind and solar developers are concocting elaborate plans to provide round-the-clock renewable power, the industry's holy grail as countries around the world shift to green energy.

Renewable energy is notoriously unreliable, generating electricity only when the wind is blowing and the sun is shining. Project developers, utilities and grid operators are trying a mix of options to overcome that challenge, including building huge amounts of renewable capacity, storing excess power on batteries and using algorithms to make project economics work.

A few years ago, ReNew Energy Global PLC decided it could supply India's grid with a steady stream of electricity by building wind and solar farms capable of producing as much as three times the amount of power it had contracted to deliver—all in different parts of the country and knit together with sophisticated software.

The project, which is scheduled to come online early this year, is expected to perform more like coal or gas plants, which utilities count on to deliver a reliable amount of power when consumers need it, says Sumant Sinha, ReNew's CEO.

"That is making it easier for [Indian utilities] to absorb more renewable energy," he says.

Building the additional capacity is expensive, with the total project cost at around \$1.2 billion. To help pull in more revenue, ReNew plans to

sell extra electricity it generates on India's spot market, where prices tend to be relatively high, using computer models to predict the best times to do that.

Even so, the project can't guarantee it will deliver power on demand 100% of the time—something developers say is still too tough and costly to do with renewable sources and batteries alone.

Companies around the world are wrestling with similar challenges as countries shift away from climate-warming fossil fuels, raising the

Renewable project developers hope to overcome challenges around reliability.

amount of solar- and wind-generation in the power mix.

In the U.S., for instance, Virginia-based power company AES Corp. is selling 24-hour renewable-power contracts to big corporations that are trying to slash the amount of carbon emissions associated with their electricity use, says Leonardo Moreno, president of the company's clean-energy business unit.

For the first such deal, signed in 2021 with Google, AES pledged to build enough new renewable-energy generation to power the Alphabet Inc. unit's Virginia data centers for 90% of the hours contracted. To do that, AES crunched numbers on thousands of configurations of

wind, solar and energy storage, in different locations, to match the times and amounts of electricity Google wanted, says Mr. Moreno. Similar to ReNew, AES ultimately built more than three times the capacity that Google's data centers would have needed from an energy source that was generating at full power all the time.

AES later signed a similar deal with Microsoft Corp. and is now talking to the Defense Department to discuss whether something like that would be feasible for its power procurement, Mr. Moreno says.

Building such large amounts of renewable capacity has its limitations. In addition to the expense, it takes up vast amounts of land and isn't possible in some parts of the world. Getting to 100% renewable energy all the time would require so much battery storage that it isn't economically feasible at this time, says Mr. Moreno.

Many renewables developers are combining batteries with solar farms to let them store some energy during the day, when the sun is shining, power production is at its peak and electricity prices tend to be lower. They discharge that power in the evening, when solar supply falls but demand for electricity, along with prices, is high, says Donny Gallagher, vice president of engineering at Solv Energy LLC, one of the biggest builders of large-scale solar installations in the U.S.

That kind of strategy is especially important in states such as California, where solar in 2021 comprised around one-

quarter of the state's power generation, with wind contributing 8%, according to the U.S. Energy Information Administration. The rush of power from all those solar panels around midday means there is often more electricity than needed, and the state's grid operator is unable to take it, says Mr. Gallagher.

"It's almost impossible to find a project now in California without batteries," he says.

Spain-based Siemens Gamesa Renewable Energy SA, a wind-farm developer and turbine maker, is similarly working on how best to combine its projects with batteries as well as systems that can store energy in hydrogen, says Poul Skjærbaek, the company's head of innovation and products.

In India, the country's electric distribution companies are struggling to handle mismatches between power demand and supply as the amount of wind and solar has grown to around 12% of the country's generation. When the sun and wind are strong, those projects can produce a lot of electricity, but over the course of the year, they might generate only 30% or less of their full capacity.

In 2019, the government tried solving that problem by requesting bids for as much as 400 megawatts in renewable energy that would produce at least 80% of its full capacity annually and 70% monthly—the closest India had come to round-the-clock power from sources such as wind and solar. The government also included steep penalties for missing those targets.

Roku Adds Its Own Brand of Smart TVs To Boost Streaming

By PATIENCE HAGGIN

Roku Inc. launched its own branded smart TVs, joining other large streaming-industry players as they seek to control the way users access other streaming apps.

Roku serves as the main streaming hub for many Americans, as a dominant maker of streaming boxes and dongles. Its operating system also powers many smart TVs manufactured by other companies.

The company has faced growing competition in recent years from companies in the streaming industry. Amazon.com Inc., another major maker of streaming boxes and dongles, has its own branded smart TVs. In 2021, Comcast Corp. launched the XClass TV, which gave it a chance to promote its own streaming service, NBCUniversal's Peacock app.

Having many people rely on its platform is crucial to Roku's business, since the company derives most of its revenue from advertising, not hardware sales. Roku sells all ads viewed on its own streaming service, the Roku Channel, and sells some ads that appear on other streaming services viewed on Roku devices.

Roku's manufacturing part-

ners have launched co-branded TVs with Roku's operating-system rivals. TCL, a longtime Roku manufacturing partner, launched TVs using Google's smart TV operating system in 2020. Walmart Inc., which has partnered with Roku on a co-branded smart TV under the Walmart brand Onn, will launch smart TVs based on Comcast's operating system this year.

Roku declined to identify the manufacturer of its new smart TVs, but said the relationship would give it more control over the final product.

In the past, Roku has had ownership over its software, but had to negotiate new hardware features and other hardware design alterations with the original equipment manufacturer, according to people familiar with the matter.

For Roku's own branded TVs, Roku will control the design entirely by itself.

Roku announced the two new TV lines at the Consumer Electronics Show in Las Vegas on Wednesday: the lower-priced Roku Select (starting at \$119) and the higher-end Roku Plus Series (as high as \$999). Roku will sell the TVs both via retail partners and on its own website.



Roku said it will have increased control over its branded TVs.

We are pleased to announce that

Jawad Ahmed Juan Rivera
Matt Dolente Naveen Sabharwal
Kathryn Melrose Tammy Schlosberg Weinstock
Manfredi Monticelli Jeffrey Schupak

have been appointed Managing Directors of our firm.

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January 1, 2023

TECHNOLOGY

WSJ.com/Tech

Cyber Chiefs Face Scrutiny, Tests in '23

Security heads must balance costs and responsibilities, likely with fewer resources

BY JAMES RUNDLE AND CATHERINE STUPP

Security chiefs will likely be told to do more with less in 2023, as economic uncertainty batters budgets and companies brace for a potential recession.

CYBERSECURITY

While cyber vendors have seen their funding squeezed and have cut staff, security functions at major companies have mostly been spared the worst belt-tightening moves so far, chief information security officers say. "Security is a function that's nonnegotiable in many places. At least to some extent, the business understands that you can't take that out," said Mandy Huth, vice presi-

dent of cybersecurity at bathroom-fixtures manufacturer Kohler Co.

Even if security budgets stay intact or remain flat, inflationary pressures have forced some suppliers to raise prices. That leaves security teams, in real terms, working with fewer resources, Ms. Huth said.

At banking giant Wells Fargo & Co., Chief Information Security Officer Sunil Seshadri works to negotiate contracts with security providers that tie prices to performance. "Then you have predictability of costs," he said.

Worsening economic conditions may also pressure chief information security officers to be more careful with their resources and technology. Shamla Naidoo, global chief information security officer at International Business Machines Corp. until July 2021, said there wasn't much oversight of security spending in recent years, as boards lacked

the digital experience to effectively gauge its return on investment.

With tighter budgets, closer scrutiny is likely, she said.

"Nobody's asking us to cut, but there's certainly I think going to be a conversation about efficiency," said Ms. Naidoo, now head of cloud strategy and innovation at cybersecurity vendor Netskope Inc.

Senior leaders at Wells Fargo know it is important to spend wisely on security, Mr. Seshadri said. Still, the company isn't "shy about investing in cybersecurity," he said. "It's not a space we want to penny-pinch."

In critical-infrastructure sectors, cybersecurity projects will likely be spared spending cuts, said Grzegorz Bojar, chief information officer at Polskie Sieci Elektroenergetyczne SA, the operator of Poland's electricity-transmission system.

"Nobody is so brave to save money on that now," he said,

referring to cybersecurity measures. The war in Ukraine increased cyber threats to European utilities, in particular, he added.

Pressure may come from other avenues. Inflation is pushing wage demands higher and the scarcity of cyber professionals—particularly within highly technical industries such as power—means security staff are in demand, Mr. Bojar said.

"For us, of course, the limit is the money. The salaries rise very, very dramatically. That is a problem," he said.

Ms. Naidoo said security chiefs may want to consider zero-base budgeting exercises to test accounting in which all expenses are approved and justified in each budgetary period. That would force security departments to look where they most effectively deploy resources.

"The reality is that when you're facing recessionary type threats, and you're facing

inflationary conditions, we all have to look inward and ask, 'What would I do differently if I were building this from scratch again?'" Ms. Naidoo said.

Cuts in staff and budget in areas such as marketing, sales and general technology can put even more pressure on security as cash-strapped bosses turn to outsourcing or quick fixes. Cyber staffs will need to vet third-party services while installing safeguards against new avenues hackers could exploit, Kohler's Ms. Huth said.

"If we can't do head count [increases], then when business demand comes in, or you're bringing in contract labor, it absolutely increases your risk, because those are additional resources that you have to manage," she said.

Even large, established companies with the financial muscle to expand security teams, and which plan to do so in 2023, say they face uncertainty.

Retail giant Amazon.com Inc. hopes to grow its security team, said Chief Security Officer Stephen Schmidt, despite a companywide hiring freeze and layoffs for up to 10,000 workers elsewhere in the company.

Mr. Schmidt expects to be able to hire for critical roles at first, and possibly for more roles in later months.

"Is the team going to grow this year? I expect that we will, it is our plan. Of course, given the way the economy is right now, who the heck knows what's going to happen in the future," he said.

—Kim S. Nash and Belle Lin contributed to this article.

WSJ PRO CYBERSECURITY wsj.com/pro/cybersecurity

TikTok Wins Vote Against Ban in South Dakota City

By Stu Woo

While the federal government and at least 18 states have restricted access to TikTok on government-owned devices in recent weeks, South Dakota's second-largest city has gone the other way.

Rapid City's city council voted 8-1 earlier this week to kill a proposal that would have banned access to TikTok on city devices and networks. The ban also would have prohibited city agencies from using the app.

The vote gives TikTok an early, albeit small, legislative victory as politicians and governors move to enact restrictions—or threaten to do so—across the country. TikTok has roughly 100 million American users, many of them young. That popularity threatens to expand the public debate over moves to restrict it beyond the



The app owned by China-based ByteDance has been scrutinized over national-security concerns.

national security concerns that many American officials have raised about the Chinese-owned app.

Rapid City, population 76,000, took up the TikTok

matter at Tuesday's city-council meeting.

TikTok still faces much bigger challenges in Washington. Some officials in the Biden administration want to try to

force TikTok's owner, Beijing-based ByteDance Ltd., to sell the app to a U.S. company. And a bipartisan group of Congress members has introduced a bill that would ban TikTok for all

Americans, not just public servants with government devices.

The officials pushing for a forced sale or ban say the Chinese government could order TikTok to collect data on Americans or to influence what videos Americans watch on the app. TikTok says it would refuse such an order.

In Rapid City, Councilman Jason Salamun said he introduced the proposal for the city-government ban after watching federal leaders and the South Dakota governor take similar action. "If you know about a threat, and you don't bring it forward, it would be negligent," Mr. Salamun, a potential candidate in the city's mayoral election in June, said Wednesday. Mr. Salamun was the sole council member who voted in support of the ban.

Among those opposing the ban was Councilwoman Laura

Armstrong, a declared mayoral candidate. She received an analysis from cybersecurity researchers from the Internet Governance Project, part of the Georgia Institute of Technology's public-policy school. The group describes itself as independent. The report concluded that TikTok didn't pose a serious security threat. Other researchers have reached the opposite conclusion.

Ms. Armstrong shared the report with fellow council members, including Ritchie Nordstrom. He said he spent hours researching the topic and reached the same conclusion.

"We just kept coming back to: 'There's no evidence on this,'" Ms. Armstrong said. "I'm not a huge fan of the Chinese government, but to get sucked into what I deem as media McCarthyism is not the right thing."

See it all or risk it all.

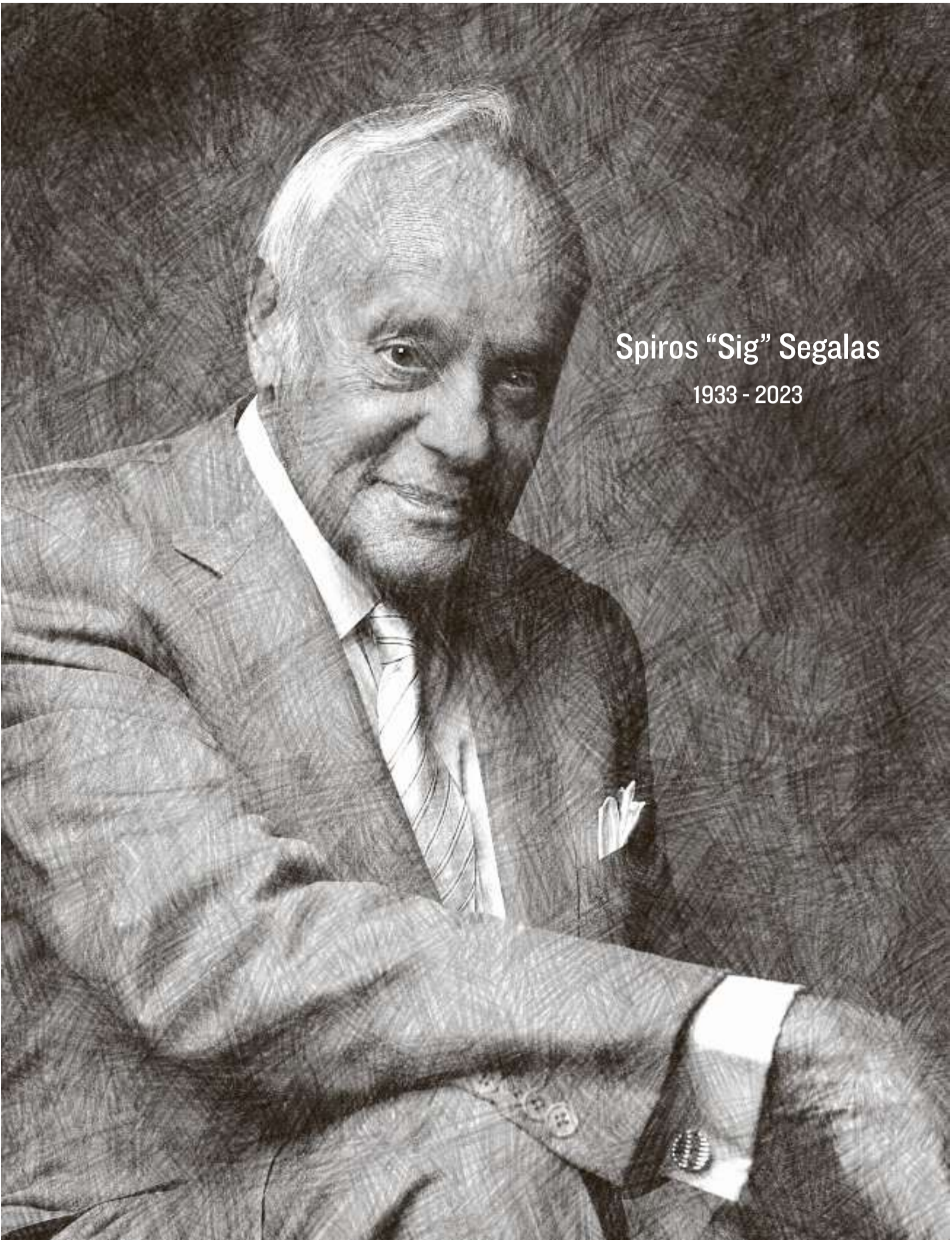
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¹Large Cap Growth Composite inception date 7/31/1969

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly National) and Chicago Stock Exchange, Cboe, NYSE Bats and Nasdaq ISE.

Footnotes:
* Temporary exemption from Nasdaq standards
† New 52-week high
‡ New 52-week low
§ 441 consecutive days in the most recent four quarters
¶ FD-First day of trading
** Does not meet continued listing standards
††-Landing
†††-Temporary exemption from Nasdaq requirements
††††-NYSE bankruptcy
†††††-Trading halted on primary market
††††††-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

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

Wednesday, January 4, 2023

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Lists top 100 stocks including Apple, Microsoft, Amazon, Google, Facebook, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Lists stocks from G to O.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Lists stocks from P to Z.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Lists stocks from A to Z.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Lists stocks from A to Z.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Lists stocks from A to Z.

New Highs and Lows

Table with columns: Stock, Sym, High/Low, Chg. Lists stocks with new highs and lows.

Dividend Changes

Table with columns: Company, Symbol, Yld%, Amount, New/Old, Frq, Payable/Record. Lists dividend changes for various companies.

IPO Scorecard

Table with columns: Company, SYMBOL, IPO date/offer price, % Chg From IPO date/offer price, % Chg From IPO date/offer price. Lists IPO performance.

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BANKRUPTCY

UNITED STATES BANKRUPTCY COURT, SOUTHERN DISTRICT OF NEW YORK

In re: GTT COMMUNICATIONS, INC., et al. Chapter 11, Case No. 21-11880 (MEW)

NOTICE OF (A) ENTRY OF CONFIRMATION ORDER (1) CONFIRMING THE SECOND AMENDED THIRD MODIFIED JUDICIAL PREPACKAGED CHAPTER 11 PLAN OF REORGANIZATION OF GTT COMMUNICATIONS, INC. AND ITS DEBTOR AFFILIATES AND (II) GRANTING RELATED RELIEF AND (C) OCCURRENCE OF EFFECTIVE DATE

PLEASE TAKE NOTICE THAT on December 28, 2022 the United States Bankruptcy Court for the Southern District of New York (the "Court"), entered an order (Docket No. 821) (the "Confirmation Order") confirming the Second Amended Third Modified Judicial Prepackaged Chapter 11 Plan of Reorganization of GTT Communications, Inc. and its Debtors Affiliates (Docket No. 729) (with all supplements and exhibits thereto, the "Amended Plan").

PLEASE TAKE FURTHER NOTICE that the Effective Date of the Amended Plan occurred on December 30, 2022.

PLEASE TAKE FURTHER NOTICE that pursuant to Section 5.2 of the Amended Plan, Proofs of Claim with respect to Claims or Interests that will be Disallowed upon an order of the Court, filed with the Court pursuant to the Amended Plan Supplement, if any, must be filed with the Court within thirty (30) days after the date of entry of an order of the Court (including the Confirmation Order) approving such rejection. Any Claims arising from the rejection of an Executory Contract or Unexpired Lease pursuant to the Amended Plan Supplement not filed within such time will be disallowed upon an order of the Court, forever barred from assertion and shall not be enforceable against, as applicable, the Debtors, the Reorganized Debtors, the Estates or property of the foregoing parties, without the need for any objection by the Debtors or the Reorganized Debtors, as applicable, or further notice to, or action, order or approval of the Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease pursuant to the Amended Plan Supplement shall be deemed fully satisfied, released and discharged, notwithstanding any Proof of Claim to the contrary.

PLEASE TAKE FURTHER NOTICE that, unless otherwise ordered by the Court, all final requests for payment of Professional Fee Claims must be filed with the Court no later than February 13, 2023, which is the first Business Day (45 days) after the Effective Date of the Amended Plan.

PLEASE TAKE FURTHER NOTICE that the Terms of the Amended Plan, the Plan Supplement, the Amended Plan Supplement and the Confirmation Order shall be immediately effective and enforceable and deemed binding upon the Debtors or the Reorganized Debtors, as applicable, and any and all holders of Claims or Interests (regardless of whether such Claims or Interests are deemed to have been accepted or rejected the Amended Plan), all entities that are parties to or are subject to the settlements, compromises, releases (including the Debtor Releases, Third-Party Releases and I Squared Release) and injunctions described in the Amended Plan, each entity acquiring property under the Amended Plan and any and all other persons.

PLEASE TAKE FURTHER NOTICE that the Amended Plan, the Plan Supplement, the Amended Plan Supplement, the Original Confirmation Order, the Confirmation Order and copies of all documents filed in this chapter 11 cases are available free of charge by visiting the website of Kroll Restructuring Administration Ltd. at https://cases.uscourts.gov/gtt. You may also obtain copies of all pleadings filed with the Court by visiting the Court's website at https://www.nysb.uscourts.gov and following the procedures and paying any fees set forth therein.

Dated: December 30, 2022. New York, New York. AVIN GUMP STRAUSS MAUSER & FELD LLP, By: /s/ Phillip C. Dublin, Ira S. Dzenzoff, Philip C. Dublin, David H. Botter, Naomi Hoyer, Eric Bryant Park, New York, New York 10036; Telephone: (212) 872-1000; Facsimile: (212) 872-1001; Email: pdublin@akingump.com, pdublin@akingump.com, dbotter@akingump.com, nmusser@akingump.com, Counsel to the Debtors and Debtors in Possession

The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: GTT Communications, Inc. (6338); Communications-SW, LLC (113338); Core180, LLC (6338); Electra Ltd. (6338); GFC Div of GFC (6227); GTT Americas, LLC (11333); GTT Global Telecom Government Services, LLC (6338); GTT RemainCo, LLC (0427); GTT Apollo Holdings, LLC (2300); and GTT Apolo, LLC (8127). The service address for the Debtors is 7900 Tysons One Place, Suite 1450, McLean, VA 22102.

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but do not always represent actual transactions.

Table with columns: Inflation, Fed funds, U.S. consumer price index, International rates, Prime rates, Secondary market, Fannie Mae, Other short-term rates, Call money, Commercial paper (AA financial), Libor, Treasury bill auction, U.S. government rates, Discount, Notes on data, U.S. prime rate, Other prime rates, Discount rate, Secured Overnight Financing Rate, Federal funds rates.

Cash Prices

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table with columns: Energy, Grains and Feeds, Metals, Gold, per troy oz, Silver, troy oz.

Wednesday January 4, 2023

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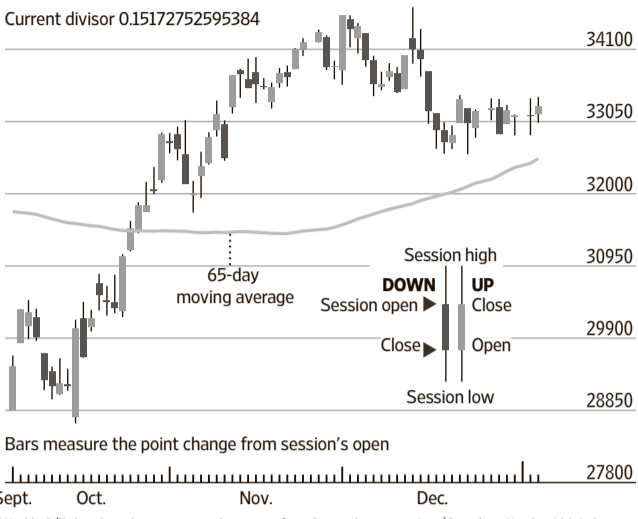
Wednesday January 4, 2023

MARKETS DIGEST

EQUITIES

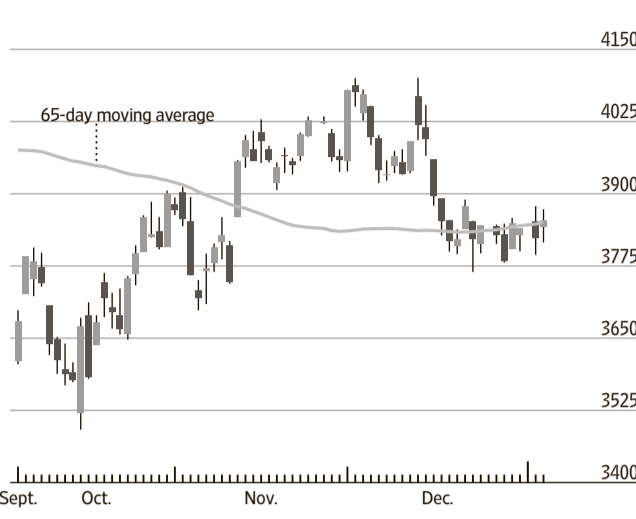
Dow Jones Industrial Average

33269.77 ▲133.40, or 0.40%
High, low, open and close for each trading day of the past three months.



S&P 500 Index

3852.97 ▲28.83, or 0.75%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

10458.76 ▲71.78, or 0.69%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table with columns for Index Name, High, Low, Close, Net chg, %chg, 52-Week High/Low, %chg, YTD, and 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table listing companies like Vornado Realty Trust, RXO, SPDR S&P 500, GE HealthCare Techs, etc., with columns for Volume, Last, Net chg, After Hours % chg, High, and Low.

Trading Diary

Volume, Advancers, Decliners

Summary table for NYSE and NYSE Amer. showing Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, Unchanged, New highs, New lows, Closing Arms, and Block trades.

International Stock Indexes

Table of international stock indexes by region/country, including MSCI ACWI, Euro STOXX, Nikkei 225, etc., with columns for Index, Close, Net chg, Latest % chg, and YTD % chg.

Percentage Gainers...

Table of percentage gainers with columns for Company, Symbol, Close, Net chg, % chg, 52-Week High/Low, and % chg.

Percentage Losers

Table of percentage losers with columns for Company, Symbol, Close, Net chg, % chg, 52-Week High/Low, and % chg.

Most Active Stocks

Table of most active stocks with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High/Low, and % chg.

Volume Movers

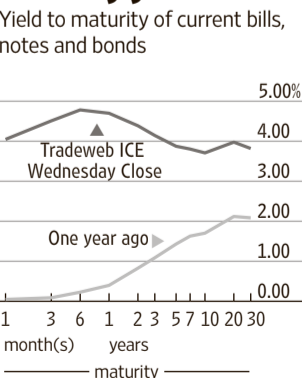
Table of volume movers with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High/Low, and % chg.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Consumer rates and returns to investor section including U.S. consumer rates, selected rates for 5-year CDs, and a chart of Federal-funds target rate.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields with columns for Bond total return index, Close, Yield (%), 52-Week High/Low, and Total Return (%).

CURRENCIES & COMMODITIES

Currencies

Table of U.S.-dollar foreign-exchange rates in late New York trading, listing countries/currencies and their rates.

Commodities

Table of commodity prices with columns for Commodity, Close, Wednesday Net chg, % Chg, 52-Week High/Low, % Chg, and YTD % chg.

COMMODITIES

Futures Contracts

Table with columns: Metal & Petroleum Futures, Agriculture Futures, and Interest Rate Futures. Includes sub-sections like Copper-High, Gold, Crude Oil, Light Sweet, Soybean Oil, etc.

Table with columns: Open, High, Low, Settle, Chg, Open Interest. Includes sub-sections like Corn, Oats, Soybeans, Soybean Meal, Soybean Oil, etc.

Table with columns: Open, High, Low, Settle, Chg, Open Interest. Includes sub-sections like Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, etc.

Table with columns: Open, High, Low, Settle, Chg, Open Interest. Includes sub-sections like Japanese Yen, Canadian Dollar, British Pound, Swiss Franc, etc.

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Table showing Largest 100 exchange-traded funds, latest session. Columns include ETF, Symbol, Closing Price, Chg, YTD, and Index.

Table showing various ETFs with columns: ETF, Symbol, Closing Price, Chg, YTD, and Index.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table with columns: Total return close, YTD total return, Index, Yield, Latest, Low, High. Includes sub-sections like Broad Market, U.S. Corporate, High Yield, Global Government, etc.

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: Issuer, Symbol, Coupon, Yield, Maturity, Current, Spread, One-day change, Last week.

...And spreads that widened the most

Table with columns: Issuer, Symbol, Coupon, Yield, Maturity, Current, Spread, One-day change, Last week.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two- and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Table with columns: Country, Coupon, Maturity, Yield, Latest, Previous, Month ago, Year ago, Spread Under/Over U.S. Treasuries.

High-yield issues with the biggest price increases...

Table with columns: Issuer, Symbol, Coupon, Yield, Maturity, Current, One-day change, Last week.

...And with the biggest price decreases

Table with columns: Issuer, Symbol, Coupon, Yield, Maturity, Current, One-day change, Last week.

Mutual Funds by LIPPER

Table showing Top 250 mutual-fund listings for Nasdaq-published share classes by net assets. Columns include Fund, Net Assets, YTD, and Chg %.

Table showing various mutual funds with columns: Fund, Net Assets, YTD, and Chg %.

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OPIS Carbon Market Report

Track carbon costs and strategically manage risks. OPIS Carbon Market Report assesses the largest compliance carbon markets in the world with reliable and transparent trade-day data. Easily navigate changing climate policies. Gain clarity in this decentralized market.

OPIS Global Carbon Offsets Report

Manage commitments to carbon neutrality. Gain visibility into voluntary carbon markets and net-zero strategies with a fair-price index. OPIS Global Carbon Offsets Report assesses the escalating variety of project-specific carbon offsets, enabling informed decisions.



www.opisnet.com/carbon-credit-pricing

BUSINESS & FINANCE

Fox, News Corp Sign Leases For Midtown Manhattan

By KATE KING

Rupert Murdoch's media empire is recommitting to Manhattan office space, after News Corp and Fox Corp. each signed long-term leases that will keep the two companies in Midtown for another 20 years.

The two separate leases span more than 1.1 million square feet, or roughly equivalent to the company's current footprint, according to Ivanhoe Cambridge, the Canadian real-estate firm that owns the building at 1211 Ave. of the Americas. The agreement includes renovations to the exterior and interior of the building.

Mr. Murdoch, whose family has large stakes in both News Corp and Fox Corp., in October proposed a deal that would merge the media companies after nearly a decade of separation. Each company's board has set up a special committee to consider the deal.

The lease renewals are an encouraging sign for Manhattan's office market, where vacancy shot up during the Covid-19 pandemic and nearly 17% of space is now available for rent, according to real-estate firm Colliers.

Office leasing in the borough last year was down 12% compared with the 10-year rolling average of annual leasing volume. Some businesses, includ-



The leases include renovations to the lobby and outdoor plaza.

ing technology companies, law firms and financial firms, continued to add Manhattan office space even during the pandemic, often paying premium rents for floors in state-of-art buildings located near transportation hubs. Older buildings in Midtown have had less success and many are struggling to attract tenants.

Corporate tenants are vacating hundreds of thousands of square feet on the Avenue of the Americas as a number of firms decamp to newer office buildings that often feature more amenities and outdoor space and fewer carbon emissions.

Still, Avenue of the Americas—known as “corporate row” for its long stretch of skyscrapers housing corporate headquarters—has held up better than many of the other avenues in Midtown, said Frank Wallach, an executive managing director of research and business development at Colliers.

Many of the office towers were built in the years following World War II and are starting to show their age, but the office corridor's availability increased only slightly to 11% during the pandemic from 9.2% in early 2020, Mr. Wallach said. The area offers a central location near major

transportation hubs, renovations some landlords made years before the pandemic and rents that are much cheaper on average than at new office towers like Hudson Yards and One Vanderbilt.

“Avenue of the Americas for much of the last several quarters, if not several years, has been one of the strong performers in the Midtown avenues corridor,” Mr. Wallach said.

News Corp and Fox occupy more than half of the 2 million square feet in the 44-story office tower at 1211 Ave. of the Americas, which opened in 1973. The new leases run through 2042 and include renovations to the lobby and the outdoor plaza where Fox News hosts holiday events, election coverage and other broadcasts, according to Ivanhoe Cambridge. There will also be interior upgrades, including to the building's electrical system.

News Corp is the parent company of Dow Jones, publisher of The Wall Street Journal, as well as HarperCollins Publishers and news organizations in the U.K. and Australia. Fox Corp. owns Fox News and the Fox broadcast network, along with local TV stations and the Tubi streaming service.

The transaction was brokered by real-estate firm CBRE, which represented Fox and News Corp.

Bankrupt Celsius Wins Rights to Crypto Deposits

By SOMA BISWAS

A bankruptcy judge ruled that digital coins deposited in Celsius Network LLC's interest-bearing accounts belong to the firm, ruling against thousands of customers and deciding a key legal issue in crypto-related insolvencies.

Judge Martin Glenn said Wednesday that \$4.2 billion in cryptocurrency deposits are the property of Celsius, clearing the way for the company to use its digital assets as it sees fit, while also dealing a blow to the hopes of thousands of customers by declaring them unsecured creditors.

The question of who has ownership rights over crypto assets at bankrupt digital exchanges, trading firms and other platforms is central to the chapter 11 cases of Celsius and other firms that went bankrupt last year, including FTX and BlockFi Inc.

Each firm's rights to its customers' digital assets are spelled out in their terms of use, and Celsius' contract with its users is “unambiguous” about the firm's ownership rights, Judge Glenn said in his ruling. Bankruptcy courts have only begun to unravel what those terms of use mean for the billions of dollars in cryptocurrencies trapped on insol-

vent platforms.

Many customers have clamored for the quick return of their crypto, arguing that the funds aren't property of the Celsius bankruptcy estate. The firm's lawyers, however, argued the terms of use—approved by users with the click of a button on their mobile devices—granted the ownership rights to Celsius so it could lend, sell, pledge and use the assets for investment purposes.

Wednesday's decision affects 600,000 holders of high-interest Earn accounts at Celsius, holding cryptocurrency worth \$4.2 billion as of its bankruptcy filing in July. There isn't enough value available in Celsius to repay all account holders in full, and declaring that some customers' assets belong to them alone would decrease recoveries for other users, the judge said.

The immediate impact of the decision is to allow the company to sell \$18 million in stablecoins to fund the expenses for a longer stay in chapter 11. Celsius executives have testified in bankruptcy court the firm will run out of money by March, and will need to raise funds to cover expenses of staying in chapter 11 beyond that point.

New Highs and Lows

Table with columns for Stock, 52-Wk % Change, and % Change. It lists various stocks and their performance metrics over the last 52 weeks.

Advertisement for ChildFund.org featuring a black and white photograph of a woman walking on a path. Text includes: 'Let's walk together. It makes things better. You connect with her, and she connects with what to grow up healthy, educated and safe. When we all connect, we make things better for millions of children around the world. And their families. And their communities. And their countries. And you. Come walk with us. Together we can all get to a better place. ChildFund.org 1-800-776-6767 | ChildFund.org'

MARKETS

Stocks Advance Despite Recession Fears

Government bonds rally after unexpected slowdown in French inflation

BY CHELSEY DULANEY AND CORRIE DRIEBUSCH

Stocks rose as traders weighed fresh economic data that fanned fears of a looming recession.

The S&P 500 rose 28.83 points, or 0.8%, to 3852.97 by the end of the trading day, while the Dow Jones Industrial Average increased 133.40 points, or 0.4%, to 33269.77.

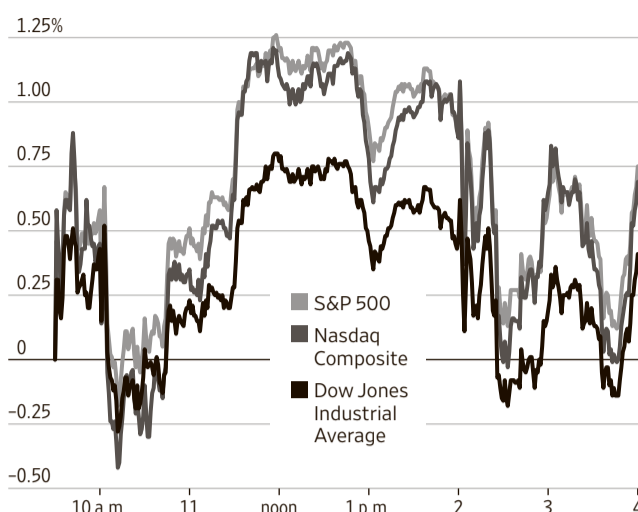
WEDNESDAY'S MARKETS

The tech-focused Nasdaq Composite Index climbed 71.78 points, or 0.7%, to 10458.76.

All three opened in the green before briefly turning negative in midmorning trading after manufacturing activity dropped to its lowest level since May 2020.

After spending most of the afternoon climbing, stocks pared gains once the Federal Reserve released minutes from its latest meeting—which indi-

Index performance Wednesday



Source: FactSet

cated officials are committed to higher interest rates—but the indexes had climbed higher again by closing time.

Stocks are coming off a tumultuous year that saw the S&P 500 log its largest decline since 2008. Investor nervousness continued into the first trading session of 2023 on Tuesday, as popular stocks such as Apple and electric-car maker Tesla dropped.

Investors remain on edge as policy makers balance inflation-fighting goals against recession risks.

Traders expect central

banks to continue lifting borrowing costs to contain inflation that appears to have peaked but that remains above targets.

Meanwhile, China's moves to ease strict Covid-19 rules could help cushion the global economy from a deeper slowdown, investors say, but it is unclear by how much.

"The equity rally is built on the idea that central banks can create something they've never done in the past: a soft landing," said Florian Ielpo, head of macro at Lombard Odier Investment Managers. "It still makes us worried that



Popular stocks such as Apple and Tesla rebounded from sharp losses on Tuesday.

something could go wrong and that something could have a very detrimental impact on our portfolio. Cautiousness remains the key word going into this year."

Mr. Ielpo pointed to this week's slide in oil prices as a sign that investors remain concerned about the global growth outlook. Brent crude, the global benchmark, has fallen about 9% this week to \$77.84 a barrel.

Meanwhile, global bonds continued to rally, buoyed by fresh signs that inflation is easing in some large economies. France on Wednesday re-

ported an unexpected decline in the annual pace of inflation in December, a day after Germany said consumer-price growth slowed last month.

U.S. 10-year Treasury yields fell to 3.709% from 3.791% a day earlier. Yields fall as prices rise.

Overseas, the pan-continental Stoxx Europe 600 climbed 1.4%. Sentiment was lifted by France's inflation report and separate data showing European services activity held up better than expected in December.

Early Thursday, Japan's Nikkei 225 was up 0.3%, Hong

Kong's Hang Seng Index was up 1.8%, the Shanghai Composite was up 0.8% and South Korea's Kospi was up 0.3%. S&P 500 futures fell 0.3%.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

Table with 2 columns: Bid type and Amount. Includes 17-week bills, applications, accepted bids, noncompetitively, foreign noncompetitively, auction price, coupon equivalent, bids at clearing yield, and cusip number.

Hong Kong Exchange Seeks To Lure Global Companies

BY JING YANG

Hong Kong is making a pitch to multinational companies to list on its stock market, despite heightened tensions between China and the West.

The city's stock exchange hopes a new initiative that allows mainland Chinese investors to trade shares of international companies will present a compelling case for some of the world's largest businesses to raise funds in the Asian financial hub.

"Hong Kong will become the only market in the world where companies have the ability to capture the demand from two gigantic pools of investors that are uncorrelated," said Nicolas Aguzin, chief executive of Hong Kong Exchanges and Clearing Ltd., in an interview. "You could have the best of both worlds," he added.

In December, securities regulators said foreign companies with primary listings in Hong Kong could—for the first time—be eligible for inclusion in the eight-year-old Stock Connect trading link with mainland China. The plan would give these companies direct access to China's active individual investor base if their stocks meet market-capitalization criteria and other requirements.

A big part of the Hong Kong

exchange's pitch to international companies is that monetary conditions in China are dramatically different to those elsewhere. While central banks in the U.S., the U.K. and the eurozone are increasing interest rates to fight inflation, China has cut rates this year and is only now coming out of a prolonged zero-Covid policy that has hurt economic growth. That means domestic

19

Foreign companies listed in Hong Kong at end of November

bonds offer limited returns for Chinese investors. It could also make international shares more attractive.

Mr. Aguzin is also pitching international companies on the value of making their shares available in China—a huge consumer market for multinationals.

"If they are companies that have some sales revenues, manufacturing or whatever from the mainland, that would be a plus," he said.

This isn't the first time the exchange operator, also known as HKEX, has attempted to attract more international com-

panies. In the early 2010s, the exchange secured the listings of marquee western brands including Prada SpA, L'Occitane International SA, and Samsonite International SA., as well as metals and mining giants like Glencore PLC and Vale SA. At the time, those companies saw Asia—and particularly China—as their biggest growth drivers and listing their shares in Hong Kong was a way to capitalize on that potential.

A decade on, the results have been underwhelming. Glencore, whose \$10 billion secondary listing in May 2011 remains the largest initial public offering by a foreign company in Hong Kong to date, withdrew its shares from the exchange in 2018, citing a lack of liquidity. Only 0.3% of its shares were traded on the HKEX, the Swiss company said at the time. Glencore was also listed in London and Johannesburg and still trades in both of those cities.

Shares of Prada, which listed in Hong Kong in June 2011 after raising \$2.1 billion, had an average daily trading turnover of around \$4 million over the past year, according to FactSet data.

A key reason for the light trading in companies like Prada is because they failed to secure significant local demand at the time of their



Nicolas Aguzin, exchange CEO

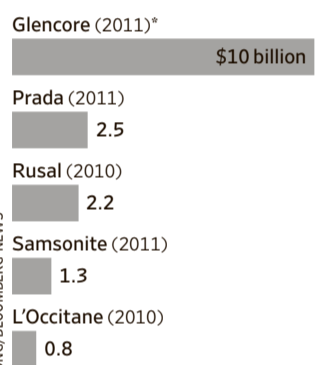
IPOs, said Philippe Espinasse, a consultant and former equity capital markets banker who is the author of several books on IPOs.

"L'Occitane and Prada relied materially on Chinese demand for their products and growth at the time of their IPOs. Things are now very different post-Covid and, of course, geopolitical considerations may make listing in Hong Kong difficult for some," he said.

At the end of November, there were 196 foreign companies listed in Hong Kong with a combined market value of \$297 billion, or 7% of total market capitalization, according to data from the HKEX.

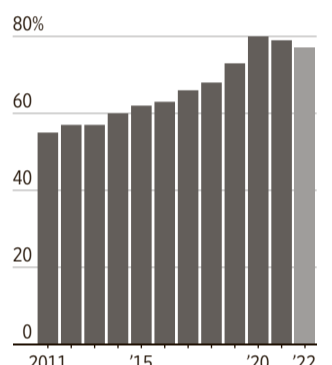
The HKEX has been ranked as the world's top IPO venue for seven of the past 13 years, thanks in large part to a long parade of Chinese listings. Mainland Chinese companies now account for more than three quarters of the HKEX's

Funds raised in the largest Hong Kong IPOs by foreign companies



*Glencore withdrew its Hong Kong listing in 2018 due to low liquidity. †Includes companies from mainland China or controlled by people or entities in the country. 2022 data as of the end of November. Sources: Dealogic (funds raised); Hong Kong Exchanges & Clearing (share)

China companies' share of Hong Kong's stock market capitalization



Blackstone Concession Is Warning

Continued from page B1

fails to earn 11.25% a year after fees. That is a fabulous return, comparable with the 10% annual dividend and option to buy discounted shares secured by Warren Buffett when he put \$5 billion into Goldman Sachs at the height of the 2008 financial crisis.

In fact, BREIT has returned more than that since launching in 2017, as it chose to focus on Sunbelt housing, warehouses and data centers, which have been in strong demand. But the fund lost value in November, and a recession would hit rents.

Still, the investment shows the university has faith in BREIT. The \$1 billion of possible support, held in BREIT shares by Blackstone already, provides some protection if the fund underperforms but is far too little to guarantee the 11.25% return if Sunbelt rental apartments, warehouses and data

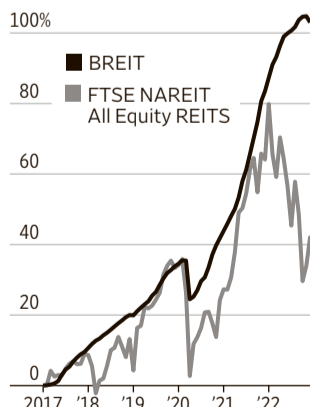
centers fall out of favor. Blackstone also gets a higher fee if BREIT beats the 11.25%.

The university's investment should provide some reassurance against two of the recent worries about BREIT: that it is choosing to value its properties at more than they are really worth, or that it might be subject to the equivalent of a run on the bank.

Blackstone said that the university team did due diligence on the portfolio, including meeting the heads of each BREIT unit. That doesn't guarantee that values aren't marked up too high or that rents and housing will withstand the recession widely expected later this year. But it is an additional check by smart people who put serious money on the line. A spokesperson for the university declined to comment.

The extra \$4 billion means BREIT is even further away from running out of cash to finance withdrawals. A run on the bank was already far off—thanks to monthly and quarterly limits on overall withdrawals and more than \$20 billion of cash, easy-to-sell investments and loan facilities—

Total return since the start of 2017



Sources: Blackstone (BREIT); Refinitiv (FTSE)

and is now even more unlikely.

The trouble for BREIT's other investors is that none of this solves the original problem of too many people wanting their money back. In December, investors asked for 5.44% of the fund back, but only 0.23% was available because of withdrawals in the two prior months. The money from UC Investments won't be used to lift the cap on withdrawals, so the cap will almost certainly limit withdrawals again this quarter. If the outlook for BREIT's returns worsens, more will want to get out, so the danger is

that withdrawal limits stay in place for many months.

Investors happy to keep their money in BREIT for years alongside the university won't worry about the withdrawal limits, although they won't get the university's privilege of Blackstone part-underwriting an 11.25% return. But anyone who thinks they might want their money this year—or just wants to have it available in case the looming recession hits their income—would be right to worry that they may well not be able to get it back quickly.

At a time of rising interest rates, liquidity is at a premium. The University of California just put a price on that premium: \$1 billion to underwrite 11.25% was their demand in return for a six-year lockup. That is expensive. It suggests that private funds without the record of BREIT, or the financial resources of Blackstone, are going to find it hard to keep attracting the money that flowed in so easily during their decade-long boom.

Bear that in mind when you consider investments where it is hard to get your money back.

Hamilton Lane Closes Fund With \$2.1 Billion

BY CHRIS CUMMING

Hamilton Lane Inc. has raised its largest pool of capital yet to give investors a lower-cost way to commit to a range of buyout deals.

The Conshohocken, Pa.-based private-markets fund manager said Wednesday it closed the vehicle, Hamilton Lane Equity Opportunities Fund V, with \$2.1 billion. The sum exceeds both the firm's \$2 billion fundraising target and the \$1.7 billion it raised for a predecessor vehicle that closed in 2019.

Hamilton Lane began collecting the new fund, which is part of its direct-equity series, in 2020 and has raised a total of \$3.7 billion for such deals during that time, with the remainder of the capital going into separately managed accounts and other types of investment structures pursuing the same strategy, said Demetrius Sidberry, a managing director in the firm's direct-equity group.

Like the other commingled funds in the direct-equity series, the new vehicle will co-invest alongside other fund managers, typically looking at

midmarket buyout and growth investments, said Mr. Sidberry. It invests about \$35 million to \$45 million per deal and intends to make 50 to 60 investments total from the vehicle.

The goal is to offer limited partners a diversified portfolio of deals through a single vehicle with a lower fee structure than typical buyout funds, Mr. Sidberry said. He said the fees involved are about half those of a typical buyout fund.

The firm has backed more than two dozen deals so far through the new vehicle and has invested roughly half of the fund, according to Mr. Sidberry. Focus sectors for the new vehicle include health-care, cybersecurity and business-process outsourcing, he said.

"The good news about raising [capital] during the pandemic is that we went in with eyes wide open about risks," Mr. Sidberry said.

With \$824 billion under management and supervision, Hamilton Lane is one of the largest private-markets asset managers in the world.