

THE WALL STREET JOURNAL.

What's News

Business & Finance

SoftBank posted a \$5.8 billion quarterly loss on its startup investment fund division, known as the Vision Fund, the bulk of the company's overall \$5.9 billion loss for the period. **A1**

◆ **Powell said** the labor market's surprising strength underscores why the Fed thinks it will face a longer battle to bring down inflation than many investors have been anticipating. **A2**

◆ **U.S. stocks ended** Tuesday's session higher, with the S&P 500, Nasdaq and Dow industrials notching gains of 1.3%, 1.9% and 0.8%, respectively. **B13**

◆ **Apollo is among** a group of financial firms in talks to take a stake in Credit Suisse's revamped investment bank, people familiar with the matter said. **B1**

◆ **Microsoft is integrating** the technology behind ChatGPT into Bing, hoping the AI upgrade can help it chip away at Google's dominance of the search market. **B1**

◆ **Bed Bath & Beyond landed** a do-or-die rescue deal with Hudson Bay Capital that takes bankruptcy off the table for now, according to people familiar with the matter. **B1, B2**

◆ **Meta is revamping** its fledgling Horizon Worlds metaverse app, seeking to draw more teen and young-adult users, according to an internal company memo. **B1**

◆ **BP said** it would slow its shift to lower-carbon energy, increasing spending on the oil-and-gas production that helped push the company to a record profit last year. **B3**

World-Wide

◆ **Winter weather** and blocked roads hindered efforts to respond to earthquakes that officials said killed over 7,500 people in southern Turkey and northern Syria, leading Turkey's president to declare a three-month state of emergency in affected areas. **A1, A6-7**

◆ **Biden used** his State of the Union address to try to sell Americans on his economic agenda and called for renewed bipartisanship, but his appeals for unity were punctuated by Republican lawmakers' loud objections to his remarks. **A1**

◆ **Russian forces launched** multiple attacks in eastern Ukraine, pushing for a breakthrough ahead of the delivery of new Western weapons, although the U.K. cast doubt on the prospects for a major Russian offensive. **A16**

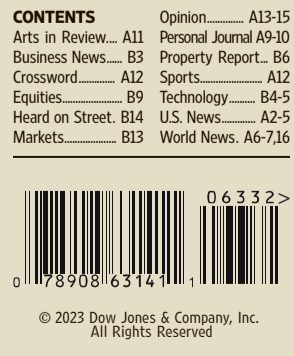
◆ **The U.S. military notified** Congress that China now has more land-based intercontinental-range missile launchers than the U.S., fueling the debate about how Washington should respond to Beijing's nuclear buildup. **A4**

◆ **China's defense minister** rejected a request from Defense Secretary Austin to speak immediately after the U.S. downed a suspected Chinese spy balloon, the Pentagon said. **A4**

◆ **Labor Secretary Walsh** plans to leave the administration, according to people familiar with the matter. **A5**

◆ **LeBron James broke** the NBA's all-time scoring record, surpassing Kareem Abdul-Jabbar. **A12**

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Quake Rescuers Race Against Time

Numb with grief and cold, residents struggle to recover the missing; 'I buried my kids today'

By JARED MALISIN AND ELVAN KIVILCIM

BELEN, Turkey—As the sun went down Tuesday over Girne Street, dozens of people limned with ghostly gray dust silently combed the wreckage of flattened apartment blocks.

Ismail Parlak and his wife dug through the rubble looking for Mr. Parlak's mother, entombed, they said, somewhere under six stories of collapsed concrete and contorted metal.

Next door, Fatima Comart hunted in the remains of her home for belongings of her two sons. Hours earlier, she had found the boys—11-year-old Ahmet and 17-year-old Abdullah—dead and cradling each other in the wreckage.

"I buried my kids today," Ms. Comart said quietly to a neighbor. "Oh, so you found them?" he responded.

Numb with shock and grief, the residents of Belen and other cities, towns and vil-



Mesut Hancer holds the hand of his 15-year-old daughter Irmak, who died in the earthquake and whose body remained beneath the rubble in Kahramanmaraş, Turkey.

Death toll in Turkey and Syria passes 7,500 as workers from around the world pour in

ISTANBUL—Snowfall, freezing temperatures and blocked roads hindered efforts Tuesday to respond to two powerful earthquakes that officials said killed more than 7,500

By Stephen Kalin, Jared Malisin and Elvan Kivilcim

people in southern Turkey and northern Syria, leading Turkey's president to declare a three-month state of emergency in affected areas.

"The scale of the earthquake of course makes us take certain extraordinary measures," President Recep Tayyip Erdogan of Turkey said in a televised address. "We will be completing all the necessary procedures and formal-

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◆ Syria faces hurdles to tapping international aid..... A6
◆ Geological peculiarity worsened force of quakes..... A6
◆ Erdogan's response looms over coming election..... A7

Biden Touts Job Growth, Defends Safety Net

By ANDREW RESTUCCIA AND TARINI PARTI

WASHINGTON—President Biden used his State of the Union address to try to sell Americans on his economic agenda and called for renewed bipartisanship, but his appeals for unity were punctuated by Republican lawmakers' loud objections to his remarks.

The annual speech, which was delivered in the House chamber before a joint session of the newly divided Congress on Tuesday, gave Mr. Biden an opportunity to test his message in front of a large audience weeks or months before

he is expected to announce his re-election bid. Recent polls show a majority of Democratic voters don't want him to run for a second term, and his approval ratings remain low.

Mr. Biden's 72-minute address was interrupted several times by Republican lawmakers. One GOP representative was caught on camera calling the president a liar and another yelled, "Your fault," when Mr. Biden spoke of a rise in fentanyl-related deaths.

The president sought to explain to members of the public how they stand to benefit from the trillions of dollars in spending he helped shepherd

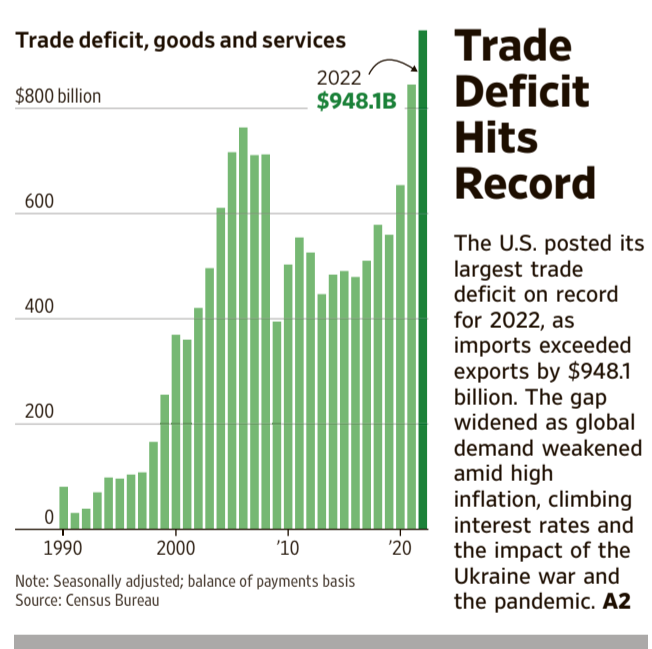
through Congress—including a wide-ranging infrastructure bill; a climate, healthcare, prescription-drug and tax package; and a measure to boost U.S. semiconductor manufacturing. He argued that his policies have helped the U.S. economy recover from the Covid-19 pandemic, pointing to recent positive news, including that the unemployment rate is at a 53-year low.

"Amid the economic upheaval of the past four decades, too many people have been left behind and treated like they're invisible. Maybe that's you watching at home,"

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President Biden delivers the State of the Union speech Tuesday.



SoftBank Snaps Wallet Shut, Reports Loss of \$5.9 Billion

By MEGUMI FUJIKAWA AND ELIOT BROWN

TOKYO—SoftBank Group Corp. was the world's biggest investor in startups in 2021. Now it is barely investing at all.

A year into the tech rout, Tokyo-based SoftBank is still taking hits from a peak-of-the-market spending spree, as the company on Tuesday posted a \$5.8 billion quarterly loss on its startup investment fund division, known as the Vision Fund, the bulk of the company's overall \$5.9 billion

quarterly loss.

The Vision Fund unit reported about \$300 million in new investments, down 98% from the \$15.6 billion spent in three months in mid-2021, when SoftBank and its chief executive, Masayoshi Son, were known for showering cash on a frothy startup market.

The near-complete retreat is part of what Mr. Son has termed a strategy of "defense" in which SoftBank is holding on to cash from better-performing parts of the company—such as the Japan telecom business it

partially owns—rather than putting it into startups.

SoftBank Group's chief financial officer, Yoshimitsu Goto, said Tuesday it simply wasn't a good time to invest in startups.

"We can become aggressive any time," he said, cautioning against "wasteful spending" at a bad moment in the market.

The results emphasize the depth of the comedown for SoftBank, which spent more

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◆ Heard on the Street: Loss sends signal to tech bulls. B14

Too Many Panda Dunks Are a Bummer

* * *

Sneakerheads loved the Nikes, until they were all over

By INTI PACHECO

Zack Jones, a 26-year-old M.B.A. student from Provo, Utah, loves sneakers and the chase of getting them, especially the Nike Inc. limited-edition versions that can sell out fast. In early 2021, he paid a reseller \$280—2½ times the sticker price—to snag a pair of "Panda" Dunks, a white-and-black leather sneaker by Nike, when he wasn't able to get a pair directly from the sneaker giant.

Then Nike did something that sneakerheads didn't expect. The company, stepping on the thrill, restocked the Panda Dunk several times after the

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Employers Pay More To Hire Migrants

U.S. businesses, struggling to fill jobs, offer increased benefits to workers from abroad

By SANTIAGO PÉREZ AND MICHELLE HACKMAN

Migrants who come to the U.S. to find work are now being hired more quickly, at higher pay and under better working conditions than at any time in recent memory. In many cases, employers and economists say, migrant workers are being paid as well as their American counterparts.

Job vacancies in the U.S. increased to 11 million at the end of December, according to the Labor Department. While the tightness appears to be easing in the white-collar job market, employers say finding hourly wage workers remains a challenge. Unemployment hit 3.4% in January, the lowest rate in 53 years. Many small businesses say they are unable

to hire enough native-born and naturalized workers and are paying a premium for migrant workers.

It's another aspect of the hot labor market that is pushing up wages and prices for consumers, keeping pressure on the Federal Reserve to continue raising interest rates to fight inflation.

A shortage of cooks and dishwashers prompted Luis Reyes, owner of Washington, D.C., restaurant Lauriol Plaza, to distribute fliers in subway stations and at bus stops in neighborhoods with large migrant communities.

"The scarcity is huge," Mr. Reyes said. "It's a terrible stress. Many times I suffer from insomnia thinking about what we are going to do to

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Salesforce. #1 CRM.

Ranked #1 for CRM Applications based on IDC 2022 H1 Revenue Market Share Worldwide.

2018 2019 2020 2021 2022 H1

Source: IDC, Worldwide Semiannual Software Tracker, October 2022.

salesforce.com/number1CRM

CRM market includes the following IDC-defined functional markets: Sales Force Productivity and Management, Marketing Campaign Management, Customer Service, Contact Center, Advertising, and Digital Commerce Applications. © 2022 Salesforce, Inc. All rights reserved. Various trademarks held by their respective owners.

U.S. NEWS

EV Talks Explore Mineral Supplies

By YUKA HAYASHI

WASHINGTON—Representatives of Europe's two top economies proposed new efforts with the U.S. to strengthen supply chains for critical minerals used in electric vehicles and other green technology products, even as they continued to press the U.S. about its clean energy legislation.

Robert Habeck, German vice chancellor and minister for economic affairs and climate action, proposed Tuesday creating a "critical minerals club" with the U.S. during a trip to Washington where he met with Treasury Secretary Janet Yellen, Commerce Secretary Gina Raimondo and Brian Deese, director of the White House National Economic Council, among others.

The two ministers were the latest European officials to meet their U.S. counterparts to press for the inclusion of European businesses in programs stemming from the U.S.'s Inflation Reduction Act, which allocates \$369 billion on energy security and climate change programs over the next 10 years.

European officials have said the IRA's provision to require local assembly and parts and minerals contents to qualify for electric vehicle tax credits discriminates against European companies.

Mr. Habeck said at a news conference that the goal of a critical minerals club is to find concrete measures to diversify supplies of critical minerals and reduce reliance on a small number of suppliers including China. The club, he said, could also lead to further alignments between the EU and the U.S. on clean energy products, which could resolve the current bilateral tension over the IRA, which he said is threatening to cause a "race to subsidies."

Mr. Le Maire said the primary goal of their visit was to discuss with the U.S. ways to better cooperate on policies for green and sustainable industry. "We should have the same strategic objectives in the two continents...by creating new supply chains for hydrogen, chips, solar panels, batteries, EVs and so on," he said.

German, French ministers press Washington over tax credits.

The European officials, Mr. Le Maire said, made substantive progress in their discussions with their U.S. counterparts Tuesday. The two sides, he said, agreed on the necessity of full transparency on the level of subsidies and tax credits and the inclusion of as many EU companies as possible in the IRA-linked projects, he said.

While U.S. officials didn't comment on the ministers' statements, Ms. Raimondo stressed that the IRA is "a key tool and is the most significant U.S. climate legislation to date," according to a readout of their meeting.

She also commented on the strong U.S.-EU collaboration and progress made on semiconductor supply chains through the bilateral Trade and Technology Council.

The IRA's provision for electric-vehicle tax credit includes a requirement that a certain amount of critical minerals in the vehicle's battery come from countries that have a free-trade agreement with the U.S., a rule that irked the EU because it doesn't have an FTA. U.S. officials have discussed negotiating a narrow critical-minerals agreement with the EU that would allow the bloc to qualify for the critical-minerals provision, according to people familiar with the matter.

The European Union's executive body last week set out a roadmap for competing with American green subsidies.

—Andrew Restuccia and Andrew Duehren contributed to this article.

Close Calls Add to Air-Safety Worries

By MICAH MAIDENBERG

WASHINGTON—Air-safety officials and members of Congress are raising fresh concerns about recent near-collisions on runways in New York and Texas, close calls that threatened a relatively long stretch without domestic aviation accidents involving major planes.

"We can't take our eye off the ball," Rep. Brian Babin (R., Texas) said at a House Transportation Committee hearing Tuesday focused on the Federal Aviation Administration.

The FAA and National Transportation Safety Board have opened investigations into why two planes nearly collided last month at John F. Kennedy International Airport in New York, and what led to the close call in Austin, Texas, over the weekend. There, a FedEx Corp. cargo plane may have come within 100 feet of a Southwest Airlines Co. passenger jet as the latter vehicle began to roll down a runway, according to NTSB Chairwoman Jennifer Homendy.

David Boulter, acting associate administrator for aviation safety at the FAA, said at the hearing the agency would



Officials are investigating what led to a close call in Austin, Texas, over the weekend between a FedEx plane and a Southwest Airlines passenger jet. Above, a FedEx cargo plane last May

focus on what may have caused the recent incidents, including analyzing what may have been missed in the voluntary industry-FAA systems that focus on flight safety. "No one takes it for granted that these are serious events," Mr. Boulter said.

The investigations into

what happened in New York and Texas are continuing. Aviation-safety officials have cautioned against drawing larger conclusions about them, at least for now.

Jeff Guzzetti, a former investigator for the FAA and NTSB, said: "The air traffic world has done a phenomenal

job in keeping airplanes from swapping paint. I'm hopeful these two incidents so close together is more of a coincidence than an indication of a systemic problem."

One commonality between them is both incidents, called runway incursions, were serious close calls, according to

Ms. Homendy and other aviation-safety officials. Such near collisions are rare.

"We can't, we shouldn't downplay these. These could have been significant tragedies, and we have to look at them and learn from them," Ms. Homendy said during an interview this week. "I think we have to be careful of saying, 'Oh, this is a trend.'"

Former NTSB chairman Robert Sumwalt said the close calls didn't appear related or part of a broader trend. Both appear to have resulted from human error, he said, and the outcomes point to the exceptional safety record of the U.S. air-traffic system and aviation industry. "It shows that given that there were failures, that there was enough resiliency or enough redundancy in the system to have prevented a catastrophic event in both cases," Mr. Sumwalt said.

Hassan Shahidi, chief executive of the Flight Safety Foundation, a nonprofit that provides safety guidance and resources, said the recent incidents serve as a wake-up call.

—Alison Sider and Andrew Tangel contributed to this article.

Pennsylvania Court Pushes School-Funding Overhaul

By SARA RANDAZZO

A Pennsylvania judge Tuesday declared the state's system for funding public education schools unconstitutional because it doesn't ensure schools are financed equitably, a sweeping win for a group of school districts that have pursued a yearslong legal battle against the state government.

The decision, which found "manifest deficiencies" between low-wealth school districts in Pennsylvania and more affluent ones, doesn't lay out how the state can create a more equitable school finance system.

Instead, it directs the state legislature to work with Gov. Josh Shapiro and the school districts that sued to come up with a remedy.

Lawsuits alleging unfair or inadequate school-funding systems have been filed in virtually every state over five decades.

Nationwide, public schools are largely funded by state and local taxes, with federal funds making up about 10% of budgets. The cases seeking equity often drag on for years and don't always lead to widespread reforms, even when a court finds a school-finance system needs to be repaired.

The backers of the Pennsylvania lawsuit expressed optimism Tuesday that the case will make a difference. "It will change the future for millions of families, so that children are no longer denied the education they deserve," the Education Law Center in Pennsylvania and the Public Interest Law Center, which represented the school districts, said.

Gov. Shapiro, a Democrat, said Tuesday that, "I believe every child in Pennsylvania should have access to a high-quality education and safe learning environment, regardless of their zip code," and that his administration is reviewing the ruling and determining next steps. A representative for the Pennsylvania Department of Education didn't respond to a request for comment.

Pennsylvania state court Judge Renée Cohn Jubelirer wrote in a nearly 800-page opinion that the disparities between low-wealth and affluent school districts extended to how they are funded, the courses and curriculum offered, staffing levels and the quality of the facilities.



The court weighed whether Pennsylvania's constitution created a 'thorough and efficient system of public education' for residents.

The result, she said, were wide achievement gaps across socioeconomic and racial lines.

Witnesses who took the stand during a 49-day trial that ended last year described underfunded districts with crumbling buildings, high schools with no library, and classes being held in windowless rooms once used as storage closets.

"Educators credibly testified to lacking the very resources state officials have identified as essential to student achievement, some of which are as basic as safe and temperate facilities in which children can learn," Judge Jubelirer wrote.

Through the lawsuit, the court weighed whether the state's constitution created a "thorough and efficient system of public education" for Pennsylvania residents.

Listeria Concerns Spur Recall Of Prepared Sandwiches, Salads

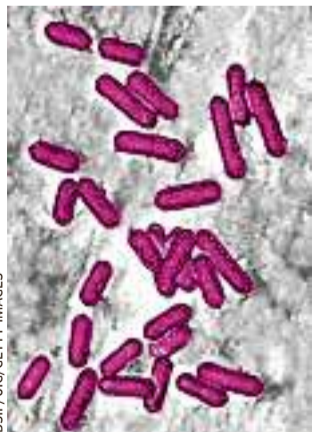
By GARETH VIPERS

Hundreds of products, including prepackaged sandwiches, wraps and salads, have been recalled over possible listeria contamination, according to the Food and Drug Administration.

More than 400 products were included in the recall by Fresh Ideation Food Group after federal officials warned they could be contaminated with the harmful bacteria, which can cause serious and sometimes fatal infections. The recalled products were distributed in certain retail locations and vending machines, the FDA said. Some of the products were sold on Amtrak trains, the railroad company said.

The Food and Drug Administration, which issued the warning Friday, said the products had been distributed in Connecticut, Washington, D.C., Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, and Virginia.

Amtrak said that the affected products were available on Acela and Northeast re-



Possible listeria contamination led to a recall of 400 products.

gional trains between Jan. 24 and Jan. 29, and included snacks, yogurts, sandwiches, salads and wraps.

"These products were promptly removed from trains upon notification," the company said. "All products currently served onboard are completely safe to consume."

While healthy individuals may suffer only short-term symptoms, listeria can cause serious and sometimes fatal infections in young children,

frail or elderly people, and others with weakened immune systems, the FDA said.

The recall was initiated after the company's environmental samples tested positive for Listeria monocytogenes, it added.

Baltimore-based Fresh Ideation Food Group said the products were recalled out of an abundance of caution.

Customers who have purchased the products are urged to contact the company directly. A full list of recalled products is available on the FDA website. About 1,600 people a year get listeriosis, the infection caused by the listeria germ, according to data from the Centers for Disease Control and Prevention.

Last year, a listeria outbreak was linked to deli meats and cheeses in six states, resulting in one death and one pregnancy loss, according to public-health officials.

A Florida ice cream company last summer recalled all of its ice cream after it was linked to a listeria outbreak that killed at least one person and sickened 22 others.

FALL-WINTER COLLECTION



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U.S. NEWS

Walsh to Step Down As Labor Secretary

BY ANDREW RESTUCCIA
AND SARAH CHANEY CAMBON

WASHINGTON—Labor Secretary Marty Walsh is planning to leave the Biden administration, according to people familiar with the matter, marking the first change among President Biden's cabinet secretaries since he took office.

Mr. Walsh is expected to become executive director of the National Hockey League Players' Association, which does collective bargaining on behalf of NHL players, the people said. He has begun informing officials in the administration about his intention to leave, some of the people said.

The White House and the Labor Department didn't respond to requests to comment. The NHL Players' Association declined to comment. Daily Faceoff, a hockey news website, earlier reported the news.

Several other top officials in the Biden administration have recently announced their departures, though none led a cabinet-level agency. Brian Deese, director of the White House's National Economic Council, plans to leave his post this month. Ron Klain is stepping down as White House chief of staff. Mr. Walsh was thought to be a potential candidate to be Mr. Biden's chief of staff, but that job went to

Jeff Zients, an investor and former Obama administration official who led the White House's Covid-19 response.

Council of Economic Advisors Chair Cecilia Rouse is planning to leave the administration in the spring. Jared Bernstein, a member of the CEA, is likely to succeed Ms. Rouse as chair, administration officials and others familiar with the matter said. Federal Reserve Vice Chair Lael Brainard is the leading candidate for NEC director, people involved in the discussions said.

Mr. Walsh's deputy secretary of labor, Julie Su, was confirmed by the Senate in summer 2021. She is expected to serve as acting secretary when Mr. Walsh departs, and is seen as a candidate to take over the job permanently, people familiar with the matter said.

Ms. Su picked up the early support of Randi Weingarten, the president of the American Federation of Teachers and a member of the Democratic National Committee. "The president has created a great bench, including Julie Su," Ms. Weingarten said through a spokesman, who said she supported Ms. Su for the role.

Before entering politics, Mr. Walsh was president of a union in Boston and served as head of the region's Building and Construction Trades Council. Mr. Walsh participated in negotiations in September between the biggest freight railroads and union leaders.

Before he was confirmed as a cabinet member, Mr. Walsh had been serving in his second term as Boston mayor.

Some in the administration said they were surprised by Mr. Walsh's decision to leave. In recent months, the White House organized conversations with members of Mr. Biden's cabinet and senior West Wing staff about their plans. No cabinet secretaries initially signaled their intent to leave the government, the officials said.



The Securities and Exchange Commission is proposing adding new requirements to its ethics program.

Agencies Combat Employee Conflicts

BY REBECCA BALLHAUS
AND BRODY MULLINS

Several federal agencies are looking to tighten their ethics rules, while others have directed their internal watchdogs to investigate suspicious investing by officials, as lawmakers continue to press for tougher trading restrictions across the federal government.

The efforts follow a Wall Street Journal series that identified a pattern of financial conflicts across the executive branch, including finding that more than 2,600 officials invested in companies overseen by their agencies. In some instances, officials' trading appeared to violate federal and agency rules intended to maintain the public's trust in the government and keep officials from using their influence for personal gain.

The Federal Deposit Insurance Corp. and Commodity Futures Trading Commission are considering changes to their ethics rules; the Securities and Exchange Commission is proposing adding new requirements to its ethics program. And the FDIC, Commerce and Agriculture departments re-

ferred to internal investigators potential violations of conflict-of-interest rules.

Taken together, the agency moves signal a widespread effort to combat conflicts within the executive branch. The agencies declined to comment.

Federal law bars officials from working on matters in which they have a substantial financial interest, but agencies have significant leeway in determining what restrictions to impose beyond that. Some agencies bar employees from owning stocks in any companies the agency regulates, while others permit such investments so long as the employee isn't directly working on a matter that would affect the company.

The FDIC is considering overhauling its ethics rules to crack down on financial conflicts, including potentially restricting what technology stocks officials are allowed to own, current and former officials said. The Journal in December reported that three FDIC officials involved in discussions about tapping Microsoft Corp. as the agency's primary cloud provider reported that they or their family members also owned the company's

stock. Following a Journal inquiry about the investments, the FDIC said it had referred the matter to its inspector general for review.

Two officials who owned Microsoft stock have been moved out of their previous jobs, an internal announcement said. Robert DeLuca, who served as deputy chief information officer before going on military-related leave and returned to the agency on Monday, is now leading a cybersecurity initiative.

Jyotsna Jame this month will move out of her post as deputy director of the Applications and Platforms Delivery Branch to oversee workforce and succession planning for the CIO's office. The FDIC said both moves were temporary.

Mr. DeLuca and Ms. Jame didn't respond to requests to comment. Mr. DeLuca said in December that he had a financial adviser who "directs and guides my retirement investment decisions."

The FDIC in December said its employees "are required by statute and by regulation to ensure their work is free of conflicts of interest." A spokesman declined to comment further.

The SEC last week proposed

new ethics restrictions, including banning employees from investing in financial-industry sector funds. The SEC already bars employees from owning or trading stocks that are under investigation by the agency.

The SEC's ethics rules are stricter than those at many other agencies. But the Journal's investigation found that those who violate the rules across federal agencies, including the SEC, rarely face severe consequences.

In one instance, an SEC official failed to report or clear his and his spouse's financial holdings and trades for at least seven years—including stocks that SEC employees and their families weren't allowed to own and some that posed a conflict with the official's work. The agency's inspector general referred the matter to the Justice Department, according to a report provided to Congress.

A U.S. attorney declined to prosecute, and the unnamed official was ultimately suspended for seven days and gave up 16 hours of leave time. The SEC has declined to comment on the incident.



Labor Secretary Marty Walsh

U.S. WATCH



Staff exited Signature Healthcare Brockton Hospital in Massachusetts on Tuesday due to a fire.

OHIO

Residents Still Away in Derailment Aftermath

Residents in an eastern Ohio village were unable to return to their homes Tuesday amid air and water monitoring a day after a controlled burn of chemicals at a train derailment.

Ohio Gov. Mike DeWine issued a mandatory evacuation Sunday for residents within a 1-mile radius of East Palestine, a village of nearly 5,000 people on the border with Pennsylvania, after 50 cars of a Norfolk Southern Corp. train derailed Friday night, causing a chemical fire.

On Monday, a team led by Norfolk Southern released vinyl chloride from five tanker cars to avoid an explosion in a car that was heating up. The effort successfully burned off the chemical but sent a black tower of smoke into the sky. On Tuesday, state and federal environmental officials said air and water monitoring was continuing.

Randy Padfield, director of the Pennsylvania Emergency Management Agency, said no concerning air-quality readings had been detected. But he urged residents living within 2 miles of the derailment to stay indoors and keep their windows closed.

—Kris Maher

TENNESSEE

Lawsuit Cites Officers in Tyre Nichols Case

A Memphis resident filed a federal civil-rights lawsuit Tuesday alleging he was unjustly beaten by a group of police officers that included those charged with killing Tyre Nichols.

The alleged excessive force happened three days before Mr. Nichols's fatal encounter with police. The suit seeks \$5 million in compensatory damages.

Monterrious Harris, 22, sued the city of Memphis, as well as the five former Memphis Police officers facing second-degree murder charges in Mr. Nichols's death: Tadarrius Bean, Demetrius Haley, Justin Smith, Desmond Mills Jr. and Emmitt Martin III. He also sued four unnamed officers.

The suit said his left eye was swollen shut and he was bleeding from the head but didn't receive medical attention until after he was booked into a jail facility. The city said in a statement that it doesn't comment on pending litigation. The Memphis Police Department didn't respond to a request for comment. A lawyer for Mr. Mills declined to comment. Representatives for the other officers couldn't be reached.

—Mariah Timms

MASSACHUSETTS

Hospital Fire Prompts Patient Evacuations

More than 70 ambulances showed up Tuesday to transfer about 160 patients evacuated from a Signature Healthcare Brockton Hospital that lost power after an electrical transformer fire.

"We are removing some critically ill and injured patients," Brockton Fire Chief Brian Nardelli said.

There were no injuries reported in the fire.

—Associated Press

MISSOURI

Amtrak Train Hits Truck, Killing Driver

A FedEx driver was killed early Tuesday when a truck collided with an Amtrak train, the Missouri State Highway Patrol said.

The collision occurred about 9:30 a.m. north of Pleasant Hill, about 37 miles southeast of Kansas City. Patrol Sgt. Bill Lowe said the train crew and the 35 passengers on board weren't hurt.

The FedEx driver was pronounced dead at the scene.

—Associated Press

DREAMING IN COLOR
MARC CHAGALL

Exalted artist. Desirable palette. Intimately emotional.



Glowing with a vivid magenta hue, Marc Chagall's masterpiece *Danseuse au double profil vert* recounts the story of the artist's life through several of his favorite motifs. Interestingly, the composition's flying figure bears two faces, likely representing both of the artist's beloved wives. Chagall's paintings in pink and red jewel tones are among the most desired of his works. These colors strongly evoke the emotions of love the artist so fervently sought to portray. Oil and tempera on canvas. Dated 1978. Signed "Chagall". Canvas: 36¹/₄" h x 28³/₄" w. Frame: 39¹/₈" h x 31³/₄" w. #31-6498

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WORLD NEWS

Syria Struggles to Get Foreign Aid

The temblors damaged the only open border crossing for U.N. convoys from Turkey

By SUNE ENGEL RASMUSSEN

As the scale of the devastation emerged in Syria from powerful earthquakes, the country faces hurdles tapping international aid because of border closures, the political isolation of President Bashar al-Assad and his government's policy of starving antigovernment rebels of assistance.

"The scale of destruction is enormous, and there is still no support from the outside," said Ammar Alselmo, a volunteer in rural Aleppo province with Syrian Civil Defense, also known as the White Helmets, which leads relief efforts in areas outside the government's control.

"We can hear the people's voices under the rubble, but we can't do anything," he said.

Two devastating quakes centered in Turkey battered a swath of Syria scarred by more than a decade of civil war, with control divided up between the Damascus government and an array of actors that include Turkey, U.S.-backed Kurdish forces and an internationally terrorist-designated jihadist group. The disaster badly damaged the road to the only border crossing open for United Nations aid convoys between Turkey and Syria.

The death toll in Syria from the earthquakes climbed to more than 1,700 on Tuesday, said the health ministry affiliated with the Damascus government and the White Helmets, in an area that houses millions of displaced people living in tents or makeshift camps.

Stringent sanctions imposed on the Assad government during the war, which erupted in 2011, have hampered investment and could hurt relief efforts, aid groups warn. While transactions for humanitarian purposes are allowed, they can face lengthy compliance checks



Syrian Civil Defense workers carry a casualty from the rubble in rebel-held northwestern Idlib province.

from banks cautious of violating European and U.S. restrictions against the Assad government.

While roads on the Turkish side of the border were clogged with construction and rescue vehicles Tuesday, the affected areas in Syria were making do with a limited amount of heavy machinery, and search-and-rescue operations run primarily by volunteers. There are few doctors after a mass exodus of

Syrians from war-torn areas.

Another factor keeping aid out of Syria: Parts of rebel-held territory, including Idlib and the countryside north of Aleppo, are controlled by Hayat Tahrir al-Sham, designated as a terrorist organization by the U.S. and the U.N. Security Council. The Assad government and its Russian backers choked off HTS's territory from Turkey to keep international aid out of

militants' hands.

German Foreign Minister Annalena Baerbock said her country would push for humanitarian access to Syria, and called for all international actors to lean on Mr. Assad to open all border crossings for aid. "The absolute priority is for humanitarian aid to get there when it's needed the most, and that is especially true for northwest Syria," she said.

Geological Peculiarity Worsened The Force Of Quakes

The one-two punch of killer earthquakes that struck Turkey and Syria on Monday were connected in time and space—occurring on separate but nearby faults but driven by the same crushing geologic forces, according to scientists.

By Eric Nüler, Aylin Woodward and Nidhi Subbaraman

The initial magnitude 7.8 earthquake that struck in south-central Turkey released built-up stress that was then transferred to a nearby fault, resulting in a magnitude 7.5 earthquake nine hours later, according to scientists at the U.S. Geological Survey.

"We're dealing with a fault system—a whole bunch of different faults and they are all talking to each other," said Jonathan Delph, a seismologist at Purdue University who studies the geology of the region.

Based on their close timing and proximity, the two earthquakes are considered part of the same seismic event that occurred at the intersection of three tectonic plates, according to Dara Goldberg, a USGS research geophysicist.

"We know that tectonic boundaries are the places that have significant seismic haz-

3

tectonic plates meeting in the same spot increases hazard

ard and normally we think of those as being where two plates meet," Dr. Goldberg said. "A triple junction is just that much more complicated because there are three plates meeting at the same spot."

The first earthquake occurred on the East Anatolian fault, which runs in a north-south axis, while the second earthquake occurred on the intersecting Malatya fault, which runs in an east-west direction.

Dr. Goldberg said preliminary modeling by the USGS indicates that the initial shock was a so-called strike-slip earthquake that ruptured more than 60 miles of its fault, moving it by more than 10 feet. The magnitude 7.5 aftershock ruptured an 80-mile segment of its fault, shifting it by more than 35 feet.

The earthquakes were also very shallow, according to Stephen Hicks, a seismologist at the University College London. The first earthquake of 7.8 magnitude was 11 miles deep and the aftershock of 7.5 magnitude was 6 miles down.

That meant the vast amount of energy unleashed didn't have enough space to dissipate before hitting buildings on the surface, Dr. Hicks said.

That region of Turkey is rich in smaller faults—fracture points where two broken segments of rocky crust move past each other—because of the great plates colliding, said Dr. Delph.

"In rupturing the first fault we loaded stress onto another fault," Dr. Delph said. That "caused that one to have its own main shock and aftershock sequence." Larger magnitude quakes can transmit their stress to a larger area.

In August 1999, a magnitude 7.4 temblor struck about 53 miles southeast of Istanbul near Izmit, Turkey, killing more than 17,000 people. An aftershock with a magnitude of 7.2 occurred three months later along the same fault.

The vast destruction that occurred on Monday was partly the result of something called liquefaction, a phenomenon in which intense shaking turns the soil underneath buildings' foundations into a near-liquid state.

Lax enforcement of building codes also could have played a role in buildings collapsing, said Polat Gülkan, professor of structural engineering at Başkent University in Ankara.

—David Luhnow contributed to this article.

Quake Rescuers Race Time

Continued from Page One ities very fast."

Aid workers poured into Turkey from around the world to support local rescue efforts and struggled in the weather to rescue survivors trapped under thousands of collapsed buildings. Twin earthquakes—the first a magnitude 7.8 and the second, adjacent quake a magnitude 7.5—hit Turkey along the border with Syria on Monday. Southern Turkey has experienced 285 aftershocks, including some strong enough to cause new buildings to crumble, said Orhan Tatar, an official from Turkey's disaster management agency. "Every minute new tremors are happening," he said.

Survivors were pulled from the wreckage of buildings overnight, including a baby and her mother trapped for 29 hours in the southern Turkish province of Hatay, a woman stranded in Sanliurfa province for 22 hours and a child cut off for more than 18 hours in the northern Syrian city of Afrin.

In the town of Belen in Hatay province, rescue workers using construction equipment broke apart wreckage in a search for missing people. In one neighborhood, sobbing relatives embraced the body of a 17-year-old boy, which lay under a blanket, on a mattress on the sidewalk.

Mr. Erdogan's emergency declaration affords him extraordinary powers in the run-up to national elections expected on May 14 that could cement his position as Turkey's most powerful ruler in nearly a century. Mr. Erdogan has managed to make himself indispensable to all sides in the Ukraine war, reaping economic rewards that helped ease the state's financial troubles, but the quakes could present a challenge to his domestic standing.

Damaged roads, like a collapsed highway leading north from the epicenter of the first earthquake near the city of Gaziantep, complicated Turk-



A woman sitting on the rubble of destroyed buildings in the town of Nurdagi, on the outskirts of Osmaniye, Turkey, on Tuesday.

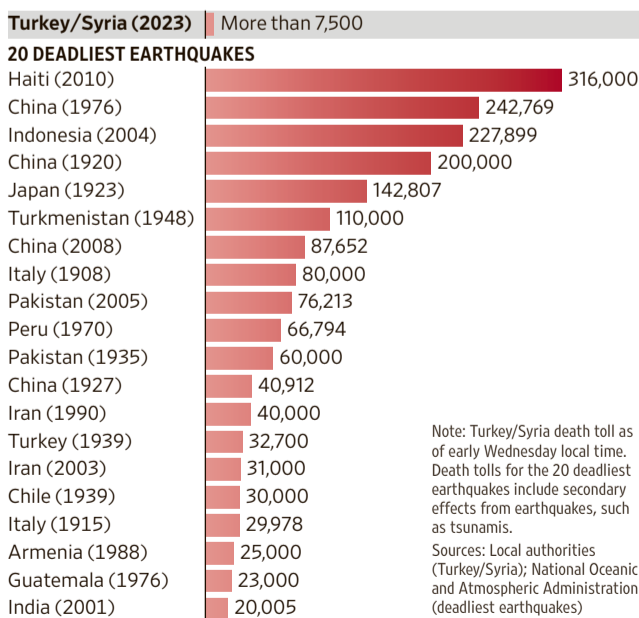
ish relief efforts. In Syria, more than a decade of civil conflict created divisions in authority that thwarted most services, with little help coming from President Bashar al-Assad's government in areas under rebel control.

"It's now a race against time. Every minute, every hour that passes, the chances of finding survivors alive diminishes," said Tedros Adhanom Ghebreyesus, director-general of the World Health Organization, which is dispatching three charter flights to Turkey and Syria with medical supplies from a logistics hub in Dubai.

Agriculture and Forestry Minister Vahit Kirisci of Turkey said search-and-rescue teams were struggling to reach victims, with airport runways too damaged to land, particularly in Hatay province, in Turkey's far south. "We took off from Ankara to go to Hatay, but we were forced to land in Adana and reach Hatay by road," he said at a news conference.

Dr. Ali Çerkezoğlu drove from Istanbul to Antakya, in Hatay province, with a group of doctors. He said upon arriving in Antakya, there were no visible search-and-rescue efforts under way. "Antakya is dead," he said. "Next to every collapsed building an acquaintance of mine is crying and

How the death toll of Turkey and north Syria's earthquakes compares with the deadliest earthquakes since 1900



Note: Turkey/Syria death toll as of early Wednesday local time. Death tolls for the 20 deadliest earthquakes include secondary effects from earthquakes, such as tsunamis.
Sources: Local authorities (Turkey/Syria); National Oceanic and Atmospheric Administration (deadliest earthquakes)

waiting for help to arrive."

Operations at the port of Iskenderun in southern Turkey were suspended and firefighters were fighting a blaze at the port on the Mediterranean Sea that was caused after containers smashed into each other as a result of the earthquakes.

"It was like a bulldozer hitting the building and the noise from the falling boxes was horrifying. The ceiling and walls fell but we got out," said Eymen Kaplan, a port worker.

"The fire spread fast with a lot of black smoke. I saw two containers exploding."

On Tuesday afternoon, the fire continued to rage. Vehicles, including buses and trucks carrying heavy construction equipment, jammed a highway leading toward nearby Antakya. An official from the Turkish Directorate of Maritime Affairs said Tuesday that progress was being made to douse the fire.

More than 70 countries have

offered aid. The U.S. Agency for International Development sent urban search-and-rescue teams from Virginia and California as part of a larger disaster response, said USAID chief Samantha Power.

Teams from Germany, Slovakia and Russia arrived in the southern city of Adana, which is turning into a logistics hub for international rescue efforts, and were fanning out to the worst hit areas, while victims from those areas were being sent to other cities and provinces, Vice President Fuat Oktay of Turkey said.

The first earthquake hit at 4:17 a.m. Monday across hundreds of miles near Turkey's border with Syria, wreaking destruction in the middle of a winter storm. At least 5,894 people died in Turkey, Mr. Oktay said, with more than 31,000 injured and more than 5,600 buildings collapsed. Search teams had rescued more than 8,000 people caught under debris.

—Thomas Grove, Rory Jones, Benoit Faucon, David Luhnow, Costas Paris and Aaron Boxerman contributed to this article.

Watch a Video



Scan this code to watch a video on the race to rescue quake survivors.

WORLD NEWS

Families Try to Find Loved Ones

Continued from Page One

lages across southern Turkey were contending with freezing temperatures and power outages as they sought to find the missing and keep themselves alive in the aftermath of two powerful quakes that struck Monday.

Nearly 6,000 people had been confirmed dead in Turkey as of late Tuesday, and tens of thousands more are injured. Across the border in Syria, around 1,500 people have been reported killed.

Snowfall and blocked roads were hindering rescue and relief efforts. On Tuesday, President Recep Tayyip Erdogan of Turkey declared a three-month state of emergency in affected areas, stressing that the quake was “the worst disaster for a century.”

The first quake struck Girne Street at 4:17 a.m. on Monday, residents said. In an instant, a quiet neighborhood of working-class Turks and Syrians perched on a hillside overlooking the Mediterranean was transformed into a wasteland of twisted and smoking ruins.

Across the street from Ms. Comart’s house, a floodlight illuminated another smashed building. Emergency workers had found the severed leg of a woman identified as a 38-year-old Syrian mother. They tried to recover the rest of her body.

Belen is part of Hatay province, about 140 miles from the epicenters of the 7.8- and 7.5-magnitude quakes.

Emre Dönel, a volunteer rescue worker who deployed to the area late Monday, said there were no official casualty numbers from Hatay and that the damage was so bad that search teams hadn’t reached many areas.

“We are racing against time,” Mr. Dönel said. “The number of crew and materials is not enough.”

The neighborhood around Girne Street is a microcosm of



Turkish workers search for people under rubble in the town of Belen. Below, Fatima Comart says she lost two of her three children.

Turkey’s and Syria’s shared border, which over the past decade has seen the world’s largest flows of refugees, as more than 10 million Syrians fled civil war at home. More than three million of them settled in the relative safety of Turkey.

Tens of thousands of Syrians moved to Hatay, living here in relative peace despite Turkey’s own turmoil, including an attempted coup and economic upheaval.

Monday’s earthquake was the undoing of that existence. It hit the heart of Turkey’s and Syria’s overlapping crises, visiting trauma upon millions of people who had endured a decade of turmoil.

In Turkey, it has shaken a country suffering from inflation and preparing for a presidential election in which the long-serving Mr. Erdogan is seeking re-election.

In Syria, the earthquake is another tragedy for a country pummeled by a decade of civil war that included a Russian aerial bombing campaign, chemical attacks by the government of President Bashar al-Assad and the brutality of



the extremist Islamic State.

The areas most affected are lacking almost every resource necessary to respond: hospitals, clinics, construction gear, first responders and other essential infrastructure. Rescue and aid workers in the region said they are overwhelmed.

Syrian refugees in Turkey have faced a recent surge in anti-immigrant sentiment, as more Turks bridle at their presence in a time of economic stress. Under pressure from political opponents who have

criticized his decision to offer Syrians a refuge in Turkey, Mr. Erdogan vowed last year to return as many as a million Syrians to their country in what he says is a voluntary program.

Human Rights Watch has said Turkish authorities detained and deported hundreds of Syrian men against their will last year.

“Today we have compounding crises throughout Syria,” said Natasha Hall, an expert on Syria at the Center for Strategic and International Studies

in Washington. “At one point Turkey was a refuge,” Ms. Hall said. “Today this natural disaster shows the cracks in the region.”

Just off Girne Street, behind Ms. Comart’s block, members of a Turkish family clung to one another. Two rescue workers in orange uniforms were embracing, in tears. On the ground beside them lay the body of a 17-year-old boy on a bare mattress covered in a white blanket.

One worker from Turkey’s disaster-response agency, a tall man with a lined face framed by gray stubble, stood in the street lighting a cigarette. His team had pulled the teenager from the rubble of a nearby building minutes earlier.

“We’ve been pulling people out of the rubble all day, and we’re going to keep working,” he said, walking toward the next destroyed building, two doors down.

His colleagues climbed into a pair of huge construction vehicles and began chipping away at a pancaked wedge of concrete and rebar as if performing surgery. A crowd formed

around the ruins of the building as the jackhammering began.

The building had been home to dozens of people from Turkish and Syrian families.

Hassan Muhammad Abdullah, 57, said he settled in Belen with his family after fleeing Syria in 2011. His son, a 40-year-old contractor, and his wife, a farmworker, had lived in the now-collapsed building with their son, a 5-year-old who had been born in Turkey.

The Abdullaha had fled the city of Hama, where hundreds of thousands of people had flooded the streets, calling for the removal of Mr. Assad, who sent in tanks and later laid siege to the city in order to crush the swelling rebellion against him, an opening salvo to the civil war that followed.

Now Mr. Abdullah stood on the street waiting for his daughter-in-law and grandchild to be retrieved from the rubble.

“It was just like in Hama. It reminded me of when they were dropping barrel bombs,” he said of the quake.

In the darkness and biting cold, rescue workers were shaving off more pieces of concrete and rebar. Across the street, neighbors and others warmed themselves around a fire of wood salvaged from the buildings—the shutters and cupboard doors of someone’s home.

A generator rumbled and a floodlight cast a beam into the maw of the rubble.

At last, the chipping and hammering revealed a pair of bare feet. The workers draped a blanket over the body. A family of three held one another, sobbing.

When Ms. Comart’s building collapsed, she, too, had been trapped for an hour until her husband had saved her using his car jack. Hours later she discovered her sons, their bodies embracing on a mattress covered in a blue sheet, she said. Nearby lay another child’s backpack, decorated with a picture of a unicorn, in the rubble.

“We’re looking for the children’s things,” she said. “Otherwise nothing is left from the house.”

—Nilufer Aygun contributed to this article.

Erdogan’s Disaster Response Looms Over Coming Election

BY JARED MALSIN AND JOE PARKINSON

ANTAKYA, Turkey—When a 1999 earthquake around Istanbul killed more than 17,000 people, the Turkish government’s stuttering and shambolic response opened the way for Recep Tayyip Erdogan, then the city’s young mayor, to rise to the prime minister’s office.

Now, Mr. Erdogan, the country’s long-serving leader, is challenged by another massive and deadly seismic disaster—this one just months before national elections in which he is seeking to stay in office.

Monday’s back-to-back earthquakes devastated a vast swath of southern Turkey, reducing parts of cities to rubble and leaving thousands stranded under collapsed homes, apartment blocks and malls. More than 300 aftershocks have rocked the region as a storm has brought snow and freezing temperatures.

On Tuesday, Mr. Erdogan ordered the deployment of a 55,000-strong search-and-rescue force and dispatched 5,000 doctors, nurses and other health workers. He also declared a three-month state of emergency in 10 affected areas, which would last until the presidential vote.

Opponents of Mr. Erdogan are criticizing the government response as too slow, saying Mr. Erdogan hasn’t done enough in recent years to prepare the quake-prone nation for a disaster of this magnitude and to build safer housing and more resilient infrastructure. “Have we progressed at all since the 1999 earthquake? Have we made any progress at all?” said Ozgur Demirtas, a prominent Turkish economist who is critical of the government, tweeted to his 4.7 million followers early Tuesday.

The stakes for Mr. Erdogan are high. He faces his most difficult re-election in years, as even some members of his conservative political base have turned against him during a currency crisis and re-



Turkish President Recep Tayyip Erdogan seeks re-election this year.

cord inflation that economists say are problems of his own making.

Since his latest presidential victory in 2018, his ruling Justice and Development Party, or AKP, has lost control of the country’s commercial and political capitals, Istanbul and Ankara, in municipal elections.

But Mr. Erdogan over the past year has seen his poll numbers improve as he played a high-profile role as an intermediary between Russia, Ukraine and the West follow-

The president’s opponents criticize the government’s actions as too slow.

ing the Kremlin’s invasion of its smaller neighbor.

Recent inflows of Russian money have helped the Turkish state’s finances. And Mr. Erdogan has boosted government spending, raised the minimum wage, increased civil servants’ salaries and expanded access to loans.

The collapse of an estimated 3,000 buildings from Monday’s earthquake will focus public attention elsewhere—on infrastructure, which Mr. Erdogan and the ruling AKP has made a centerpiece of their governing agenda, touting their building

of thousands of roads, bridges and airports.

This month, Mr. Erdogan gave a speech hailing his government’s \$200 billion in spending on transport and communications infrastructure that he said represented “a new leap forward to make our country one of the greatest political and economic powers in the world.”

In 2017, when opposition leader Kemal Kilicdaroglu led a 280-mile “justice march” around the country to protest thousands of arrests of civil servants and lawmakers, Mr. Erdogan’s deputy, Binali Yildirim, said: “We built the roads, now you toddle along them, enjoying them.”

Mr. Erdogan, who often dominates the Turkish airwaves, gave a short address to the nation on Monday then a press statement on Tuesday, leaving other officials including the vice president, health minister and interior minister to give updates on the country’s worst natural disaster in a generation.

Eurasia Group, a risk consultancy, said a strong response could lift Mr. Erdogan’s popularity at a moment of national crisis but cautioned that he could also use emergency powers to delay presidential elections.

“The disaster will limit the opposition’s room for criticizing Erdogan and force his rivals to support government efforts,” it said.

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FROM PAGE ONE

Shoe Isn't As Limited As Hoped

Continued from Page One
initial release. Suddenly the shoes were everywhere, which can be the kiss of death for collectors and die-hards who are trying to look different.

On a family trip to Disneyland in October, he counted 75 people wearing Panda Dunks.

"It's like when Facebook came out. At first it was just younger kids, and then all of a sudden your mom is on Facebook," he said of seeing his coveted shoes on everyone. "That's not as cool anymore."

The Panda Dunk, formally known as the Nike Dunk Low Retro White Black, is polarizing in the sneaker community. Fans have made them top sellers for

Nike and for resellers such as StockX LLC, eBay Inc. and Goat Group.

But that ubiquity, especially on social media, annoys other sneakerheads. "I'm sick of seeing it," said Anthony Treviso, who runs the sneaker information service SiteSupply, about the Panda Dunk. "How about you like something more interesting? There's no creativity."

The sneakers illustrate the primary conundrum of limited-edition items: Enough have to be available to become a mass-market phenomenon, while remaining rare enough to seem exclusive.

The Nike Dunk basketball shoe has been around for almost 40 years and is now one of the apparel maker's most popular lines. Dozens of variations get limited releases each year, including the Panda, which debuted in early 2021.

The Panda's frequent restocks were too much for Miami-based event producer Norma Moreno, who got a pair

when the model first came out but decided to give them away after they became too common.

The 32-year-old said the sales represented how streetwear culture has been watered down. "No one is showing that off," referring to the Panda Dunk, she said.

Even though some think the shoes have become overexposed, Panda Dunks keep selling out because they are still considered cool by the casual sneaker buyer, said Alabama-based sneaker content creator David Daniels, who goes by SneakerPhetish on social media. Celebrities wear them, and kids want to look like their idols. "The sneakers also have a reasonable price, and resellers are still able to make a profit," he said. "It's like the perfect storm," Mr. Daniels said.

The day before the most recent Panda Dunk restock on Jan. 19, U.S. soccer star Alex Morgan, who is currently sponsored by the sneaker giant, appeared on a GQ video talking



Panda Dunks

about her top 10 essentials. The No. 1 item was her pair of Panda Dunks.

The sneaker benefits from Nike's marketing machine, which has cultivated the idea among buyers that they have to be at an exact place at an exact time or come up empty-handed, said Piper Sandler research analyst Abbie Zvejnicks.

"You can't just go to any store and purchase the item," said Ms. Zvejnicks, who bought a pair of Panda Dunks last May on a resale platform. Shoppers enter virtual lines or raffles to get access to buy Nike's limited-edition sneakers.

Nike declined to comment on the retail supply of Panda Dunks.

During January's restock of the Panda Dunk, Nike made around 150,000 pairs available for sale, while holding about half a million pairs in the company's inventory, according to company documents reviewed by The Wall Street Journal.

Shoppers are often competing with resellers, many of which use automated software to find available goods and buy them in bulk to flip for a profit on resale sites.

Even with the multiple restocks, resellers said Panda Dunks consistently trade above their original retail price, said Cynthia Lee, vice president of merchandising at StockX. eBay and Goat said the Panda Dunk was their top-selling sneaker last year.

Sneaker resellers said they expected Nike to restock the Panda Dunk again this month and additional times after that.

That's unwelcome news in sneaker culture, where having a very limited pair of shoes gives individuals a way to

stand out. "You can lose that if you start seeing the sneaker everywhere," said Mr. Daniels, the sneaker content creator.

Some shoppers don't care what others think—they just want the sneakers. Francis Salamanca, a healthcare communications engineer in San Jose, Calif., tried to get a pair from Nike on Jan. 19 and said it was his fifth failed attempt since last summer.

The 31-year-old said he would be willing to pay about 30% over the retail price but hasn't been able to find a pair in that range. "It just makes me so upset," he said.

Mr. Salamanca dismissed the gibes of a cousin, who weeks earlier at a Christmas Day family event had made fun of another family member for wanting Panda Dunks, arguing there were so many better shoes. "If he had the opportunity or got lucky with a drop, he would swipe [his credit card] and get those Pandas so quick," Mr. Salamanca said.

Employers Pay More To Migrants

Continued from Page One
give service."

Mr. Reyes has raised wages and boosted benefits to retain staff, the vast majority of whom are migrants. As a Christmas bonus, he said he used to distribute free lunch certificates before the Covid-19 pandemic. Last December, he handed out cash bonuses ranging from \$250 to \$5,000 for "those in the kitchen who represent the soul of the restaurant."

The pool of migrants seeking employment in the U.S. includes those with and without valid work permits. Some migrants have crossed the border illegally and evaded capture, relying on underground networks of friends and relatives to find work. Many others have asked for asylum upon entering the country, triggering a multiyear court process that eventually allows them to get work permits—which result in higher wages—while they wait. Still others have been granted seasonal work visas, but employers say there aren't nearly enough of these visas to meet demand.

While no official statistics track the wages of immigrants in the country without authorization, economists say pay appears to be growing based on remittances to Latin America from the U.S. The World Bank estimates remittances to Latin America grew more than 9% in 2022 to \$142 billion.

"The difference is remarkable," said Josué Morillo, a Honduran migrant who crossed the border into the U.S. undetected two years ago. His first job upon arriving paid about \$13 an hour. He said he now makes \$18 an hour assembling shelves in warehouses in Florida. He also receives more benefits, including lodging, as job assignments take him to New York, New Jersey and Kansas. "It's a significant saving," he said.

Migrant construction laborers in the Washington area made on average \$120 a day before the pandemic. That has since risen more than 60% to about \$200 a day, said Lenin Cáliz, an Ecuadorian migrant who belongs to the United Workers of Washington D.C., which provides training and legal support and aims to ensure newly arrived migrants aren't paid below market rates. Hourly pay for all U.S. construction workers has risen about 15% since late 2019, according to the Labor Department.

When he arrived in the U.S. 15 years ago, Mr. Cáliz began working as a helper for other construction workers. He now has work authorization, and specializes in electrical and remodeling work, owns a pickup truck loaded with construction tools and hires other migrants for jobs that he hands through his own webpage.

"It's very important that newcomers avoid offering their services at a much lower price to prevent a broader drop in wages," Mr. Cáliz said.

Freddie Morón, a Venezuelan cook who landed a construction job soon after arriving in Washington in September, said his income has improved as he found better jobs. Contractors were looking for laborers in construction, electrical or plumbing work, paying about \$150 a day, he said.

Mr. Morón then moved to Pittsburgh, where he has a



Lenin Cáliz, from Ecuador, said migrant construction laborers in the Washington, D.C., area made on average \$120 a day before the pandemic but now make about \$200 a day.

steady job painting houses for about \$170 a day. This allows him to send at least \$300 a month to his wife and children in Venezuela.

Surge at the border

A record 2.2 million migrants were apprehended at the southern border in fiscal year 2022, which ended Sept. 30, mostly from Mexico, Central America, Cuba and Venezuela. The Biden administration has extended several border-control measures, including a pandemic-era one known as Title 42 used to rapidly expel migrants. Congress continues to debate border security policies.

The increased pay and availability of jobs are among the reasons the U.S. is struggling to deter migrants at the border. Migration fell sharply at the start of the pandemic because of mobility restrictions and a slowdown in U.S. visa processing, but as the U.S. economy reopened, border crossings surged.

Meanwhile, deteriorating conditions across Latin America and political repression in countries such as Cuba and Nicaragua have fueled the migration of hundreds of thousands of people.

Since late 2020, roughly 2.6 million migrants have been allowed to remain in the U.S. after entering illegally while they pursue asylum claims. After about a year, they received So-

cial Security numbers and work permits that are valid until their immigration cases are resolved, which can take five years or more.

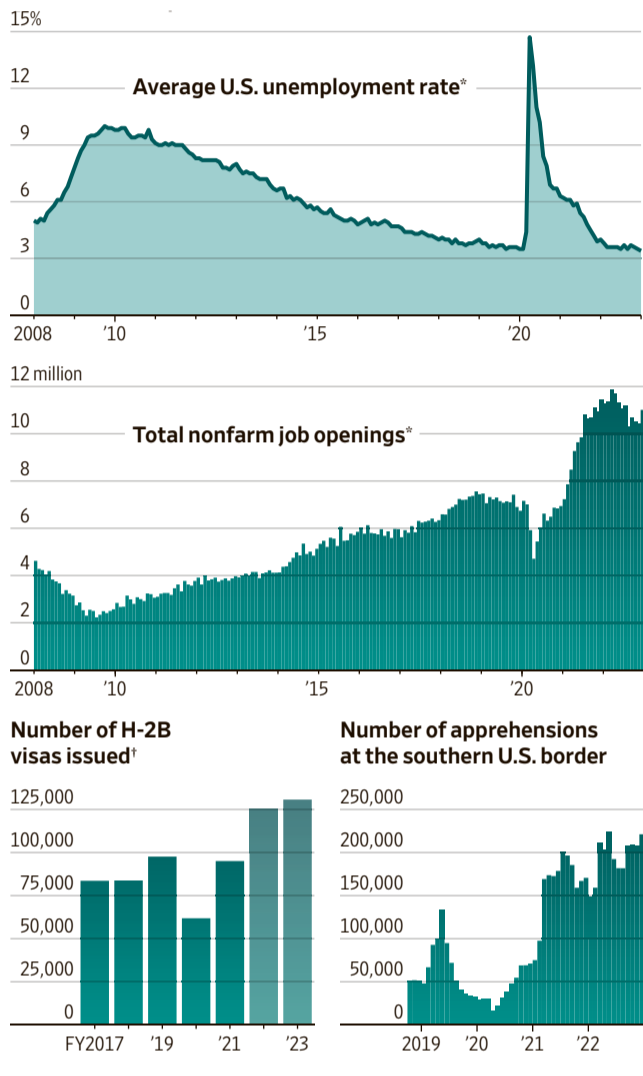
The Biden administration has also vastly expanded a program known as Temporary Protected Status, which protects people from countries destabilized by wars or natural disasters from being deported, and gives them work permits. The administration has granted such protection to more than 700,000 immigrants already in the country illegally, primarily from Venezuela and Haiti, according to an analysis by the Migration Policy Institute.

The flow of job seekers is helped along by an informal network on social media matching them with potential employers. As a result, many migrants know a job is waiting for them in the U.S. before they leave home.

On Facebook, Maya communities in Mexico's Yucatán Peninsula get job alerts from relatives on the U.S. West Coast, such as one recent post: "Cleaning staff wanted, pay is \$16 to \$18 per hour. Schedules vary."

Guatemalans share Facebook postings and TikTok videos where openings are advertised. "Urgent. We need staff to work in the U.S. in Christmas berry packing. We need Guatemalans willing to work and be very responsible," said one.

In August, a 51-year-old sales agent from Colombia arrived on



*Seasonally adjusted. †FY2022 is an estimate based on monthly visas issued. FY2023 forecast represents the cap set by the Department of Homeland Security. Fiscal year ends Sept. 30. Sources: Labor Department via St. Louis Fed (unemployment rate, job openings); Department of State, Migration Policy Institute (visas); U.S. Customs and Border Protection (apprehensions)

a U.S. tourist visa, which is valid for up to six months and doesn't allow working, after losing her job at a dental care supply company during the pandemic. At home, she had a \$100,000 bank loan to pay off for a property she and her husband bought in a tourist area of Colombia. With no income, she already owed about \$35,000 in back payments.

Migrant workers are often being paid as well as American counterparts.

For months, she had studied Facebook groups of migrant workers in the U.S. and touched base with Colombian acquaintances who told her there were job opportunities in the New York City suburbs.

"I arrived in New York at 2 p.m., and at 4 p.m. I already had a job making sandwiches at a deli in Port Washington," she said. That job paid \$15 an hour, enough to rent the laundry room of a house to sleep in.

Now, the woman said she earns between \$900 and \$1,300 a week in cash working in restaurant kitchens, caring for the elderly and cleaning houses. In Colombia, when she had a job, it would take a month to earn what she makes in a week in

the U.S. She rests only on Saturday mornings.

"My goal is to pay off all the debt, raise money to build a house and two cabins to rent in Colombia, and be in the U.S. for a maximum of five years," she said.

Sergio Valderrama, a Venezuelan migrant who crossed the Rio Grande last year and surrendered to U.S. Border Patrol agents to request asylum, didn't yet have work papers but found a job at a tomato-processing plant just days after moving to Tennessee, where he earned around \$13 an hour. He now lives in Virginia, earning up to \$15 an hour at a vegetable-processing plant. As a waiter in Ecuador, he had been making less than \$2.50 an hour, so for the first time in many years he was able to send money to his wife in Venezuela to buy school supplies for his five children.

"In Ecuador it was difficult to save money, you ended up not giving supplies to one of the children so we could meet the needs of the others," he said.

Supply and demand

The Federal Reserve has raised interest rates sharply in an effort to cool the economy and push down inflation, which last year reached a four-decade high. Many economists predict that will push up unemployment and trigger a recession, cooling demand for labor in sectors such as construction, which

relies heavily on migrant workers.

Many employers know that given the heightened risk of recession, the workers they hire today may not be needed tomorrow. But for now, many are more preoccupied with the opposite problem: labor shortages that hurt sales, investment and growth.

Employers who hire people without work permits run legal risks. The Biden administration announced it would focus its crackdown efforts on such employers, a shift from the emphasis of the Trump administration, which often arrested and deported the workers themselves.

Migrant workers acquire Social Security numbers with their work permits, and some buy false ones. In those cases, their employer pays and withholds taxes. Many workers in the country illegally also voluntarily pay taxes, in the hope that will help their immigration cases later on.

The U.S. has increased the number of H-2B visas, which allow employers to hire low-wage foreign workers for seasonal positions, in recent years because of the shortage of workers, but the numbers are still vastly below the demand by employers.

"Any American who goes to a restaurant sees the real problem that we are having with staffing," said Gray Delany, executive director of the Seasonal Employment Alliance, a U.S. trade group that advocates for the H-2B program.

The visas are often used by landscapers, fisheries, holiday resorts or county fairs to fill seasonal positions that Americans won't take at the salaries being offered. Demand by employers for the visas in the program routinely outstrips supply, an indication that firms are desperate for labor, said Michael Clemens, professor of economics at George Mason University. The H-2B visas are granted through a lottery system.

Congress sets the number of visas available—for fiscal year 2023, the total limit is roughly 130,000. A portion of this year's total has already been distributed for the winter season, leaving fewer than 80,000 visas available for the summer, government data show. Yet employers have already requested 142,000 for the warm-weather season.

"We are throwing dice to get these workers," said Dave King, the owner of Lake George RV Park campsite in Queensbury, N.Y. The 180-acre outdoor resort applied for six landscaping H-2B workers last year.

Mr. King eventually received certification for six workers, but approval came too late, on July 15, to be fully useful. He didn't fill two of the positions because he had to cancel projects that couldn't be started so late in the season. The resort is facing the same problem this season.

"We have never faced greater challenges in filling our seasonal staff vacancies than now," said Mr. King, whose family-run business, with about \$6 million in annual revenue, has been in operation for almost six decades.

Mr. King has more than \$1.5 million in reserve for expansion and equipment purchases, but can't find the workers to develop projects, such as a large playground with slides and rubberized surfaces for children, or use the equipment that would be purchased.

"This is our 57th season, and I'm unsure at this point how much longer we can hold on until a permanent fix to this problem is found," he said.



Staff at Washington restaurant Lauriol Plaza, where owner Luis Reyes said he has had a hard time filling jobs. A shortage of cooks and dishwashers prompted him to distribute fliers in migrant neighborhoods, and he has raised wages and benefits to retain workers.

TING SHEN FOR THE WALL STREET JOURNAL (2)



BONDS ELIZABETH BERNSTEIN

One recent evening, Maria Jackson and her long-term partner, Bill Turner, made dinner, watched TV in front of the fire, then took a

soak in a hot tub. Before bed, Ms. Jackson put on a black silk nightie and cuddled up to Dr. Turner, who complimented her on how great she looked.

Then he rolled over and went to sleep.

"I was really disappointed," says Ms. Jackson, 57 years old, a business consultant in Virginia Beach, Va.

It can be hard to get sex started, especially now.

Even couples who still desire each other may fall out of sync or miscommunicate about when to be intimate. After all, we're stressed and exhausted from the pace of postpandemic life. When we finally fall into bed at night, that arm reaching out for us can sometimes feel like another task on our to-do list.

That is, if we even get the hint.

Sex therapists say that the act of initiating sex can be hard for long-term couples because it's easy to miss each other's cues. You may think that the foot rub you're giving your partner is an obvious hint that you're ready for sex; she may be thrilled just to get off her feet.

This leaves plenty of opportunity for hurt feelings. Partners may feel rejected or take it personally if their overtures are rebuffed. They may be less likely to initiate again.

"Rejection can build over time until it's harder and harder to push through," says Kristen Mark, a professor of sexual health at the University of Minnesota Medical School.

Research shows that heterosexual men are about twice as likely as heterosexual women to initiate sex with a partner: 50% of heterosexual men said that they "often" or "always" are the sexual starters, compared with 28% of heterosexual women, according to studies conducted by social psychologist and Kinsey Institute research fellow Justin Lehmiller and published in his 2018 book, "Tell Me What You Want."

Yet people behave differently in their fantasies, Dr. Lehmiller found. Heterosexual women fantasize about initiating sex more than they do in real life, while heterosexual men fantasize about initiating it less. (The research found no gap between fantasy and reality for gay and bisexual people.)

Many relationships start off hot and heavy, so couples who struggle with initiating sex are often surprised, psychologists say. But that level of urgent desire typically fades over time.

"Sex doesn't always happen naturally. There are times when you need to put a little effort into it," says Jessa Zimmerman, a certified sex therapist in Seattle.

Right Mood, Wrong Time?

Couples who still desire each other can miscommunicate about when to have sex. Here's how to get back in sync.

How can you initiate sex better? Here is some advice from the experts.

Start with a chat.

Begin with a compliment, reassuring your partner that you still find him or her attractive and enjoy it when you have sex.

Ask about any roadblocks. Is your partner experiencing a sexual difficulty, or too stressed to feel

desire? Does he or she want something different?

Initiate early.

For many people, initiating sex means expressing that they want to have sex *right now*. But it may not be easy for your partner to rev up quickly.

Start your approach earlier in the day or the week, Dr. Lehmiller says. Send a sexy text. Plan a romantic dinner. Take out the damn garbage.

"This gives arousal and anticipation a chance to build," Dr. Lehmiller says.

Schedule time for intimacy.

Setting aside time for sex will help ensure that it happens and cut down on miscommunication.

To be clear, you're not scheduling intercourse. You're scheduling time to be physical. Start with cuddling and go from there, with no expectations. Take your time.

Many people think sex is an all-or-nothing endeavor—that if their partner initiates they need to go all the way, says Ms. Zimmerman. That can make it seem like work if they're not in the mood.

She recommends that couples treat sex like a trip to the playground. "You don't have to go down the slide; there are other fun things to do," she says. "It's the outing that counts."

Know your partner.

Some people are turned on by touch, others by words or something visual. You'll have better luck

if you pay attention to what's worked for you and your partner in the past.

Don't take 'no' personally.

Everyone has a right to reject a partner's sexual advances. And it can mean no for now, not always.

If you're the one saying no, deliver the news with a little reassurance, Dr. Mark says. Offer an alternative time or activity.

Try this: "I'm just so wiped out tonight, honey. Can we cuddle instead, and plan a good romp for the weekend?"

The day after Dr.

Turner missed Ms. Jackson's black-nightie cue, she asked him if something was wrong. He explained that he had been tired from work, and maybe a little oblivious.

"I didn't pick up that she was wearing that to bed to be sexy," says the 63-year-old dentist, who lives in Craddockville, Va. "I thought she just wanted to be comfortable."

The couple decided to talk. Ms. Jackson told Dr. Turner that she enjoys it when he initiates sex but is sometimes hesitant to do so herself. He assured her that she shouldn't take it personally if he isn't in the mood; he's just tired, worried about work, or "clueless."

They talked about what worked for them in the past and decided to stick with it: Initiate early to give each partner time to get in the mood. Try different times of day. And, for heaven's sake: Be direct.

"We agreed that we need to just come right out and tell it like it is," says Ms. Jackson. "I'm ready, honey. Let's have sex tonight."

D.C., New York Now Tech-Job Hot Spots

By LINDSAY ELLIS
AND KAILYN RHONE

The hottest job markets for software developers and programmers now are thousands of miles from San Francisco and Silicon Valley.

Washington, D.C., and New York have more job openings for software developers than those California markets do, as nontechnology companies load up on engineering talent while startups and tech behemoths cut back.

There were 2,369 software-engineering job postings in the San Francisco metro area and 2,084 around San Jose, Calif., which includes Silicon Valley, at the end of last year. Some 3,815 jobs were posted in the Washington, D.C., region and 3,325 in the New York metro area at that time, according to an analysis of listings by Vertis AI Inc., a workplace-data company.

Job postings for software engineers in both San Francisco and San Jose reached a peak in the first half of 2022 and have declined substantially since, according to Vertis.

Tech companies cut more than 150,000 jobs last year, with many layoffs happening in San Francisco and Silicon Valley, home to Facebook parent Meta Platforms Inc. and Google parent Alphabet Inc. Tech recruiters are now urging

startups aren't going to be able to offer candidates that stability."

Rashi Srivastava, 27 years old, saw many software-engineering positions in the Bay Area when job hunting last year as she pursued her master's degree in software en-

I get a new job, I don't know where that will be."

Sam Hocking, Vertis's co-founder, said that positions around the nation's capital for software engineers outnumbered those in every other metro area that Vertis analyzed. (Vertis analyzed employment data collected by Lightcast, a labor-market analytics company.)

Mr. Hocking attributes some of the demand on the East Coast to financial institutions wanting to hire their own technology talent, instead of contracting it out, as well as major corporations' expansion to Washington, D.C.

"Companies are realizing they need to have more of this capability in-house," he said.

Handshake, a job site for entry-level workers, has tracked similar trends. The firm's data show that nontech industries such as government, construction and finance posted more software- and computer-engineering jobs in 2022 than the year prior, even as there were fewer such jobs across the board. A survey of laid-off tech workers conducted by Andiamo found twice as many technology workers moving to New York from San Francisco than there were those leaving New York for other regions.

Pay for software jobs is highest in San Francisco and San Jose, though Los Angeles and New York show high pay, too, according to an analy-

sis by Motion Recruitment Partners LLC. Cities with lower pay include Charlotte, N.C., and Philadelphia.

Some companies are building East Coast hubs after many workers left the Bay Area during the pandemic.

Palantir Technologies Inc., the software company co-founded by Peter Thiel, has expanded East Coast hiring in recent years as its commercial and government business grew, said Margaret York, head of talent acquisition.

The company has about 750 engineers in New York, 400 in Washington, D.C., and 200 in Palo Alto, Calif., Ms. York said. For some positions, workers can choose among offices, and young people are selecting East Coast locations, she added.

"These are vibrant, magnetic places to make your career, if you're a young person, or if you're an adult, building your family," she said.

Last year, Jeff Martin, 35, applied mostly to companies that he had never heard of before—rather than tech giants—as he sought a job as a software engineer. He wanted to stay near Washington, D.C., where his family lives and where he and his wife had recently bought their first house. Their daughter was born there in May.

In January, he started a software-engineering position at Vistar Media Inc., which provides advertising technology. Most of the firm's engineering talent is based in Philadelphia, he said, and he is working remotely.

"The vast majority of places I applied to were not the usual suspects in the tech industry," he said. "It seemed like companies who you wouldn't think of as tech companies were hiring tech talent."



Metro Center in Washington, D.C. Software-engineering talent is in demand in the area.

workers to consider jobs in other industries—such as banks, telecommunications firms and retailers. They say those firms can offer career growth and security, even if there aren't stock options or Valley-style perks such as cold brew on tap at the office.

"Those companies exist in New York, they exist in D.C., they exist in the secondary tech hubs," said Patrick McAdams, chief executive of staffing and recruiting company Andiamo Consulting LLC. "Certainly startups are going to be able to compete, but

Eventually, she took a job with social-media analytics firm Dataminr Inc. in New York.

She said she was laid off in January and is looking for a job again. This time, she said the roles matching her criteria seem increasingly to be based in smaller cities or in New York, not San Francisco or Seattle.

Ms. Srivastava would prefer to stay in New York, though her priority is to land at a company that will sponsor her visa.

"I like it here," she said. "It's hard now, because it feels like whenever

PERSONAL JOURNAL.

Microsoft's Bing Gets AI, And It's Really Smart

Take an early look at the software's new ChatGPT-like powers



PERSONAL TECHNOLOGY
JOANNA STERN

*Why did Bono stop using Bing?
Because...he still hasn't found what he's looking for.*

Everybody knows: If you want to tell a good tech joke, just incorporate Bing. Yet Microsoft's search engine might not be a punchline much longer. The company is releasing a version powered with AI, and it's smart—really smart.

At least that's my take after spending some time testing it out.

Leaning on its multiyear, multibillion-dollar partnership with the buzzy startup OpenAI, Microsoft is incorporating a ChatGPT-like bot front and center on the Bing home page. You can ask it questions—even about recent news events—and it will respond in sentences that seem like they were written by a human. It even uses emojis.

Microsoft is also adding AI features to my favorite browser, Edge. (Seriously.) The tools can summarize webpages and assist with writing emails and social-media posts.

"We are grounded in the fact that Google dominates this [search] space," Microsoft Chief Executive Satya Nadella told me in an interview. "A new race is starting with a completely new platform technology. I'm excited for users to have a choice finally."

Google—which holds 93% of the global search engine market share, according to analytics company StatCounter—is on Microsoft's heels. On Monday, the search company said it is working on Bard, a similar

chat tool that generates responses from web-based information.

Microsoft's new Bing and Edge became available in a limited preview Tuesday. You have to sign up on [bing.com](https://www.bing.com) for the preview wait list, and once you are in, you'll have to use the Edge browser (available for Windows and MacOS). Microsoft plans to bring it to other web browsers over time.

It's far too early to call a winner in this AI search race. But after seeing the new Bing in action, I can confidently say this: A big change is coming to how we get information and how we interact with our computers.

Bing with chat

Bye-bye, long skinny search bar. Hello, big search box that invites you to "Ask Me Anything."



The new Edge browser has a Compose tab for generating text and customizing writing. You can select the tone, length and format.

I asked: "Can you recap the biggest winners of the 2023 Grammys?" The results page gave me the usual answers on the left. But the bigger trick? On the right, Bing's chatbot typed out the answer, with a bulleted list of winners and a mention of Beyoncé's most-Grammys-ever record. The answer also contained clickable citations, noting the source of the listed information.

I followed up: "Do you know if Beyoncé is touring?" Bing's chatbot told me plainly that the North American leg of the Renaissance Tour starts in July. The information appears to be accurate—at least, according to Google.

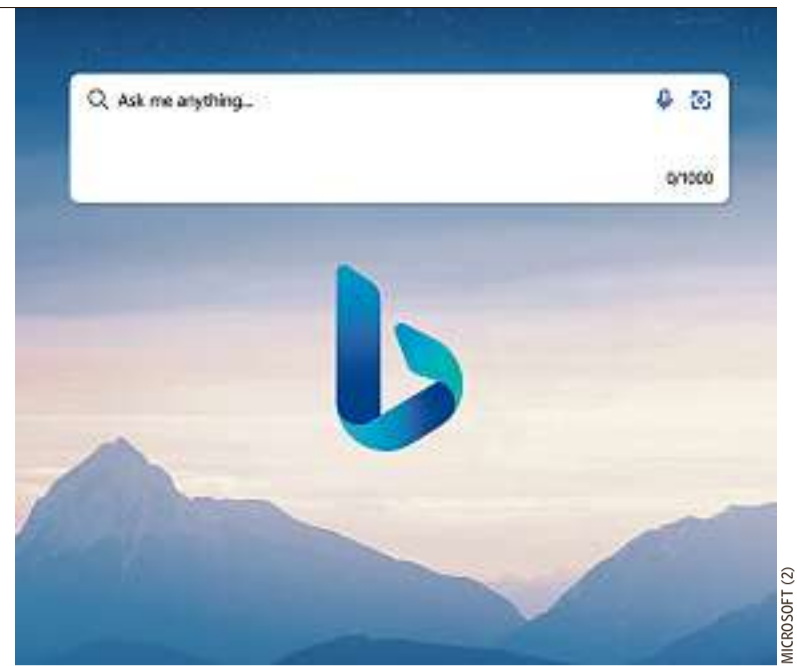
I asked Bing if it would buy me a ticket. It apologized and said it didn't have money. "I'm just a chat mode of Bing search," it said, "not an assistant."

Impressive, yes, but also slower than a typical search. It took the AI about a minute to type out the Grammy winners. There is a "Stop Responding" button if you don't want to wait for the bot to finish. You can adjust your query for brevity, asking it to "limit your answer to 100 words."

The new Bing is based on an improved OpenAI model that's more accurate and relevant than what's currently in its ChatGPT software. More important, it now has Bing's vast knowledge of the world and internet.

Still, it won't get everything right, Yusuf Mehdi, Microsoft's corporate vice president for consumer marketing, told me. The system is programmed to set expectations with phrases like "This is not a definitive answer."

I tried lots of other queries. To prep for my interview, I asked: "In the voice of Joanna Stern, generate a list of questions to ask Satya Nadella about AI." While the system didn't quite nail my voice, it



The new Bing home page has a search box for long queries to the chatbot.

generated some decent questions.

"With pretty much all computer interaction going forward, you'll start with a draft," Mr. Nadella said. "That doesn't mean you don't get to inspect the draft, approve the draft and redefine or edit the draft."

It's true. I have actually started to use ChatGPT to help jump-start ideas for interview questions, emails, columns and video scripts.

A big change is coming to how we get information and how we interact with our computers.

Edge with AI

As a devout Microsoft Edge browser user, I am excited about the new Bing button in the upper-right corner. It launches a panel of AI tools for the web.

If I were reading this very column online, I could tell the bot to "summarize this article for me in five bullet points." Yes, rendering my beautiful words wasted. In one recorded demo I saw, the tool boiled down a five-page earnings report to a few bullets.

In the panel's Compose tab, you can tell it to write whatever you wish—an email to your boss, a Facebook post, an answer on a job application. You can select the tone

(enthusiastic, professional, funny, etc.), length (short, medium, long) and format (paragraph, email, blog post, bulleted list).

The system has guardrails in place to prevent hate speech and other harmful content, Mr. Nadella said, adding that Microsoft has prioritized AI responsibility and safety.

Similar AI tools are headed for Microsoft Office, Mr. Nadella said, but he wouldn't say when.

What this means is that OpenAI's little project, which only launched publicly around Thanksgiving, will soon appear in some of the world's most popular software programs. Students will be able to generate drafts of essays and professionals will be able to save hours writing memos and brainstorming presentations, all using a few simple prompts. (Software programmers can already use AI to generate code using Microsoft's GitHub Copilot.)

Mr. Nadella said he thinks this is a positive step forward, not a sign that machines will soon put us all out of business.

"This is going to help us do our jobs better, reduce some of the drudgery," he said. "I think we need a productivity boost."

At the very least, we'll get back some of the time we spent on old Bing...trying to find what we were looking for.

◆ Microsoft adds ChatGPT AI technology to search engine..... B1


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MY RIDE | A.J. BAIME

A Lifelong Love for the '55 Chevy

He rode home in one as a newborn, and the rest is history



David Graves with his 1955 Chevrolet Bel Air, near his home outside Dallas.

David Graves, 66, a retired oil-field services facility manager living outside Dallas, on his 1955 Chevrolet Bel Air, as told to A.J. Baime.

IN MAY OF 1955, my father, Hugh, bought a new 1955 Chevrolet, and when I was born, this was the car in which I came home from the hospital. Something must have happened during that car ride, because I have been a fan of the 1955 Chevrolet ever since.

In 1976, I bought my first 1955 Chevrolet Bel Air. I drove that car in college and after. I drove it all over the Southwest and to New England and back. Between the mountains of Colorado and the Appalachian Mountains in the Northeast, that old '55 has taken me to a lot of places.

This car was a milestone breakthrough for General Motors, the first year of what we call the Tri-Five Chevros—starting with 1955 and culminating in the famous 1957 Chevy. The car introduced a new Chevrolet small-block V-8 engine. People loved to drag race this car, and I love drag racing. I love the styling of the car. But this is not just a story about my love for these vehicles, it's

also about how bad your luck can be sometimes.

Around 1982, I got to the point where I wanted a nice paint job on my 1955 Chevrolet. I took it to a paint shop and we started working on it. Then there was a fire in the shop that made a crispy critter out of my car.

I brought it home and started all over again. I decided to turn it into a show



car. I took the frame off and had it painted. I worked on the car for about 10 years. It was almost done when I took it to an upholstery shop. Then the upholstery shop caught fire and my car burned up a second time. It was quite a blow! Now I am rebuilding this car again. I have owned it for over 45 years and I am turning it into a drag-racing car. It is not done yet.

About a year ago, a friend I have known for 40 years decided he wanted to sell his 1955 Chevrolet Bel Air. It had seen a very high-level restoration and it looked just like it did when it left the factory. It had its original 265-cubic-inch small block V-8 and had been restored with NOS parts. [New old stock, meaning period-correct parts that were still unused.] I had not had much luck restoring my car, so I bought this one.

Now I take the car to shows and club events. (I am president of a local Tri-Five Chevy club that I helped found, back in 1976.) It's just such an enjoyable thing to drive out into the country in an original Chevrolet that takes you back to the mid-1950s, when the world was a lot different—a magical time for automobiles.

Like me, my son Chris has a 1955 Chevrolet; he has owned his for 10 or 15 years. So from my dad to me to my son, the 1955 Chevrolet has been a cornerstone of our car hobby for three generations. My grandson Levi is 10 months old, and we are hoping he will pick up the habit too. I love the family connection. It's in the blood.

ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

Shania Twain Chases the Pop Charts

On her first album since 2017, the superstar singer shows little of the ambition and verve that made her distinctive

Shania Twain's astonishingly successful run in the late '90s and early '00s was impossible to miss while it was going on—she played the Super Bowl in 2003, and hits like 1998's "You're Still the One" and "From This Moment On" were ubiquitous on the radio—and the era had tremendous influence on both the pop and country worlds in the years since. In early 1993, when she released her self-titled debut album, Ms. Twain was a promising but obscure singer who grew up poor in Timmins, Ontario. Later that year, she connected with producer and future husband Robert "Mutt" Lange, who had polished just enough rough edges from hard-rock acts like AC/DC and Def Leppard to turn them into chart-toppers. Together, Ms. Twain and Mr. Lange crafted three releases that served as a roadmap for how country hits could be leveraged into pop superstardom. Future artists who loved the

The latest from the early-aughts phenom mostly offers generic, overproduced pop tunes.

storytelling and intimacy of the genre but had an eye for crossover success—most notably Taylor Swift, who has cited Ms. Twain as an inspiration—took note.

This world-conquering period turned out to be relatively short-lived—Ms. Twain battled Lyme disease and a related illness that affected her singing, and she and Mr. Lange split in 2008. Her 2002 album, "Up!", released in three different mixes aimed at pop, country and global audiences, would be her last studio LP for 15 years, until 2017's so-so "Now." After another long hiatus, she returns with her sixth full-length record, "Queen of Me" (Republic), out now.

The new set has touches of country here and there—mostly the occasional presence of acoustic guitars—but Ms. Twain seems most interested in crafting tracks that can compete with upbeat contemporary pop. One innovation she managed with Mr. Lange was to embrace structures that blended mechanized rhythms with rootsy



songwriting. Here, the computerized sheen that characterized her music during her heyday is greatly amplified. We hear this right out of the gate with "Giddy Up!," a punchy country-inflected number about feeling good and embracing life, whose arrangement manages to sound both minimal and overstuffed at the same time. Every string on the acoustic guitar is processed to within an inch of its

life and every note is loud and in your face—the overall effect is grating rather than exhilarating.

Unfortunately, "Giddy Up!" hints at the blandness to come on the rest of the LP. Though Ms. Twain had a hand in writing all these songs, most sound like they were pulled off the rack, and could, with a modification or two, be sung by any number of current pop singers. The third cut, "Wak-



ing Up Dreaming," is one of a few examples. In her best work, she delivered lyrics with a mischievous

'Queen of Me,' the new record by Shania Twain, is out now.

wink. Here, it seems as if she's stepped into a pre-existing track, with words that don't connect to her persona as music legend ("So let's start wakin' up dreamin' / And dress up crazy like superstars / There ain't no shakin' this feelin' / Tonight, we're makin' our way to Mars").

Other tracks that want to be breezy and reflective come across as awkward. And they're packed with the kind of vague yet pushy self-help affirmations that mar so much recent chart fodder. The dull "Best Friend" is one of several numbers where Ms. Twain adopts the vowel-stretching phrasing popularized by Lorde. "Inhale/Exhale AIR" is a meditation on air itself—"Taste it, don't waste it / Take it all in while you can / Sail it, fly it / Skydive it while you've got the chance"—while the lightly percolating "Number One" is so generic it sounds as if it were written using artificial intelligence. Far too often, the songs land on the most hackneyed choice. See the hook of the glamorous and Lady Gaga-like "Pretty Liar"—yes, it includes the phrase "pants are on fire."

There are a handful of exceptions, where elements snap together into something so forceful and catchy it can't be denied. The title track, with an appealingly bawdy stomp to it that brings to mind the force and charisma of an early hit such as "Man! I Feel Like a Woman!," is a prime example. And "Got It Good," which smashes a countrified acoustic strum into a disco bassline, is hard to resist.

But these moments are few on "Queen of Me," an album that tries too hard to be liked. Sonically and thematically, it makes only the most obvious moves, which means it runs counter to what made us notice Ms. Twain in the first place. So much about her career, from her unconventional voice to her ambition to her willingness to experiment, stood out because it was distinctive and hers alone. But this record sounds like it could have come from anyone, and it will be easy to lose in the shuffle.

Mr. Richardson is the Journal's rock and pop music critic. Follow him on Twitter @MarkRichardson.

TELEVISION REVIEW | JOHN ANDERSON

A Long Con on College Students

There aren't a lot of questions left about the past—or future—of Lawrence Ray: On Jan. 20, the 63-year-old was sentenced to 60 years in prison for extortion, racketeering, sex trafficking and other offenses. The U.S. attorney termed him a "monster." After watching Hulu's "Stolen Youth: Inside the Cult at Sarah Lawrence," a viewer might think the prosecutor was being generous.

But there is a puzzlement addressed by director Zach Heinzerling's three-part docu-series, and it is the same one that has hovered over the case ever since it became news—how did it all happen? How did a then-50-year-old con man move into his daughter's communal apartment at the prestigious Sarah Lawrence College in Bronxville, N.Y., brainwash her roommates and create a cult-like situation that would persist for almost 10 years? How did the victims allow it to happen?

This is where "Stolen Youth" gets tricky—and absorbing and salutary—and becomes something other than the regurgitation of the sordid, sensational and expansively scandalous. At a time when playing the victim is a courtier, what distinguishes the interviews with Ray's targets is their chagrin, shame and

wonderment, even now, that they could have been taken in by a manipulative sociopath, one who had a nose for weakness and a perverse appetite for power.

They admit they were in a cult, though one of the more valuable points made by Mr. Heinzerling's series is that when you are in a cult you don't necessarily know it.

The group of roommates, who had become close during their freshman year in 2009, decided to live together, lucking into residential housing in a complex called Slonim Woods, which lay on the periphery of the campus and was thus relatively private and free from the hassle of noise complaints or intrusions by school security. (Sarah Lawrence



Lawrence Ray, above, and Isabella, one of the victims, below

says it never received complaints about Ray's almost constant presence, hence its lack of action.)

Ray's daughter, Talia, brought her father into the house with the plea that he'd just been released from prison and the young people interviewed—who do not include Talia—admit to being seduced by Ray's stories, his fictitious résumé and a philosophy of life he called "Quest for Potential." A few of the roommates were appalled from the outset—a friend named Raven says she knew Ray was malignant from the get-go and broke away from the group. (Their full names are a matter of public record—roommate Daniel Barban Levin has written a memoir about the case titled "Slonim Woods 9"—but

Mr. Heinzerling uses first names only throughout.) Others were more susceptible, it's clear, and surrendered their good sense and self-confidence even as Ray's tactics became more cruel and exploitative.

How bad was it? Much of what went on in the case would be hard to believe if not for the cascade of footage that "Stolen Youth" has at its disposal—Ray apparently recorded everything he could, in order to defend himself later; the effect is quite the opposite. At the same time, Mr. Heinzerling exercises an unexpected delicacy regarding the abuses his subjects suffered: What came out at trial sounds considerably worse than what comes out in the film, the director perhaps unwilling to retraumatize his subjects. What we get from the narrative is tough enough without embellishment, or belaboring. But by taking such care not to sensationalize what he has, Mr. Heinzerling presents a sometimes dryly formal account of what happened, the accompanying danger being that many of Ray's crimes could be seen as adults simply making bad choices or

exercising bad judgment.

Step back, however, and the story is rife with coercion, violence and lunacy. Ray's conspiracy theories involving Bernard Kerik, the disgraced former New York police commissioner, are framed as just one example of his manipulative paranoia. (Mr. Kerik appears in the series, acknowledges that the two men were once close friends, but says that in light of Ray's subsequent crimes he clearly really knew nothing about him.) Ray convinced several of the students who were still in school to live with him in an Upper East Side

apartment that wasn't his. Keep a running tab of the "damage" they inflicted on his belongings and billed them accordingly; one young woman became an escort so she could pay him back, we're told.

That Ray's "followers," if you can call them that, were in a state of madness is something they concede; two are interviewed after his arrest and appear still to be in thrall to him. What were Ray's motives? Unclear. "That's what drove me crazy," says Raven. "I couldn't see what he was getting out of it." Others were too blinded to ask. "He gave me no reason to question his good intentions," says Santos, who brought his two sisters into Ray's sphere of influence, saw his entire family nearly destroyed and spends much of his time being interviewed with his head hanging down toward the floor.

Stolen Youth: Inside the Cult at Sarah Lawrence
Thursday, Hulu

Mr. Anderson is the Journal's television critic.



SPORTS

By ANDREW BEATON

Phoenix

The biggest problem with raising two sons who would become the first pair of brothers to play against each other in the Super Bowl was getting enough groceries to feed them.

Eagles center Jason Kelce and Chiefs tight end Travis Kelce are siblings and superstars. They're both huge in their own way. And when they were growing up, after a long day of playing sports, they came home ravenous.

They devoured entire chickens single-handedly. They racked up unfathomable bills when the family went out to eat. They even went to neighbors' homes and ate their food.

"When they went off to college, it was like I got a raise because they ate so much food," says Donna Kelce, their mother.

The showdown between the Kelce brothers isn't just an improbable meeting between two kids born two years apart. It's going to have an outsize impact on who actually wins the Super Bowl.

Both were named to this year's All-Pro teams and both could be enshrined in the Pro Football Hall of Fame someday. Jason, the stout 35-year-old lineman, is tasked with stifling Kansas City's menacing interior pass rush. Travis, who at 6-foot-5 moves more athletically than anyone his size should, is Patrick Mahomes's go-to weapon.

So what did their parents feed the kids that turned them into NFL greats?

A lot. The Kelces, who are now divorced, shifted the job of feeding their sons as they grew up. When they were little, Donna did most of the cooking. When they got older, and her hours as a banker left her schedule with less flexibility, their father, Ed, took on more of the load. It wasn't an easy job.

Jason and Travis weren't just big, hungry boys growing up in the Cleveland suburbs. They played many sports—whether it was baseball, basketball, lacrosse or hockey—so there was hardly a day when they didn't arrive home with an enormous appetite.

Ed Kelce tried to make sure that every dinner had a carbohydrate, a protein, a fruit and a vegetable. He made staples like burgers and chicken breasts in addition to

These Parents Raised Two Sons Playing In the Super Bowl

Jason Kelce and Travis Kelce are the first brothers to play each other in the Super Bowl. They're both huge. So what did they eat growing up?



The Eagles' Jason Kelce and the Chiefs' Travis Kelce are set to play against each other in Super Bowl LVII.

pasta with ground beef and ricotta cheese.

The meals definitely weren't always glamorous. Peanut butter and jelly sandwiches were a standard lunch. The green beans usually came from a can. But Ed would also do his best to try to keep his sons away from processed foods, such as packaged macaroni and cheese, even as he tried to keep up with his sons' caloric needs.

"You'd try to change it up," Ed says.

There were also occasional intrafamily skirmishes when Ed tried to change it up *too* much.

Travis developed a reputation in the household as the picky eater of the bunch. Once Ed came up with a recipe for a mushroom chicken bake, and Jason loved it. Travis wouldn't touch it. ("Because I said the word mushroom," Ed says.)

Ed, though, came from a family that worked hard to put food on the table and the expectation was that it would be eaten. He tried to instill that in his own children, and while that was never a problem with Jason, certain meals would produce father-son standoffs in which Travis wouldn't be allowed to leave the dinner table until his

plate was clean.

"If there's one way to piss Ed Kelce off, it is not finishing the food on your plate," Jason Kelce said on an episode of the podcast he hosts with his brother.

"Yeah, he didn't like that," Donna says.

"I think he exaggerated a little bit there," Ed says.

Those situations typically resolved themselves the same way. Travis dug his heels in. They battled it out. And then, Ed says, Donna usually sided with her son.

There were also plenty of nights when they didn't eat in. Cheap

pizza deliveries, often loaded up with ground beef or pepperoni, were a good way to feed a couple of boys who ate like an army platoon. The winner of those meals was their dog Belle, who feasted on the crusts. (Because Belle was a female dog, they told people she was named after the Disney princess. She was actually named after the great Cleveland slugger Albert Belle.)

The life of travel sports almost meant a fair share of evenings on the road, where they had no choice but to dine out. One popular stop for the Kelces was IHOP, where the parents thought they could feed them at an affordable price. Then they racked up bills for over \$100.

"They had like 10 plates in front of them," Donna says. "It was unreal."

So it was a financial boon for the Kelces when their kids went off to college, where the football team at the University of Cincinnati became more responsible for both of their sons' diets.

Eating was a high priority for Jason in particular there. He enrolled as a walk-on linebacker before putting on 70 pounds, his mother estimates, as he transitioned to play on the team's offensive line.

Now it's their pro teams' responsibility to feed them. Jason recently described a typical breakfast he has these days at the Eagles facility, and it's definitely hearty: three eggs over easy, a few sausage links, some potatoes and a bagel with cream cheese. It's also not at all crazy for a lineman who had to bulk up to his current listed weight of 282 pounds.

Ed also observed that his kids' eating habits have evolved since they were teenagers. Travis works with a personal chef to tailor his diet and has introduced his father to new foods he has never tried before. At home, Jason likes to have oatmeal with fruit for breakfast. "Big fruit guy," Jason said.

Both of his sons, Ed notes, have increasingly focused on nutrition during this stage of their lives. And that might just happen to explain why they're both still at the top of their games even as they hit their mid-30s.

The Chiefs and the Eagles are meeting in the Kelce Bowl because the two brothers are still fit enough to play like they're in the primes of their careers.

The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6	7	8	9	10	11	12	13
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- 24 Completely lose it
- 26 Medium for cuneiform writing
- 27 Predisposed
- 28 "Suppose..."
- 29 "Hailing frequencies open" speaker
- 30 Exorcism target
- 31 Adam's apple location?
- 32 Mideast carrier
- 36 Curly-leaved cabbage
- 37 Piece for Peerce
- 39 Feeling no pain
- 42 Like some fertilizations
- 44 Tom
- 47 Fine-tune for
- 48 Seek to join, as a frat
- 49 Discoverer of laws of planetary motion
- 52 Put one's feet up
- 53 Bradley with five stars
- 55 Like a pushover
- 57 He calls Lola over, at the Copa
- 58 "If you ask me," in a chat
- 59 Made off with
- 61 Cry convulsively
- 62 ___Fridays

LONG WAY TO GO | By Joe DiPietro

<p>Across</p> <p>1 Preceders of els</p> <p>5 Four-time NBA scoring champ Kevin</p> <p>11 Don't bet on it</p> <p>14 Seller of Klippan loveseats</p> <p>15 Key of Dvořák's "New World Symphony"</p> <p>16 Quest of los alquimistas</p> <p>17 Buffalo Bill's real name</p> <p>19 Bill of Rights count</p> <p>20 Far from shore</p> <p>21 "Compact Forest Proposal" musician</p> <p>22 Chase flies, say</p> <p>23 Sábado y domingo, por ejemplo</p>	<p>25 Joshua tree, e.g.</p> <p>27 1931 Jean Harlow film</p> <p>32 Poetic preposition</p> <p>33 Old school cheer</p> <p>34 Lost on purpose</p> <p>35 "___luck!"</p> <p>38 "King Arthur's Round Table was built by Sir Cumference," e.g.</p> <p>40 "Did you really think it was anyone else?"</p> <p>41 "Master of None" star Aziz</p> <p>43 Ingredient in a Dark 'n' Stormy</p> <p>45 Great weight</p> <p>46 Influencing for quite some time</p> <p>50 Dry Italian wine</p>	<p>51 In need of cheering up</p> <p>52 Promising</p> <p>54 Conclusion for Descartes</p> <p>56 Energetic wit</p> <p>60 Runner with gray-brown plumage</p> <p>61 Ritz ride, and a hint to this puzzle's theme</p> <p>63 Quarterback Darnold</p> <p>64 Big name in taco kits</p> <p>65 Bounce back</p> <p>66 Average of uno and cinque</p> <p>67 Depart in a hurry</p> <p>68 Corner piece</p>	<p>5 Broadcaster's boner</p> <p>6 "Lemme think..."</p> <p>7 Makeup of some beds</p> <p>8 Unidentified person</p> <p>9 "Without question!"</p> <p>10 Make an effort</p> <p>11 Without the help of</p> <p>12 Polygon figure</p> <p>13 Hanging instrument</p> <p>18 Not eliminated yet</p> <p>22 Muffin alternative</p>
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Down

1 Fuzzy fruit

2 Analogous

3 Compete with the clamor

4 Tetley competitor

Previous Puzzle's Solution

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Lakers Star LeBron James Breaks NBA's All-Time Scoring Record

By ROBERT O'CONNELL

The last time the NBA's all-time scoring record changed hands was a little less than four decades ago, when Los Angeles Lakers center Kareem Abdul-Jabbar slung a skyhook over the Utah Jazz. Abdul-Jabbar's 17th point of the night gave him the 31,421st of his career, moving him two past Wilt Chamberlain.

On Tuesday night in Los Angeles, with his 36th point against the Oklahoma City Thunder, LeBron James tallied the 38,388th of his own career and edged past Abdul-Jabbar to become the NBA's new scoring king. The historic bucket came on a step-back jump shot near the end of the third quarter as Abdul-Jabbar looked on. James raised his arms in celebration, and his family joined him on the floor for a mid-game ceremony.

For the better part of the 39 seasons since Abdul-Jabbar passed Chamberlain, his standard appeared out of reach. Abdul-Jabbar possessed an unblockable signature shot and a seemingly unbreakable body, and kept stacking more points on top of the record until he retired five seasons after setting it, at age 42. Michael Jordan might have matched it, were it not for two mid-career retirements. Injuries and age wore down Karl Malone and Kobe Bryant.

James has endured. At 38 years old and in his 20th NBA season, he bulldozes to the rim a bit less often than he once did, and he is much more inclined to conserve his energy on defense than he was during his prime years with the Cleveland Cavaliers and Miami Heat. But at full stride he remains the image of functional force: six-feet-nine-inches and 250 pounds, comfortable blasting off for a jam or pirouetting into a

fadeaway jump shot.

In terms of team success, James's record-breaking season has not gone the way of his predecessor's. The 1983-84 Lakers would finish the season in the NBA Finals, as was their norm during the '80s, losing in seven games to their rival Boston Celtics. The current Lakers have seen injuries roil an already thin roster, dragging them to the depths of the Western Conference standings.

For one night, though,

lot off the floor as well, I think is just super-duper dope," James said.

As James closed in on the record, ticket prices spiked to degrees rarely associated with a 25-29 team. While the fans who have shelled out haven't seen all that many Laker wins, they've invariably gotten a show. Coming back from a 25-point halftime deficit to defeat the Portland Trail Blazers two weeks ago, James made 14 of 24 shots, a number of them deft, sharp-angled bankers. Two



LeBron James broke the scoring mark held by Kareem Abdul-Jabbar.

Crypto.com Arena was the nexus of the basketball world, as luminaries of sport and culture—Jay-Z, Denzel Washington, Dwyane Wade—flocked to fete an icon in purple and gold. James looked ready for the occasion from the start, warming up in headphones imprinted with "38388" and repeatedly shouldering through the layoffs or rising over them for 3-pointers.

At the Lakers' media day before the season, James acknowledged tension with Abdul-Jabbar over Abdul-Jabbar's criticism of his commentary on social issues. He also recognized the significance of the Lakers' lineage. "To be able to be in the same breath as a guy who wore this uniform, a guy that is a staple of this franchise...and a guy that does a

nights later, in a loss to the Clippers, he scored 46 on a career-best nine 3-pointers. Last week he notched 41 in a bruising back-and-forth with the Celtics.

The final approach to the record has been calm only by James's standards, as he seemed to manage his output to break the record in his home arena. His last three outings have seen him score 28, 26 and 27 points against New York, Indiana and New Orleans.

James has maintained that the Lakers need only reach the play-in tournament at full health to have a puncher's chance at playoff success, but the numbers suggest otherwise. Even with James and Davis playing together, Los Angeles has been a sub-.500 team, winning just 11 of 25 games, heading into Tuesday's play.

MARK J. TERRILL/ASSOCIATED PRESS

OPINION

A Balloon Pops D.C.'s Myth Bubble



BUSINESS WORLD
By Holman W. Jenkins, Jr.

It behooved the United States and China to hold the now-canceled talks, led by Secretary of State Antony Blinken, postponed because of the balloon incident, for all the reasons that others have said: to allay tensions, to reduce the risk of a military confrontation that neither government wants.

For those who couldn't figure out why I devoted four columns to the Pentagon UFO debate, this is why. It became clear that, whether from serendipity or design, national security agencies were using UFOs to hide something they didn't want us to see. That something, it has slowly dribbled out since last May, was Chinese surveillance in U.S. airspace. Suspected Chinese drones have been a sometimes daily presence in U.S. military training sites going back perhaps a decade or more. We learn now of multiple balloon incursions too.

The fluffing of the UFO misdirection, despite what government officials have been telling the New York Times, was not a spontaneous public misunderstanding. Read the inquiries by Reason magazine, the New Yorker and the Times itself. Ask any of the blogging academics who

assigned new merit to the alien visitation hypothesis.

As this column pointed out, foreign adversaries were also seeing the UFO snow job. To the extent that the Chinese deliberately sailed their balloon across the continental U.S., they did so in full knowledge that Chinese aerial spying was already being progressively stripped for the American people by U.S. intelligence-community leakage. The Biden administration had apparently decided the UFO smokescreen was no longer compatible with the heightened geopolitical moment.

It should be obvious now why it was always a mistake. The Chinese profess puzzlement over what they portray as an overreaction to their known incursions. Why the fuss now? Only because the American people had been kept in the dark about China's actions, jollied along with the UFO distraction.

The story has two parts. The U.S. government has become bad at investigating, apparently—i.e., finding and sharing truths relevant to its domain.

The Supreme Court, with the help of U.S. marshals, can't get to the bottom of who stole and leaked a draft opinion. The IRS hasn't solved who stole and leaked a decade of tax data on more than 10,000 U.S. taxpayers. The FBI never examined the Democratic National Committee server allegedly hacked by the Russians. It

was “forensically precluded” from recovering Hillary Clinton's missing emails. It remained even fairly oblivious to their disappearance while under a congressional subpoena.

The list goes on. Multiple leaks of highly classified intelligence related to both the Clinton email and Trump-Russia investigations remain unsolved. Though possessing for years video of Hunter Biden using illegal drugs when he

Federal agencies have become too comfortable using disinformation.

claimed otherwise on a federal gun application, a Justice Department investigation proceeds inconclusively. Even the Mueller investigation of Russian election meddling was only a triumph until one of the Russian subjects showed up unexpectedly in a U.S. court. Then Team Mueller folded rather than prove its case.

We come to the second part. As its truth-finding skills apparently atrophy, the federal government has become increasingly adept at using false information to solve problems.

The FBI used “objectively false” Russian intelligence, the Justice Department's inspector general tells us, to justify its improper acts in the Clinton email matter. It used false

Steele dossier evidence to obtain a warrant on a minor Trump campaign associate. It used the same false information to stir the media's collusion pot.

U.S. officials again promoted false information about the Hunter Biden laptop in 2020. In the latest chapter, father and son now are at odds, the dad having told voters it was a Russian job, the son claiming his authentic data was stolen by domestic partisans whom his father should prosecute.

The possibility of federal fact-finding being politicized is unmentionable until it's not. Let Joe Biden run into a secret documents problem. Suddenly the press sees less chance his Justice Department would be willing to prosecute Donald Trump for the same offense.

The pretense that the public fooled itself in the UFO debate is another that won't fly. Officials already acknowledged to Congress a motive to conceal their knowledge of Chinese spying techniques. Call it an unexpected development of the social-media era. Rather quickly Washington agencies have become comfortable with targeting the American people with disinformation. This is one lesson of the “Twitter files” revelations. Squandering public trust, though, is a bad habit for a government that will be needing our trust for high-risk ventures like the Ukraine war and managing the Chinese threat to Taiwan.

BOOKSHELF | By Matthew Hutson

You Too Can Be An 'A' Student

Outsmart Your Brain

By Daniel T. Willingham
(Gallery, 321 pages, \$28.99)

Much has been made of ChatGPT, the artificial-intelligence algorithm, and its potential to disrupt education. We have already seen that it can write college essays and take graduate exams with alarming aptitude. At the very least, we'll need new guards against students who rely on ChatGPT to cheat. One might even ask why we should bother to continue teaching pupils to remember and write things at all, given this new tool. But, for the foreseeable future, the human brain will have its advantages, and we still need practice loading our minds with content and extracting their insights. School will survive.

And while AI has its fancy feats, the old noggin still has a few tricks up its skull, if we can suss them out. Unfortunately, formal education offers little by way of a user's guide. Many students flail around as they search for their own ways to organize knowledge and get through the curriculum—or not.

Fortunately, Daniel Willingham, a psychologist at the University of Virginia, helps fill that gap with his charming and practical new book, “Outsmart Your Brain: Why Learning Is Hard and How You Can Make It Easy.” There's something counterintuitive about the notion that the brain needs a user's guide. What could the mind know better than itself? The fact that even those who study cognition need such a guide is all the more surprising.

But there's knowing the science, there's knowing how to apply it—and then there's knowing how to get yourself to apply it. It's not a straight shot. As a college student of cognitive neuroscience, I still relied all too often on all-nighters, an established recipe for anxiety and underperformance. In his personable manner, Mr. Willingham recalls: “Until graduate school, my time management system was a mix of writing things on my hand, apologies, and excuses.”

His book is aimed most directly at high-school and college students—people in the world of lectures, exams and lab projects. But much of the advice also applies more widely to anyone who must learn by listening or reading, work in groups, assess what they know, or get anything done at all. It's a course on learning how to learn and on metacognition in general—how to think about how you think.

Mr. Willingham structures his book cogently. There are 14 chapters covering how to understand a lecture, read a book, take and organize notes, study for a test, take a test, learn from a test performance and so on. Each has several tersely articulated tips, 94 in all, along with bolded text, bullet points and “in a sentence” takeaways. You can skip around. Chapters also include advice for instructors.

Some tips may seem obvious, others less so. But even the obvious-seeming ones merit close study. Consider the tip, which in this case acts as a metatip, “Be Clear About What It Means to ‘Know’ Something.” When someone tells you something and it makes sense, Mr. Willingham explains, that doesn't mean you “know” it. You still have to explain it and put it to use.

Of the less obvious variety, Mr. Willingham counsels that although rereading notes and books are among the most common strategies for studying—they quickly render the material familiar and therefore feel productive—they are among the least effective. Better to prepare study questions and try to answer them. Memory retrieval feels hard and useless at first, like trying and failing to do a push-up, but that's precisely why it works. You must build new muscle.

Later chapters stray further from strictly academic affairs. One highlights the planning fallacy, our habitual overoptimism about sticking to work timelines. Tips to help us adhere to our schedules include using a calendar, making regular to-do-lists, setting aside regular blocks of time each day to work, revising short- and long-term goals, and preparing contingency plans. Another chapter, on procrastination, suggests creating work habits, breaking projects into unthreatening chunks, and telling yourself to “Just Start, and You'll See That It's Not That Bad.”

From the chapter on staying focused: We all know the advice to work in quiet locations and silence our phones, yet some of us still try to multitask or quickly answer texts in the middle of a thought. We underestimate how long it takes to get back on track after switching attention from one thing to another.

Two chapters consider emotional factors in learning, exploring how to cope with anxiety and how to gain self-confidence. Mr. Willingham encouragingly tells us not to expect to eliminate anxiety. Count any bit of progress toward a goal as a win, even if you find the experience nauseating: Maybe ask a simple question of a speaker on the path toward learning how to speak in public yourself. Learn to normalize, evaluate and re-engage: Everyone gets nervous; it's not the end of the world, and there are always next steps. To gain self-confidence, compare yourself to your past self, not to others. Recognize that success in work or in life relies on many factors in tandem. A ‘B’ student with other talents can still go far.

A guidebook like “Outsmart Your Brain” should be required reading for any college student and for many professionals. The problem is not that our brains are black boxes, their innards mysterious. It's that we think they're not. We often assume we know what works for us and no one can tell us different. (Worth noting: Mr. Willingham has shown the idea of different learning styles to be hogwash.) It's only when we try something new that we see what we've been missing. Whether the advice in the book seems banal or bizarre, give it a shot. Document the results. Changing how you do homework might feel like more homework—or even like a form of contortion—but few investments in life will be better repaid than learning how to learn.

Mr. Hutson is the author of “The 7 Laws of Magical Thinking: How Irrational Beliefs Keep Us Happy, Healthy, and Sane.”

The Koch Network Dumps Trump



POLITICS & IDEAS
By William A. Galston

Last week, veteran Wall Street Journal columnist Gerald Seib posed a provocative question: “Can the GOP become a real working-class party?” This past Sunday, Americans for Prosperity, the flagship advocacy group of the massive Koch network, gave its answer: Not if this means that Donald Trump or anyone with his views will lead the party.

In a blunt memo, Emily Seidel, AFP's CEO, stated the “hard truth” as she saw it: “The Republican Party is nominating bad candidates who are advocating for things that go against core American principles. And the American people are rejecting them.”

This isn't a reference only to the party's 2022 fiasco. “The loudest voice in each political party sets the tone for the entire election,” Ms. Seidel wrote, and “in a presidential year, that's the presidential candidate.” We “need to turn the page on the past,” which means having a president in 2025 who “represents a new chapter.” This won't happen by itself, she continued. AFP intends to rally around a GOP candidate who embraces the principles of individual freedom and limited constitutional government and who can win the general election. To avoid the proliferation of candidates, which helped Mr. Trump win the nomination in 2016, the organization reportedly will set-

tle on its favored candidate by the end of the summer.

Tension between the libertarian-leaning AFP and the populism of the Republican Party's Trump wing is nothing new. AFP has long stood for free trade and the elimination of tariffs, a moderate immigration policy, limited government and fiscal restraint (including cuts to Social Security and Medicare)—all positions Mr. Trump opposed long before he undertook his quest for the GOP nomination in 2015. When AFP published its list of acceptable nominees that year, Mr. Trump wasn't on it. Three years later, then President Trump returned the favor, using Twitter to inveigh against the “globalist Koch brothers,” whose opposition to restrictions on immigration and trade had made them “a total joke in real Republican circles.”

Still, as the distinguished political analyst Thomas B. Edsall observed in 2018, these verbal fireworks had not prevented the combatants from doing business together to their mutual advantage. Mr. Trump's anti-immigrant rhetoric helped bring more working-class Americans into the Republican coalition, and the victorious Trump administration enacted the tax and regulatory policies the Koch network had long sought.

The list of successful Koch-supported policies did not end there. During the Trump presidency, public lands were opened to mining, enforcement of worker safety rules and environmental regulations was relaxed, men and women with

ties to industry were appointed to key regulatory posts, and individuals with the philosophy favored by the Kochs were confirmed at every level of the federal judiciary. In July 2018, Charles Koch told his network's key donors that “We've made more progress in the past five years than I've made in the previous 50.”

Americans for Prosperity won't back him in 2024, ending an awkward marriage.

That was then. Now AFP has severed this symbiotic relationship. A cynic would say that the Koch forces have abandoned Mr. Trump only because they've gotten everything they could out of him. But it's more complicated than that.

Days before the 2020 election, in an interview with the Journal's Douglas Belkin, Mr. Koch took responsibility for the growth of bitter partisanship to which his backing of the tea party had contributed. “Boy, did we screw up!” he wrote in the book he had recently published. “What a mess.” He also expressed regret that the administration he helped bring to power had permitted “the largest government spending in history.” He discovered that you can be a small-government supporter or a populist, but not both.

Events after the election may also have contributed to AFP's new stance. As the inva-

sion of the Capitol raged on Jan. 6, the organization's CEO issued a statement denouncing the violence. A week later, AFP made it clear that elected officials who encouraged and defended what happened were unlikely to receive its endorsement and assistance. The organization seemed to understand that support for constitutional governance, one of its core principles, meant little without the rule of law, which Mr. Trump and his backers had proved willing to undermine.

In 2018, Mr. Edsall predicted that the alliance between libertarian and populist conservatives was unstable and would break down. Events have vindicated this view. Among populist intellectuals, “libertarian” has become a term of abuse, and the commitment to a limited state has given way to support for big government as a means to conservative ends, especially in shaping culture.

Have the anti-populist forces in the conservative coalition waited too long to take their stand? Over the past decade, the brand of sunny, optimistic conservatism Ronald Reagan championed has given way to something much darker. If Reagan were a candidate for the Republican presidential nomination in 2024, he would have a hard time winning. I wonder whether anyone trying to follow the path Reagan blazed would stand a chance—even with Americans for Prosperity's full support—in what remains of the party he led to two landslide victories.

A Newspaper Taught Hemingway to Write

By John J. Miller

Ernest Hemingway worked at the Kansas City Star for less than seven months—between graduating from high school in 1917 and driving a World War I ambulance in 1918—but the job launched him as a professional writer, and he knew how much he owed to the newspaper's style guide.

“Those were the best rules that I ever learned for the business of writing,” he said in 1940. “I've never forgotten them. No man with any talent, who feels and writes truly about the thing he is trying to say, can fail to write well if he abides by them.”

Style guides provide publications with standards of grammar and usage. They often correct common blunders, such as mistaking “who” for “whom.” They also settle disputable questions: Is it “French fries” or “french fries”? A good style guide will offer an answer, encouraging consistency

across sections, editions, and, nowadays, webpages.

Trouble can arise when a style guide turns sanctimonious. The Associated Press, which maintains perhaps the most influential style guide in the U.S., recently recommended against using such terms as “the French” and “the

The Kansas City Star's style guide was his bible.

poor” because they are “dehumanizing.” Online mockery compelled the AP to revoke the bit about “the French,” but it held fast on calling for the elimination of “the poor,” even though the King James Bible insists that “ye have the poor with you always.”

Hemingway's spare prose sometimes is said to reflect the simple words and concrete images of that famous version of the bible, but the style guide

of the Kansas City Star probably played a larger role in shaping his writing. Its opening instructions are both excellent advice for writers and a good introduction to Hemingway's technique: “Use short sentences. Use short paragraphs. Use vigorous English. Be positive, not negative.”

That's the first of 110 precepts, printed in small type on a single sheet of paper. “They gave you this to study when you went to work,” recalled Hemingway. “After that you were just as responsible for having learned it as after you've had the articles of war read to you.”

Some of the Star's edicts are broad and familiar: “Don't split infinitives.” Others are precise: “Be careful of the word ‘only.’ ‘He only had \$10,’ means he alone was the possessor of such wealth.” He had only \$10, means the ten was all the cash he possessed.”

A few are antiquated: “Indorsement of a candidate, not endorsement” and “Motor car

is preferred but automobile is not incorrect.” The Star also had a sense of humor: “He died of heart disease, not heart failure—everybody dies of ‘heart failure.’ ”

One of the Star's pronouncements sounds like a forerunner to the AP's recent dictum: “Say crippled boy, but not a cripple.” Perhaps, as the King James Bible puts it in Ecclesiastes, “there really is no new thing under the sun.” And editors always will have to make judgment calls.

Just before he quit the Star, Hemingway wrote a letter to his father: “I have had a lot of valuable experience and have done some good work and have hit it pretty hard.” A tough lesson, he added, was “remembering to use good style, perfect style in fact.”

Mr. Miller is director of the Dow Journalism Program at Hillsdale College and the author of “Reading Around: Journalism on Authors, Artists, and Ideas.”

OPINION

REVIEW & OUTLOOK

The State of the Union Contradiction

President Biden devoted much of his State of the Union address on Tuesday to celebrating what he says is a long list of legislative and economic achievements—spending on social programs and public works, subsidies for computer chips, even more subsidies for green energy, and a strong labor market. But if he's done so much for America, why does most of America not seem to appreciate it?

That's the contradiction stalking his Presidency as he enters his third year and plots a likely re-election campaign. The disconnect is clear enough in the polls. His job approval rating average has climbed to 44.2% in the RealClearPolitics average, which should be better with all of that supposed good news. Gallup has it at 41%. Mr. Biden's RCP average job approval on the economy is 38%.

The latest Washington Post/ABC poll is even worse for the President. Some 41% of Americans say they're worse off financially than when Mr. Biden became President, while only 16% say they're better off. Most people—62%—say Mr. Biden has accomplished either not very much or little or nothing. That includes 22% of Democrats.

And here's the really bad news for Mr. Biden. Some 58% of Democrats say they'd prefer a different party nominee for President in 2024, and he even loses a head to head matchup with former President Trump 48%-44%.

Polls are only snapshots in time, and few voters are focused on the 2024 choices. Mr. Biden could rise if the economy ducks a recession, inflation subsides, and Ukraine pushes Russia out of most or all of its territory.

But it's worth asking why a Presidency as successful as Mr. Biden and the media claim hasn't persuaded the public. Part of the answer is polarization, with partisans automatically opposing a President of the other party. But that would explain about 40 percentage points of his disapproval, not the other 16%.

Mr. Biden has contributed to that polarization with the partisan agenda of his first two years after he campaigned as a unifier. He jammed through Congress trillions of dollars in new spending with narrow majorities. His Administration uses regulation to impose the progressive priorities of racial division and climate alarmism, often without proper legal authority. The Supreme Court rebuked him on

vaccine mandates and a national eviction moratorium, and it will likely do so again on student-loan forgiveness.

If Biden is such a success, why aren't Americans pleased?

The President's governing rhetoric has also been as divisive as Mr. Trump's. He said a Georgia voting law was "Jim Crow 2.0" and Republicans are the equivalent of Bull Connor. Republicans believe in "semi-fascism," and those who want to use the debt ceiling as leverage to reduce spending represent "chaos and catastrophe."

This may rally Democrats but it turns off a majority. That may be why White House sources were leaking before Tuesday's speech that Mr. Biden would avoid such rhetoric and personally edited the drafts to that effect. We'll see how long Biden the Unifier 2.0 lasts.

* * *

The President's biggest problem is that all of his legislative victories haven't delivered the benefits he promised. The \$1.9 trillion Covid bill in March 2021 added so much cash to the economy that it helped to trigger an historic inflation. The result is that most Americans haven't had a raise in their income after inflation in two years. This takes a shine off the low unemployment rate every time people hit the grocery store. They can see that the \$1.7 trillion Inflation Reduction Act in 2022 had nothing at all to do with reducing inflation.

Americans also observe a fraying social consensus that has them worried about the country. Crime may not be as high as it was in the 1990s, but it has risen sharply in big cities. The record migrant surge across the border would be less worrisome if Mr. Biden seemed to care about stopping it. The fentanyl scourge isn't his fault, but its breadth betrays a troubling decay in values.

As for foreign policy, Americans can see that the world is becoming more dangerous and its rogues more brazen. Mr. Biden has done a good if often belated job of arming Ukraine, but he failed to deter Vladimir Putin. China has become less bellicose of late but no less aggressive in its actions, as its spy balloon provocation shows. Iran continues to advance its nuclear program despite U.S. and allied protests.

* * *

All of which is to say that there's ample reason for voters to be skeptical of Mr. Biden's expansive claims of presidential success. He's lucky the opposition Republicans can't get their act together or he'd be in far more trouble.

The China Missile-Launcher Gap

Another day, another story about China's advancing military power. This one comes in a notice to Congress that the People's Liberation Army has more land-based intercontinental missile launchers than the U.S.

The U.S. Strategic Command, which oversees U.S. nuclear forces, told the Senate and House Armed Services committees in a Jan. 26 notice that China has now built more fixed and mobile ICBM launchers than the U.S. The mobile point is important because the launchers can move and hide. Soviet mobile launchers were a U.S. preoccupation during the Cold War.

The news doesn't mean China has surpassed the U.S. in total nuclear weapons. The U.S. nuclear force is a triad of air, land- and

sea-based missiles. Many of the Chinese silos are also still empty, U.S. officials say. But China is rapidly building its nuclear force so that it will soon reach parity with Russia and the U.S.

Another sign of Beijing's growing nuclear ambitions.

The latter two countries are bound by the New Start treaty that puts limits on the total number of warheads, though the U.S. recently said

Russia is refusing to admit U.S. inspectors as set by the treaty. China isn't a party to New Start and it has refused all Washington entreaties, in both the Trump and Biden Administrations, to join talks to expand the treaty.

All of this underscores the urgent need to pick up the pace of U.S. nuclear modernization, both in warheads and delivery systems. Deterrence is growing more complicated, but it begins with a robust, modern U.S. arsenal.

most of its operations out of California, Colorado and Oregon because "the current price compression caused by a lack of meaningful enforcement of the illicit market prevent us from generating an acceptable return on our investments."

Garcia Hand Picked, which was created by the deceased musician Jerry Garcia's family, has also bailed on California. "California cannabis debt bubble on verge of bursting," an industry report warned last November. Financial challenges have "led many businesses to shuffle payments around, delay payments to vendors, or not to pay at all."

All of this has Democrats in Sacramento scrambling to bail out their hometown industry. Last fall they passed a law that would lift the state ban on marijuana exports and authorize the Governor subject to certain conditions to enter into compacts with other states where marijuana is legal to provide "additional legal outlets for cannabis and cannabis products produced in California."

The state Department of Cannabis Control recently issued a memo arguing the federal government cannot "compel states to prohibit commercial cannabis activity as a matter of their own state laws." While the feds would still be able to prosecute pot businesses, the agency claimed an interstate compact would pose no legal risk to the state.

Imagine if Texas were to form an interstate compact to sell firearms that are illegal under federal law. Some conservatives argue that states should be allowed to regulate pot within their borders. But California is proposing an interstate market to sell a product that is illegal under federal law, if the Biden Administration chose to enforce it. None of this is working like the pot promoters promised.

The black market in pot proliferates despite legalization.

Marijuana advocates told us that legalizing the drug would curb the black market. We're still waiting. The opposite has happened in California, where a glut of illegal weed is undercutting legal purveyors. Now progressives are proposing an interstate compact to export their pot and rescue the industry.

California voters in 2016 approved a ballot measure allowing the cultivation, sale and possession of pot for recreational use. Marijuana is classified as a Schedule I drug under the federal Controlled Substances Act, which means it has a high potential for abuse and is illegal to possess, manufacture and sell under federal law.

But Big Pot has persuaded state lawmakers and voters in 21 states that the drug is no greater danger to public health than alcohol, and legalizing it for recreational use within their borders will boost jobs and tax revenue. Former Attorney General William Barr once said this was "almost like a back door nullification of federal law."

California has been at the forefront of this experiment, and it's not turning out well. High taxes and regulation have made it harder for state-licensed businesses to make money. Significantly higher prices in the state-regulated market have led to a boom in the black market controlled by drug cartels, which has led to violence and water theft.

At the same time, California has struggled to enforce its pot laws. One reason is that the 2016 ballot measure reduced penalties for most pot offenses because of their alleged disparate impact on minorities. Illegal pot plantations have mushroomed.

Curaleaf Holdings, one of the world's largest pot conglomerates, last month said it is pulling

LETTERS TO THE EDITOR

Why the 'Fair Tax' Fails—and Always Will

Regarding John Cochrane's op-ed "The 'Fair Tax' Is the Shock Our Broken System Needs" (Feb. 3): Such a tax has been a fatal attraction of tax reformers for centuries. Thomas Hobbes counseled Stuart kings to impose consumption taxes. More recently, value-added taxes (VAT) have taken Europe down the primrose path. As a result, Europe has stumbled along for years and is now staggering, thanks, in part, to the VAT.

Consumption taxes suffer from the Mill effect, developed by John Stuart Mill in his 1848 "Principles of Political Economy." By taxing consumption, the ratio of sales to capital is heavily depressed, indicating that the productivity of capital has been reduced. With a VAT, it takes more units of capital to produce the same amount of sales.

Though a national sales tax is touted by the OECD, IMF, World Bank and others, the U.S. has been fortunate to avoid its imposition.

PROF. STEVE H. HANKE
Johns Hopkins University
Baltimore

Mr. Cochrane writes about government revenue: "Collecting it in one tax rather than lots of smaller taxes doesn't change the overall rate. It's better for voters to see how much the

government takes." If you really want the taxpayers to see how much the government takes, do away with the payroll-tax deductions from every worker's paycheck. When the worker then has to stroke one big check to Uncle Sam at the end of the year, there will be a tax revolt like you have never seen.

JIM SNEAD
Virginia Beach, Va.

Episodically the Journal prints a plea for a value-added tax or consumption tax, and, predictably, letters are printed a few days later exposing a major flaw: the sheer unfairness to retirees and those within a decade or so of retirement. These people, perhaps half the population, have paid their taxes all their working lives, and many are now living on their savings. For people on a fixed income, this tax would require substantial payment of taxes a second time, without income-tax relief because they're no longer earning income.

A VAT is workable and may even be a good idea. But none of the articles I have seen ever mentions how this issue will be resolved or how it can be made fair for this enormous group.

RICHARD FACTOR
Sedona, Ariz.

What Charlie Munger Misses About Crypto

In "Why America Should Ban Crypto" (op-ed, Feb. 2), Charlie Munger argues that the U.S. should follow Communist China. Mr. Munger should be commended for his lifetime of wealth creation, but perhaps he also needs reminding that he became wealthy in a wide-open free market where the government didn't make investment decisions for its citizens.

Not all blockchain currencies and exchanges operate like FTX. Bitcoin, for example, is decentralized, was released to the public, isn't owned or controlled by any one firm or individual and has opened up banking to the unbanked—whom the big banks that Mr. Munger invests in won't serve. Bitcoin also protects against inflation, which is something that traditional financial instruments denominated in fiat currencies can't do.

Instead of allowing informed con-

sumers to make their own decisions, Mr. Munger believes we should follow the lead of countries, including Communist China, whose governments decided they could make better investment decisions than their citizens.

Blockchain currencies, especially bitcoin, are reducing transaction costs, helping people fight government censorship and generating prosperity through investment. Every investment comes with risk. Earlier in life, Mr. Munger learned how to play cards in the Army and applied those principles to business and investing. That perspective and the opportunity to make his own investment decisions has made Mr. Munger a lot of money, and it is unfortunate he doesn't think others deserve the same.

DAVID MCINTOSH
President, Club for Growth
Washington

How Arms Control With Russia Slipped Away

Regarding your editorial "The End of Nuclear Arms Control" (Feb. 3): The U.S. supported the 2020 talks in Vienna to redo the treaty that applies to intermediate range

missiles. Everyone agreed that the Russians had been cheating, and this was an earnest attempt to rewrite the treaty to have some teeth. We also had a place at the table for the Chinese, who were invited but never showed.

We were impressed by our career experts and negotiators and also by the Russians, who were professional and knowledgeable. It was a real chance to do something important in a field that has seen only regression. I was very disappointed when President Biden summarily dismissed all that effort and simply rubber-stamped the old, ineffective treaty. What a lost opportunity.

TREVOR D. TRAINA
San Francisco
Mr. Traina was U.S. Ambassador to Austria, 2018-21.

Copper Mine Wouldn't Have Changed the Battery Map

Opening the area near the Boundary Waters Canoe Area Wilderness in northeast Minnesota to copper mining wouldn't be a game changer ("Biden's Green-Energy Mineral Lockup," Review & Outlook, Jan. 30). The proposed Twin Metals mine is the only project meaningfully affected by the 20-year moratorium. The concentration of copper in this ore body is so poor that, at maximum capacity, Twin Metals would contribute about 0.18% to the global copper production.

Those minerals might not stay in America. In 2021 Antofagasta, the Chilean company that owns Twin Metals, signed a deal to supply China with copper ore. Even then, only 11% of nickel mined goes to batteries. Mineral bans aren't the brainchild of green lobbyists. In 2018 the Trump administration imposed a similar 20-year ban on mining near Yellowstone. Copper mining produces reactive acid mine waste that would be devastating in a water-rich area like northeastern Minnesota. Is it worth contaminating this water for the small amount of mineral extracted?

CHRIS KNOPP
Executive director, Friends of the Boundary Waters Wilderness
St. Paul, Minn.

Easier Than They Thought

ICBMs and stealth bombers—what a waste. No one thought to use an "errant weather balloon" carrying an EMP device over enemy territory ("China Floats a Trial Balloon," Review & Outlook, Feb. 4).

MICHAEL CISE
Indianapolis

CORRECTION

The Pew Charitable Trusts issued a September 2022 report on state budgets. The Jan. 31 editorial "The State Tax-Cut Movement" misidentified the organization.

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.

Writers Make Their Choices

As a copyeditor before I became a writer, I can offer Helen Betya Rubinstein ("Notable & Quotable: Copyediting," Feb. 1) the first rule of effective nonfiction writing: Never let the reader be distracted from what you are saying by how you say it. If you're making an important point and the reader suddenly stops and says to himself, "That's a funny way to spell that word," you've lost him.

So, writers, you have to decide: Do you want to be published and read (not to mention paid), or do you want to tilt at the nonexistent windmill of white supremacy? Your choice.

JOHN STEELE GORDON
North Salem, N.Y.
Mr. Gordon is author of "An Empire of Wealth" and other books.

Pepper ... And Salt

THE WALL STREET JOURNAL



"You have reached the Office of Status Quo. Relax. Our menu options never change."

OPINION

The American Case for Supporting Ukraine

By Tom Cotton

After years of observing Russian leaders up close during World War II, Winston Churchill remarked that “there is nothing they admire so much as strength, and there is nothing for which they have less respect than for weakness, especially military weakness.” Churchill therefore warned against “offering temptations to a trial of strength.”

Unfortunately, that’s exactly what President Biden did in his first year in office, tempting Vladimir Putin to pursue his long-standing ambition to reassemble the Russian Empire by conquering Ukraine. Having failed to deter the war, Mr. Biden’s timid approach has now prolonged it.

The U.S. can back its allies and send a message to the Chinese, without sparking a wider war in Europe.

Thanks to his failures, some Americans wonder whether we should continue to support Ukraine. But cutting off Ukraine wouldn’t end the war. It would only increase the chances of a Russian victory and harm our interests in deterring wider wars in Europe and Asia.

Mr. Biden appeased Russia from the start, from a no-conditions extension of a one-sided nuclear-arms treaty, to the waiving of sanctions on Russia’s Nord Stream 2 pipeline,

to freezing an arms shipment to Ukraine. Then came the botched withdrawal from Afghanistan. This humiliating failure telegraphed weakness and incompetence, and Russia soon massed an invasion force along Ukraine’s border.

Mr. Biden responded by hinting at disunity in the North Atlantic Treaty Organization and suggesting he might tolerate a “minor incursion” by Russia into Ukraine. Convinced of his strength and his enemies’ weakness, Mr. Putin went for the jugular.

The Ukrainians stood their ground and fought. Yet Mr. Biden has dragged his feet all along, hesitating fearfully to send the Ukrainians the weapons and intelligence they need to win. Today, Mr. Biden stubbornly refuses to provide fighter jets, cluster munitions and long-range missiles to Ukraine. As a result of Mr. Biden’s half-measures, Ukraine has only half-succeeded.

We should back Ukraine to the hilt, because the likeliest alternative isn’t peace, but rather another “frozen conflict” that favors Russia and harms our interests. Russia would retain key strategic terrain and much of Ukraine’s industry and agriculture. Food and energy prices would remain high, potentially starving many nations and exacerbating the migrant crisis in the West.

Meanwhile, Russia could rebuild its strength and seize the rest of Ukraine when the opportunity arises. Such an outcome would create millions more Ukrainian refugees, drive inflation higher and worsen supply-chain disruptions. Russia would also extend its border



A destroyed Russian tank outside Kyiv, Ukraine.

deep into Europe. Next on the chopping block could be Moldova, site of another frozen conflict. And after that, a NATO nation.

Stopping Russia also will allow the U.S. to focus on the greater threat from China. A Russian victory would force us to divert more resources for a longer time to Europe to deter Russian expansionism, creating persistent threats on both fronts. But a Ukrainian victory and a durable peace will secure our European flank as we confront China.

The Chinese dictator, Xi Jinping, is closely watching the war in Ukraine. If the West falters, he will conclude that we will never fight to protect Taiwan. In the 1930s, the West tempted the Axis powers by appeasing naked aggression against small countries like Ethiopia and Czechoslovakia. Some Western politicians

may have forgotten the lessons of history, but Mr. Xi hasn’t.

Our support for Ukraine can also save American money and lives in the long run. A sizable portion of our outlays will be spent on replacing the older weapons and materiel we’ve sent to Ukraine with newer equipment for our troops. Along with lessons learned from the Ukrainian battlefield, our military can emerge better equipped, trained and prepared to defeat our adversaries.

War is always expensive, but we must measure the current costs against the greater potential cost of wider war in Europe or Asia. The Ukrainians are fighting their own war, with no American troops engaged in direct combat—which won’t be the case if irresolution in Ukraine tempts our enemies to attack a NATO ally or Taiwan. Had the

West retaliated when Germany remilitarized the Rhineland in 1936, that small operation might’ve seemed expensive and risky at the time, but it likely would’ve prevented world war.

History also shows that we can oppose Russian aggression without sparking a wider war. We fought proxy wars against Soviet Russia across the world in the last century. We armed insurgents during the Soviet invasion of Afghanistan. The Russians not only armed our enemies in Korea and Vietnam, but also took part in the fighting, shooting down American pilots. These proxy wars were more provocative than anything we’ve done to support Ukraine. In no case did they lead to war between our two countries.

Of course, we must also demand that our allies do their fair share. Hardy nations like the United Kingdom, Poland, and the Baltic states have carried their share of the load, but wealthy laggards such as France and especially Germany must do more. As ever, though, we can’t allow European weakness to constrain American action.

The Ukrainian people are fighting with spirit and resolve, exercising what Churchill called “the primary right of men to die and kill for the land they live in.” Their cause is sympathetic, but the world is a dangerous place and America shouldn’t act out of sympathy alone. We act to protect our vital national interests. That’s the case in Ukraine, and we deserve a strategy of victory to match.

Mr. Cotton, a Republican, is a U.S. senator from Arkansas.

Black Students Need Better Schools, Not Lower Standards

UPWARD MOBILITY
By Jason L. Riley

The good news is that the College Board has revised the curriculum for its new Advanced Placement course in African-American studies. Topics such as “black queer studies” and “intersectionality and activism” have been

downgraded or expunged. The bad news is that offering the course to begin with remains an exercise in racial pandering.

The College Board’s primary concern is that blacks are underrepresented among high-school students who receive college credit for AP courses. This achievement gap has drawn scrutiny from progressives who automatically attribute racial imbalances to racial discrimination. The College Board could address the problem by providing more tutoring services for students who are struggling. Instead, it has created a black-studies course that no one expects to match the academic rigor of other AP offerings.

Colleges and universities did something similar in the 1960s and

’70s after they began lowering admissions standards to achieve more racial balance on campuses. Once they lowered standards for admission, they had to lower the standards for grading and graduation as well. Hence, the creation of black-studies programs, which were born of political expediency and have long been known to put ideological indoctrination ahead of intellectual inquiry.

It’s been clear for decades that this obsession over a school’s racial mix is misplaced, yet it remains one of the political left’s favorite explanations for the achievement gap. After assessing the huge body of research on school integration dating back to the 1960s, social scientists David Armor and Christine Rossell concluded that “there is not a single example in the published literature of a comprehensive racial balance plan that has improved black achievement or that has reduced the black-white achievement gap significantly.” Whether black students attended schools that were 10% black or 70% black, the racial achievement gap remained roughly the same.

“The racial composition of the

school may matter, but the academic culture of the school matters more,” Abigail and Stephan Thernstrom write in their 2003 book, “No Excuses: Closing the Racial Gap in Learning.” “Creating the right academic culture does not depend on the racial backgrounds of the students who attend it.”

The fixation on racial parity at any cost will doom yet another generation to educational failure.

Some of the best public schools in the country are charter schools full of low-income black students who regularly outperform wealthier white peers on standardized tests. Yet these charter schools, which purposely locate in poor minority neighborhoods, have been criticized by civil-rights organizations for their racial imbalance. School choice has polled off the charts among black parents for decades, but opponents continue the fight to deny these families better education options.

Similarly, gifted and talented programs have come under attack for their elitism. There have been calls to eliminate them outright or at least broaden the definition of “gifted” to get a more desirable racial mix. Because the programs often enroll more whites and Asians than blacks and Hispanics, they’ve been accused of driving school segregation, but a new study published in Harvard’s Education Next magazine concludes that there is little merit to that claim.

“I find essentially no impact from gifted and talented programs on a Black or Hispanic student’s likelihood of having white or Asian students as classmates,” writes Owen Thompson, a professor of economics at Williams College. Nor does starting or ending a gifted and talented program affect a school’s racial composition, as critics allege. “I do not find any consistent evidence that gifted and talented programs have a causal effect on schools’ race-specific enrollments.” Nevertheless, efforts to oust or water down enrichment programs continue. Racial parity has been deemed more important

than maintaining high standards.

You don’t help underperforming groups by pandering to them or by holding them to lower standards. And you don’t help black children by insisting that they must be seated next to white children in order to learn. It’s not only insulting and condescending but contradicted by decades of evidence. Low-income black students need quality schools, not white classmates, and the focus on racial balance at any cost will only ensure that another generation of black youth receives an inferior education.

This war on standards is part of a larger war on meritocracy, with economic and geopolitical consequences that should concern all of us, regardless of race. China and India are not eroding standards in the name of equity and social justice. They are not abandoning enrichment programs for their brightest students. They are selecting people based on talent and promoting them based on performance. What we’re doing to ourselves in moving away from merit-based systems will only make it more difficult for our children to compete with their children.

A Digital Dollar Would Empower the Fed, Not Americans

By Sean Fieler

A growing number of Democratic and Republican policy makers support creating a central bank digital currency, or CBDC, that would further empower the Federal Reserve. Although the parties disagree on the particulars, their broad agreement on the idea creates a political opening for the Fed and the Biden administration to move ahead with a CBDC that will compromise Americans’ freedom.

Some lawmakers say a CBDC, which is a digital dollar issued by the Fed, could help stave off a debt crisis and preserve the dollar’s status as the world’s reserve currency. But it isn’t clear that a CBDC will do either. It is clear that one could be used to monitor and manage the use of the dollar.

Not everyone is persuaded that such a currency is a good idea. Neel Kashkari, president of the Minneapolis Federal Reserve, questioned why Americans would support a CBDC. “If they want to monitor every one

of your transactions . . . you can do that with a central bank digital currency,” Mr. Kashkari said at a conference last year. “I get why China would be interested. Why would the American people be for that?”

Early Democratic support was concentrated among progressives such as Sen. Elizabeth Warren (D, Mass.) and Fed Vice Chair Lael Brainard. But the sweeping scope of President Biden’s CBDC executive order in March signals broad acceptance within his party. By mobilizing government agencies and departments to prepare for a CBDC, Mr. Biden made clear that his administration is ready to take up this newfound power when the opportunity presents itself.

For Democrats, the party of big government, the appeal is obvious. A CBDC would allow the federal government to spend more money, manage outcomes, and provide financial services to the unbanked.

The centralization of power that a CBDC would allow runs counter to the Republican Party’s intent to disperse power and shrink government,

so it’s startling to see GOP policy makers entertain the idea. In 2021 Reps. French Hill (R., Ark.) and Jim Himes (D, Conn.) cosponsored legislation encouraging the Fed to keep researching a CBDC. In November, Paul Ryan, the former GOP Speaker of the House, and Kevin Warsh, the former Fed vice chair, endorsed a CBDC in a book for the American Enterprise Institute.

Some Republican proponents of a digital dollar say their party’s version of a CBDC would enhance liberty, not government control. They favor a two-tier system, using a CBDC exclusively between the Federal Reserve and providers of financial services. By having private enterprise serve as a buffer between the Fed and the American people, Mr. Ryan argues that the centralizing power of the CBDC won’t be merely muted but inverted. We can “show the world how a free society should handle this challenge by having a two-tier system which guarantees the government has no role in the management of our money,” Mr.

Ryan said in an interview promoting the book.

This vision ignores the fact that financial intermediaries can’t protect their users’ data from the federal government. Just last month, it was revealed that the Secret Service, the Department of Homeland Security, and the Federal Bureau of

Anyone who believes in limited government should not support a central bank digital currency.

Investigation have been engaged in an almost decadelong, warrantless financial surveillance of Americans who send or receive money through private operators such as Western Union and MoneyGram. It’s naive to think that a government that is currently combing through individual financial information will stop doing so when it

has the formidable power of a CBDC.

In addition, Congress has proved itself incapable of auditing the Fed or holding it to account. Unlike the intelligence agencies, the central bank was designed to be unaccountable. The Fed is a semi-private bank supervised by seven governors serving 14-year terms. Its budget isn’t appropriated by Congress. Granting this already unaccountable institution more authority over our money would further empower the Fed’s 20,000-plus employees, not the American people.

Republicans backing a CBDC fail to recognize that making dollar transactions more efficient won’t magically preserve the greenback’s reserve-currency status or keep the federal debt from growing. Maintaining the dollar’s global position will require the Fed to manage the way dollars are used. Even if Congress tightly circumscribes how a CBDC would operate, history suggests that when a fiscal crisis looms, Congress will look the other way as the Fed does whatever it takes to finance the federal government and protect its domestic money monopoly.

Policy makers in Washington have a choice between preserving a bloated federal government or putting America back on a path to limited government. By uniting to stop a CBDC, Republicans can take the side of the American people. But if the GOP fractures on this issue, the Biden administration is ready to push through a CBDC and give the government even more power over Americans’ money and lives.

Mr. Fieler is president and chief investment officer of Equinox Partners and chairman of the American Principles Project.

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From “Republicans Do Ilhan Omar
a Favor” by Elliot Kaufman on the
Journal’s website:

In 2019, [Rep. Omar] explained U.S. support for Israel: “It’s all about the Benjamins, baby,” and pointed at the American Israel Public Affairs Committee, the pro-Israel lobby group. News reports unflinchingly describe this comment with awkward phrasing, saying that Ms. Omar used “a trope” regarding Jews and money. Ms. Omar recently responded that she “wasn’t aware of the fact that there are tropes about Jews and money.” If you believe that, you’ll

believe anything, but “tropes” is a misnomer. Ms. Omar had floated a conspiracy: that powerful Jews are pulling the strings, buying the nation’s politicians to set U.S. foreign policy and advance their own Jewish interests. . . .

. . . In 2019, Ms. Omar condemned U.S. support for Venezuela’s opposition movement as offered “on behalf of multinational corporate interests.” She also shared a video by a 9/11 truther arguing that President Trump was a “gift to the war machine.” Those are the kind of dorm-room insights we will now miss on the Foreign Affairs Committee.

WORLD NEWS

Russia Makes a Push in Eastern Ukraine

Moscow's lack of resources is likely to hinder any major offensive, U.K. says

By ISABEL COLES
AND EVAN GERSHKOVICH

DNIPRO, Ukraine—Russian forces launched multiple attacks in eastern Ukraine, pushing for a breakthrough on the battlefield ahead of the delivery of new Western weapons, although the U.K. cast doubt on the prospects for a major Russian offensive.

The General Staff of Ukraine's armed forces said Russia was regrouping and attacking on five fronts in the eastern Donetsk and Luhansk regions, as part of a wider offensive anticipated by Kyiv and its Western allies.

But while the Russians are seeking to regain the initiative on the battlefield after a number of stinging setbacks last year, the U.K.'s Ministry of Defense said a lack of necessary munitions and mobile units would hamper any major Russian offensive.

Russian forces have managed to take only several hundred yards of territory a week



A Ukrainian soldier rode in a multiple-launch rocket system on the front line near Marinka on Tuesday.

since attempting to resume offensive operations last month with the aim of seizing remaining parts of the Donetsk region under Ukrainian control, the ministry said.

Ukrainian officials have warned Russia is preparing a renewed onslaught as the first anniversary of the invasion approaches this month. Moscow has yet to secure the goals of

its campaign, including full control over the industrial Donbas area of eastern Ukraine.

Russia's Defense Ministry on Tuesday said its forces were conducting combat operations across the Kupiansk and Lyman fronts, the entirety of the Donetsk region, and the southern Zaporizhzhia and Kherson regions.

Ukrainian forces have come

under pressure in recent weeks, ceding ground and several villages around the eastern town of Bakhmut, which Russian forces have been trying to encircle after months of failed assaults.

Russian Defense Minister Sergei Shoigu said Tuesday on state television that offensive operations around Bakhmut and Vuhledar, a logistical hub

Biden Is Expected To Visit Poland

WASHINGTON—Poland is seeking advanced rocket launchers and other weaponry from the U.S. in a \$10 billion deal announced Tuesday ahead of an expected visit from President Biden around the Feb. 24 first anniversary of Russia's invasion of Ukraine.

Mr. Biden's trip isn't finalized, said people familiar with the situation. A National Security Council spokesman declined to comment. NBC News earlier reported on the tentative plans. The State Department said it approved Poland's request for 18 Himars rocket launchers.

—Doug Cameron

in the Donetsk region where Russian forces have intensified attacks in recent days, were proceeding successfully.

Denis Pushilin, proxy leader for Russian-held territory in the eastern Donetsk region, said Russian forces were also making gains in the vicinity of the town of Siversk, Russian state news agency TASS reported. Controlling Siversk

would allow Russian forces to advance westward on the strategic town of Lyman, he said, which Ukrainian forces recaptured from Russian control last year.

In Ukraine's south, where Moscow has repeatedly claimed gains in recent weeks, Vladimir Rogov, a Russian-installed official in the Zaporizhzhia region, told TASS on Tuesday that the front line had stabilized.

For Moscow, there is an imperative to press gains soon. Western allies recently pledged to supply Kyiv with tanks, which will begin to arrive on the front line in several months, potentially tilting the battlefield in Ukraine's favor.

Ukrainian Foreign Minister Dmytro Kuleba said Kyiv would use the coming Munich Security Conference to lobby Western allies to supply long-range missiles and combat aircraft.

Ukrainian President Volodymyr Zelensky is also likely to join a European Union summit in Brussels that starts Thursday to push his European counterparts to provide more support, European diplomats said. He may also speak at the European Parliament.

—Laurence Norman and Bojan Pancevski contributed to this article.

French Strikes Cut Support for Pension Plan

By NOEMIE BISSERBE

PARIS—Continuing strikes are eroding parliamentary support for French President Emmanuel Macron's proposed pension overhaul, with workers staging a new walkout that snarled traffic, canceled trains and shut schools across the country.

For the third time in three weeks, teachers, bus drivers, nurses, oil-refinery workers and others staged union-led strikes on Tuesday aimed at forcing the government to reverse course on its plan to raise the retirement age to 64 by 2030 from 62. About 757,000 people took to the streets in demonstrations against the proposed overhaul that sprawled over dozens of cities and towns including Paris, Marseille, Lyon and Toulouse, the French interior ministry said.

Behind the strikes are debates over how best to save the retirement system in a country where people have for decades expected to be finished with their careers and to be caring for grandchildren while they were still in their early 60s. The retirement age in France remains lower than in most other European countries. Italians can stop working at 67 while workers in the U.K. retire at 66.

"Life is not just about work," said Ann-Gael Lainé, a 44-year-old engineer who attended a recent protest in Paris. "I would like to take care of my grandchildren. That's another way of contributing to society."

Ms. Lainé isn't alone. A survey of 1,100 people by polling firm Ipsos on Feb. 1 and Feb. 2 showed 69% of French people support the strikes against the



Demonstrators marched in Paris on Tuesday to protest President Emmanuel Macron's plan to overhaul the pension system.

proposed pension overhaul, compared with 59% three weeks earlier.

The underlying problem is demographics. In France, current workers pay for retirees' government pensions. As people live longer and the population grows older, the ratio of workers to retirees has de-

creased, putting the system under growing financial stress. Parties on the left say it isn't urgent to shore up deficits and call for higher payroll taxes on employers to make up the difference. Mr. Macron's government says people should work longer to put the system on better footing.

"We are asking French people for a collective effort. I understand it provokes reactions, reluctance and concerns," Prime Minister Elisabeth Borne said in an interview with weekly Le Journal du Dimanche on Sunday. "But our main goal is to ensure the future of our pension system," she said.

The specter of a continuing labor movement—with another national protest set for Saturday—is putting pressure on Mr. Macron to hang on to every vote he can muster to push his overhaul through Parliament.

A handful of lawmakers

from Mr. Macron's party, Renaissance, and its centrist allies are threatening to vote against the pension bill as the protest movement gains momentum.

Meanwhile, conservative party Les Républicains remains divided over the proposed measures, with some members tacking to the left of Mr. Macron and demanding more exceptions to the retirement-age increase. Without their support, Mr. Macron, who no longer has a majority in the National Assembly, won't have the votes to pass his pension overhaul—one of the main planks of his cam-

paign platform when he was re-elected in April.

"Behind the numbers, there are men and women—the middle and working classes that pay a high price for your bookkeeping reform," said Fabrice Brun, a Les Républicains lawmaker, who on Monday in Parliament backed a far-left motion to reject the overhaul. The motion failed.

Overall, given staunch opposition from left-leaning and far-right parties, Mr. Macron can't afford to lose the votes of much more than 20 centrist and center-right lawmakers such as Mr. Brun out of 577 in France's National Assembly.

Thailand Pins Hopes on Return of Chinese Vacationers

By FELIZ SOLOMON

BANG BO, Thailand—When the buses stopped coming in early 2020, it wasn't long before businesses began dropping like flies. Souvenir shops were the first to fold. Then the hot-pot place let its lease expire. Eventually, even the 7-Eleven closed.

Now, a cluster of three-star hotels near Thailand's main international airport is coming back to life as China reopens its borders. Neatly uniformed staff at Chor Cher, a resort that catered almost exclusively to Chinese tourists, come to work daily even though all of its 389 rooms are still empty. The walls shimmer with a fresh coat of paint and new furniture is in place.

"We are so, so ready," said Nittya Sairmat, Chor Cher's assistant manager.

Hotels such as this one used to be the first port of call for many Chinese tour groups, where they could load up on buses and take off for a day of shopping in Bangkok or a spa by the beaches of nearby Pat-

taya. Chor Cher barely avoided closure by operating as a quarantine center during the Covid-19 pandemic, while most surrounding businesses were abandoned.

This eerily idle town is betting a return of Chinese tourists will power its revival.

China's strict zero-Covid policy kept its citizens from traveling abroad until rules were eased in January, raising hopes for a surge of pent-up demand. The world's largest outbound-travel market saw some 155 million people take trips abroad and spend \$255 billion in 2019, according to the United Nations' World Tourism Organization. Chinese tourists were a growing source of revenue in destinations across the Asia-Pacific region including Indonesia, Japan and Australia.

In 2019, Australia had 1.44 million Chinese tourists who spent some \$7 billion—about 15% of all arrivals and a third of revenue. Since then, arrivals have dropped by over 95%. Japan received 9.5 million Chinese tourists in 2019—over 30%

of all arrivals. Last year, there were just 134,000, or 8.8%.

Both countries imposed testing requirements for arrivals from China because of its recent Covid outbreak, which may hamper their return.

In Thailand, officials and industry professionals say it could take about two years for

Tourism made up a fifth of the country's gross domestic product in 2019.

arrivals to bounce back to their pre-pandemic peak. But tour guides' phones are ringing. Police personnel responsible for the security of tourists and two travel agents recently visited Chor Cher to inspect rooms and shoot fresh marketing photos.

"That was a very good sign," Ms. Sairmat said. "We're expecting them to come back little by little."

The absence of Chinese vis-

itors devastated Thailand, where officials say tourism accounted for a fifth of gross domestic product in 2019. About a quarter of arrivals that year came from China, bringing in 40% of international tourism revenue. By the time Thailand reopened its borders in October 2021, many businesses that relied wholly on the Chinese market had collapsed.

Others adapted by courting more customers from Eastern Europe, India and parts of Southeast Asia—but even new markets haven't been enough to bridge the deficit.

"We need people to come back, not just from China but from everywhere, to get things back to normal," said Phramaha Wachara Soma, a Buddhist monk at Wat Arun temple, one of Bangkok's most popular tourist attractions where modest entry fees (about \$3) help feed the local community when times are tough. Visitors are on the rise, mostly Vietnamese and other Asians who come to rent traditional Thai costumes and pose for photographs.

But it is still a fraction of the roughly 10,000 who came each day before the pandemic, up to 70% of them from China.

"In the past, you could see Chinese everywhere, it was always packed," said Pornthip Saeng, a 79-year-old shopkeeper who sells purses and fans by the temple's riverside entrance. "I heard they're coming back, and I hope that's true."

Poor Thais who earn their living on the fringes of the tourist trail said things can only improve. Nong Warathorn, 57 years old, has sold flowers and amulets outside Bangkok's Erawan Shrine for more than 40 years. She earns just a few dollars a day from visitors who buy them as offerings or good-luck charms when they come to the site to pray. Westerners, typically less familiar with the Hindu customs of the shrine, rarely buy her wares.

She's hopeful that a rising tide of visitors from China will lift her fortunes.

"More tourists is good," she said. "It means more money." —Wilawan Watcharasakwet contributed to this article.

WORLD WATCH

UNITED KINGDOM

Ex-Police Officer Sentenced in Rapes

Former British police officer David Carrick was sentenced to at least 30 years in jail after he was found guilty of committing a series of rapes over the last two decades as an active policeman, raising difficult questions over how London's Metropolitan Police force vets its officers.

Mr. Carrick pleaded guilty to 49 charges relating to 12 victims between 2003 and 2020. The admissions made him one of Britain's most prolific sex offenders. Judge Bobbie Cheema-Grubb said during sentencing Tuesday that Mr. Carrick, 48 years old, felt untouchable because of his job and had caused "irretrievable devastation" in the lives of the women he raped and abused.

The case caused outrage across Britain and has prompted a much broader probe of sexual and domestic-violence allegations against other officers of the Met, as the force is called.

—Max Colchester

UNITED NATIONS

Warning Issued on Rise of Superbugs

Curbing the spread of drug-resistant pathogens will require big changes to how people grow food and treat diseases, the United Nations said.

The U.N. said in a report Tuesday that disease-causing bacteria, fungi and other microorganisms—commonly known as superbugs—are developing resistance to drugs in ways that threaten agricultural production and animal health, as well as people. Deaths from drug-resistant infections could rise from one million to 10 million annually by 2050 if antimicrobial resistance continues unchecked, the report said.

The U.N. report recommended solutions such as improving the health of livestock to reduce the need for antimicrobial treatments, changing agricultural practices so fewer antimicrobials are used on crops, installing pit toilets in areas where proper waste management is lacking and developing discharge targets for pharmaceutical and chemical effluent.

—Dominique Mosbergen

CANADA

Macklem Defends Pause on Rates

Recent data have persuaded the Bank of Canada that inflation is coming down toward its preferred 2% target, Gov. Tiff Macklem said Tuesday in defense of the central bank's decision to pause further rate rises.

Mr. Macklem said the central bank expected near-zero growth for the first three quarters of 2023, in part as higher interest rates weigh on domestic consumption. He added consumption growth "looks to have weakened substantially" in the second half of last year, leading to early signs that demand and supply are inching toward a balance.

—Paul Vieira

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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S&P 4164.00 ▲ 1.29% S&P FIN ▲ 1.16% S&P IT ▲ 2.46% DJTRANS ▲ 0.82% WSJ \$IDX ▼ 0.42% 2-YR. TREAS. yield 4.469% NIKKEI (Midday) 27543.39 ▼ 0.51% See more at WSJ.com/Markets

Apollo Eyes Credit Suisse Unit

Private-equity giant considers buying stake in reorganized investment bank

Apollo Global Management is among a group of financial firms in talks to take a stake in **Credit Suisse Group AG's** revamped investment bank, people familiar with the matter said.

Credit Suisse said last year that it would carve out the advisory part of its investment-banking operation into a new entity under the resurrected

CS First Boston brand following a string of scandals. The bank said it would raise outside capital to launch the new entity, which it hopes to list in a separate initial public offering eventually.

The talks with Apollo are continuing and could still fall apart. An investment in CS First Boston would represent another level of commitment from Apollo, which had previously agreed to take over Credit Suisse's securitized-products group, which packages and resells debt. The size of the potential stake couldn't be learned.

By Margot Patrick, Justin Baer and Julie Steinberg

Credit Suisse said last year that it had secured \$500 million from an unnamed investor, and Chairman Axel Lehmann said in December a few offers were on the table to help finance CS First Boston's leveraged-finance business.

The CS First Boston spinoff, based in New York, offers Credit Suisse a chance to revive a troubled unit and smooth out the volatility of its earnings, bank executives say.

Some employees who might have left said they are staying to see if Michael Klein, CS First Boston's chief executive designate and a veteran deal maker, can pull the division out of a slump.

The revived CS First Boston will focus on parts of the investment-banking business that require less capital, such as advising companies on mergers and acquisitions. Credit Suisse said it would keep some markets-trading businesses to assist its wealthy clients, divest itself of the securitized-products division to Apollo and move other

businesses to a noncore unit. Bond manager Pacific Investment Management Co., a unit of **Allianz SE**, is also considering taking a stake in the securitized-products business, people familiar with the matter said.

Credit Suisse reached an agreement recently to take over Mr. Klein's advisory business and pay Mr. Klein and other staff who will join CS First Boston in stock, the people familiar with the matter said. Mr. Klein built his advisory business after scaling ranks at Citigroup Inc. earlier
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Microsoft Adds AI Tech From ChatGPT To Bing

By TOM DOTAN

Microsoft Corp. is integrating the technology behind the viral chatbot ChatGPT into its Bing search engine, hoping the artificial intelligence upgrade can help it chip away at Google's dominance of the search market.

The breakout success of the bot from the Microsoft-backed OpenAI has put the software giant at the forefront of what some see as the next wave of technological innovation: generative artificial intelligence.

In an event to launch the technology on Tuesday, Microsoft said the Bing upgrade will enable a new kind of search in which people will pose questions to the search engine in natural language and it will generate direct answers and suggestions.

"I think this technology is going to reshape pretty much every software category," Microsoft Chief Executive Satya Nadella said at the event to demonstrate the technology at the company's Redmond, Wash., headquarters.

Mr. Nadella put AI-powered search on the same level of
Please turn to page B7

Super Bowl Bets Seen Doubling To \$16 Billion

By KATHERINE SAYRE

Gambling on this weekend's Super Bowl is expected to reach record-breaking levels, with more than 50 million Americans projected to bet \$16 billion on the championship game, according to a gambling-industry trade group.

Super Bowl LVII is also the first National Football League Championship to be played in a state with legalized sports betting. Fans inside State Farm Stadium in Glendale, Ariz., will be able to place mobile-phone bets during the game between the Kansas City Chiefs and the Philadelphia Eagles on Sunday. Gambling operator BetMGM last year opened a sports-betting outlet at the stadium grounds.

"The fact that the Super Bowl is being played in a legal sports-betting state was almost unthinkable five years ago," said Bill Miller, chief executive of the American Gaming Association. "It's a testament to the progress we're making."

About 30 million Americans plan to make Super Bowl sports wagers online—on both legal and illegal sites—as well as in legal sportsbooks and with illegal bookies, according to the survey released by the American Gaming Association. That is up 66% from last year's Super Bowl. About 28 million Ameri-

cans plan to bet on the game casually with friends and through pools and contests, the group said.

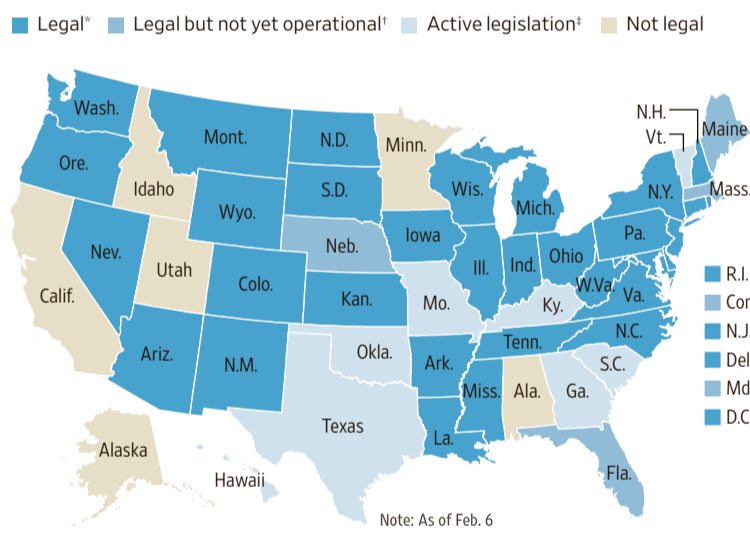
The gaming association's estimate of \$16 billion in legal and illegal bets is more than double last year's estimate of \$7.6 billion. The estimates are based on a survey of nearly 2,200 adults.

The expected record-breaking game comes as 36 states and the District of Columbia have legalized sports betting. Last year, sports wagering generated about \$7.5 billion in revenue.
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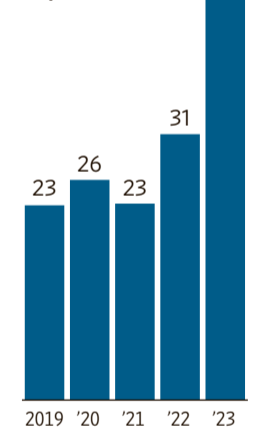


Super Bowl odds were displayed at the Circa resort & casino sportsbook in Las Vegas on Friday.

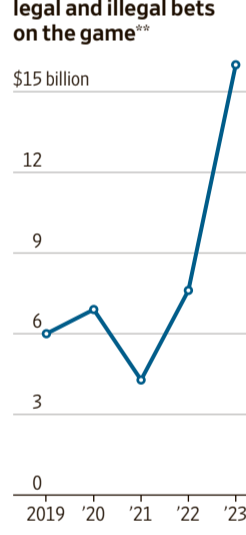
Legal sports betting in the U.S.



Number of Americans projected to bet on the Super Bowl**



Estimated amount of legal and illegal bets on the game**



◆ Crypto firms attempt to remake their images..... B2

*Sports betting is legally offered through retail/online sportsbooks †Authorized sports betting, but have yet to launch ‡Bills to legalize sports betting have been filed or a voter referendum is scheduled **Latest estimates based on an online survey conducted between Jan. 31-Feb. 1 of 2,199 adults; margin of error +/- 2 percentage points Source: American Gaming Association

Bed Bath Gets a Lifeline From Hedge Fund

Bed Bath & Beyond Inc. couldn't get banks to lend it money, but the troubled retailer

By Alexander Gladstone, Suzanne Kapner and Lauren Thomas

found a big hedge fund willing to bet on its stock.

The company landed a do-or-die rescue deal with **Hudson Bay Capital Management** that takes bankruptcy off the table

for now, according to people familiar with the matter. Shares, which have surged in recent weeks despite the company's dire situation, tumbled 49% Tuesday as the new financing will dilute existing shareholders.

The retailer, which has announced plans to close hundreds of stores, also said Tuesday it will shut dozens more stores as part of its plan to stay in business. The company now

expects to keep open about 360 of its flagship locations, or about half as many as it had a year ago, and 120 Buybuy Baby stores.

The unusual financing was made possible by the high trading volumes in Bed Bath & Beyond, which is popular with meme-stock investors. The stock had rallied even as the company warned of bankruptcy that would wipe out shareholders.

Hudson Bay Capital appears to be betting that it can cash in on the trading in Bed Bath & Beyond shares and give the retailer funds it could use to dig out of its hole. Analysts said the company still needs to reverse its losses to avoid burning through the rescue, as it did with another lifeline it got in September.

The company has been on the verge of bankruptcy, having missed interest payments to its

bondholders after having its credit lines frozen. The company has been closing stores and slashing jobs to stem losses and trying to woo back vendors of brand name goods.

Its board had been working with advisers preparing the restructuring plans but opted for the deal with Hudson Bay Capital.
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INSIDE

EARNINGS

BP slows its transition away from fossil fuels as energy prices rise. B3

TECHNOLOGY

Beyoncé concert presale is the next big test for Ticketmaster. B5



Meta to Revamp Virtual-World App for Youth Appeal

By SALVADOR RODRIGUEZ

Facebook parent **Meta Platforms Inc.** is revamping its fledgling Horizon Worlds metaverse app, seeking to draw in more teen and young-adult users after working to improve the service's design, according to a memo sent to the team working on the initiative.

The new strategy includes opening up Horizon to teens aged 13 to 17, the memo says. The app is currently available to people 18 and older. A teen launch for Horizon could happen as soon as March, according to people familiar with the matter.

In the memo, titled "Horizon 2023 Goals and Strategy," Meta Vice President of Horizon Gabriel Aul outlines the team's objectives for the first half of



The Horizon Worlds app, now available for users 18 and up, would be opened to those 13 to 17.

the year, with the top task being to improve user retention, particularly among teens and young adults. These are the generations that in many ways will be the true digital citizens of the metaverse and have

grown up seamlessly interfacing with the technology and connecting with people remotely, Mr. Aul wrote.

"Today our competitors are doing a much better job meeting the unique needs of these

cohorts," Mr. Aul said in the memo, which was reviewed by The Wall Street Journal. "For Horizon to succeed we need to ensure that we serve this cohort first and foremost."

Meta's Quest virtual-reality

headsets were designed for people aged 13 and up, so it makes sense that the company would plan to introduce experiences for that audience in Horizon, Meta spokesman Joe Osborne said.

"Teens are already spending time in a variety of VR experiences on Quest, and we want to ensure that we can provide them with a great experience in Horizon Worlds as well, with age-appropriate tools and protections in place," Mr. Osborne said.

Meta has spent billions of dollars building out the metaverse, which is a vision for the internet in which users interact in virtual worlds. In 2022 alone, the company spent \$15.9 billion in cost and expenses for its Reality Labs division.
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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.

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INDEX TO PEOPLE

Index to People table with columns A, B-K, L-R and rows listing individuals like Gellach, Tyler, Gerber, Sander, etc.

BUSINESS & FINANCE

Crypto Brands Remake Images Following FTX, Market Tumble

By PATRICK COFFEE

Roughly one year ago, a handful of crypto heavyweights made swaggering debuts on the Super Bowl ad roster...

Now, companies across the sector are using marketing and public-relations efforts to defend their brands...

"The problem they face is a massive drop-off of trust as holders of assets that have value," said Tom Wason, global principal at Wolff Olins...

Exchanges Attempt To Avoid Contagion

A few exchanges have acted like nothing has changed in the crypto arena, implicitly distancing themselves from the misadventure that has enveloped the sector.

In November, Binance Holdings Ltd. launched its first brand campaign, kicking it off with an NFT collection featuring soccer star Cristiano Ronaldo.

Future marketing will focus on the products the firm offers, rather than distinguishing Binance from FTX and other suspect competitors...

the negative news cycle. Coinbase aims to convey its confidence in crypto "while maintaining our position as the most trusted brand in the space," Chief Marketing Officer Kate Rouch said.

Bittrex Global GmbH, another crypto exchange, moved to reposition itself with a December campaign describing the Liechtenstein-based company as "the world's most secure regulated digital asset exchange," concluding with the new tagline, "Here today. Here tomorrow."

EToro's "Originality Is Over-rated" campaign, which also began airing in December, uses the platform's social media-like elements to set it apart, suggesting that crowdsourced insights might still be of interest to curious investors.

EToro will continue its marketing efforts throughout this year, according to U.S. Chief Executive Lule Demmissie. "We feel like this is the time to do it. You show up when things are a little rough for people."

Watch a Video



Super Bowl Betting Set To Double

Continued from page B1. enue for operators after paying out winning bets, according to the trade group. The industry has rapidly expanded since a Supreme Court ruling in 2018 cleared the way for states beyond Nevada to allow sports wagering.

Gambling operators consider the Super Bowl to be a customer-acquisition opportunity in addition to a moneymaker. Companies push to attract new customers, including more casual bettors during the big game, and try to reactivate existing customers.

This year, DraftKings Inc. teamed up with Molson Coors Beverage Co. to offer a contest in which players try to predict what is in the brewer's Super Bowl commercial for a share in a \$500,000 prize pool.

FanDuel Group, meanwhile, launched an ad campaign that is expected to culminate in retired NFL star Rob Gronkowski attempting a field goal in a live commercial during the game. Any FanDuel customer who makes a Super Bowl bet of at least \$5 will win a share of \$10 million in free bets if Mr.

Gronkowski makes the kick, the company said.

GeoComply, which validates online sports-betting traffic to ensure users are in a state with legalized betting, said it processed more than 550 million geolocation checks between the NFL playoffs and American Football Conference Championship from Jan. 14 through Jan. 29. That represents a 50% rise from last year.

GeoComply said State Farm Stadium has already proved to be a hot spot for online betting. Last September, when the Arizona Cardinals played the Chiefs, GeoComply processed 66,000 geolocation checks, nearly the biggest volume in any U.S. stadium that week, the company said.

Gambling operators poured hundreds of millions of dollars into wooing customers as more states adopted online sports betting. Now, refocusing on profits, companies have rolled back ad spending in favor of more targeted marketing.

"I think we maybe hit a soft landing with advertising, where it isn't so in our face, for this Super Bowl and for the next 12 months," said Rick Arpin, who leads the U.S. gaming practice for consulting firm KPMG.

About 11% of consumers said they bet on sports through mobile devices in the fourth quarter of last year, down from 19% in the second quarter, according to a survey of 2,835 adults by TransUnion.

DAZN in Deal to Stream NFL Games

By JOE FLINT

The National Football League and the sports streaming company DAZN Group struck a deal to distribute NFL games to most of the world outside the U.S., they said Tuesday.

The 10-year agreement starts next season and will make DAZN the exclusive home of the NFL's Game Pass International service. The NFL said it would be available in most of the world—but not in China.

The move effectively consolidates the NFL's international streaming operations with DAZN, which already has a growing presence abroad. DAZN said in its 2022 annual review that it has 15 million subscribers, the majority of which are outside the U.S.

DAZN has many marquee sports overseas, and its biggest markets include Germany, Italy, Japan and Spain. In the U.S. it has a smaller presence, though it has become a home for boxing. The company's chairman is former Walt Disney executive Kevin Mayer and its chief executive is Shay Segev.

The NFL and DAZN are currently partners in Canada on NFL Game Pass International.



The 10-year agreement starts next season and will make DAZN the exclusive home of the NFL's Game Pass International service. It will be available in most of the world, but not in China.

OverTier, a Bruin Sports Capital unit, had handled all other international distribution for Game Pass International for the past several seasons.

Through NFL Game Pass International, the league offers fans who live abroad a service similar in nature to the NFL's Sunday Ticket package, which carries every Sunday afternoon

game. The NFL's prime-time games on Sunday, Monday and Thursday are also available, as are the playoffs and Super Bowl.

The DAZN partnership is the latest push by the NFL to simplify and expand its global efforts. Last season, the league played three games in London and one in Germany as well as

one in Mexico. Next season, there are already plans for an additional game in Germany.

In unveiling the partnership, NFL Commissioner Roger Goodell said that expanding the league overseas is a key strategic priority and that DAZN, which has a strong presence abroad, would accelerate that.

Fund Invests in Retailer's Upside

By GREGORY ZUCKERMAN AND ALEXANDER GLADSTONE

After Hudson Bay Capital Management and others agreed to invest in struggling Bed Bath & Beyond Inc., some on Wall Street are questioning why a well-established hedge fund and others would spend as much as \$1 billion to purchase the equity of a retailer on the verge of bankruptcy—a move that could wipe out that equity.

For Bed Bath & Beyond, the deal is an obvious one, traders said. Without it, the retailer was looking at a bleak future.

For Hudson Bay, there is lots of upside if the company stabilizes its business and limited downside because of generous terms for the buyers and be-

cause Hudson Bay has hedged its exposure.

Hudson Bay Capital is a Greenwich, Conn., firm that has grown to \$19 billion since launching in 2006, thanks to returns that have averaged 10.5% after fees, according to someone close to the firm.

But it isn't a firm that generally uses a lot of leverage, or borrowed money. Nor does it roll the dice on risky trades, according to investors. Founded by Sander Gerber, a former options trader at the American Stock Exchange, Hudson Bay has sometimes taken activist stakes in companies and also invested in distressed businesses.

In the past, it has purchased convertible shares in troubled companies, including Plug

Power Inc. and Transocean Ltd., but the firm boasts of its sophisticated risk management, which it calls "The Deal Code System."

Terms of the Bed Bath & Beyond transaction help explain why Hudson Bay and other investors are willing to open their wallets for such a struggling company. The new financing could grow to more than \$1 billion, but only if the retailer can improve its fortunes.

More importantly, the deal enables Hudson Bay and the other investors to acquire common shares at a discount to the market price. Investors can convert their newly acquired preferred shares into common shares at a variable price that was \$2.37 a share on Tuesday,

well below the \$3.01 close of the stock. The conversion price could change day to day based on fluctuations in the stock price, though the conversion price can't drop below 71 cents.

The deal also gives Hudson Bay warrants to acquire additional common shares through future conversions, also at a price substantially higher than the market price.

If Bed Bath & Beyond can somehow stabilize or improve its fortunes, the warrants could have value. The number of common shares that Hudson could acquire through the warrants are substantially more than the 117 million common shares that currently exist.

—Lauren Thomas contributed to this article.

Bed Bath Receives Lifeline

Continued from page B1. tal to avoid a likely liquidation in bankruptcy, some of the people said. The board is still exploring a potential sale of its Buybuy Baby chain, these people said.

Bed Bath & Beyond on Tuesday said it had priced an offering of convertible preferred stock and warrants that will

provide it with \$225 million upfront and as much as \$800 million over time, with B. Riley Securities as sole bookrunner. It also got an additional \$100 million credit line from one of its lenders, Sixth Street Partners.

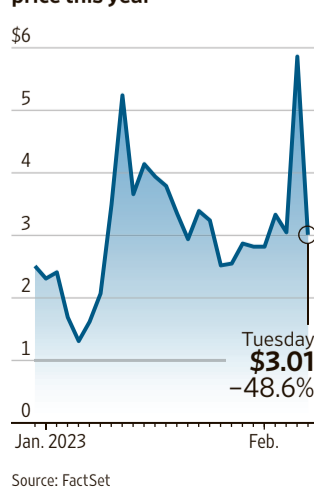
Hudson Bay Capital, a \$19 billion hedge fund, is providing most of the fresh investment, the people familiar with the matter said. The New York fund isn't related to Hudson's Bay Co., the owner of Saks Fifth Avenue and other retail chains. Bloomberg News earlier reported on the fund's involvement. Hudson Bay Capital has grown from under \$1 billion over the last decade or so, thanks to strong returns and

growing interest from investors. Founded by Sander Gerber, a former options trader at the American Stock Exchange, the firm has sometimes taken activist stakes in companies and invested in distressed businesses.

The arrangement is less of a wager that Bed Bath & Beyond will quickly turn around its fortunes than a bet that it will avoid filing for bankruptcy this year and that its shares will continue trading at prices that allow the company to continue to tap the market and the hedge fund to cash out at a profit.

—Gregory Zuckerman contributed to this article.

Bed Bath & Beyond share price this year



In Memoriam

For more information: wsj.com/inmemoriam

Kent Arthur Clark January 27, 2023



SHORT HILLS, N.J. - DECEMBER 13, 1964 - JANUARY 27, 2023 Kent Arthur Clark, 58, of Short Hills, New Jersey, passed away peacefully, surrounded by family and friends at the NYU Kimmel Pavilion in New York on January 27, 2023. He was born on December 13, 1964 in Calgary, Alberta, Canada to Glen Marshall Clark and Gladys Cecelia (Lindell) Clark.

Kent earned a Bachelor of Commerce degree from the University of Calgary, an MBA from the University of Chicago Booth School of Business and reached candidacy in the PhD program in Finance at the University of Chicago Booth School of Business.

Kent joined Goldman Sachs in 1992 as an associate on the Quantitative Equity team within Goldman Sachs Asset Management. Kent was named managing director in 1998 and partner in 2012. He retired in 2020. Throughout his 28 years of distinguished service at Goldman Sachs

Kent was instrumental in the growth of the firm's open architecture hedge fund platform and the development of its external manager investment process. Kent was viewed as a thought leader in the industry, having published important research articles in alternative investment journals. In addition to his many significant commercial contributions at Goldman Sachs, Kent was beloved by all who knew him and served as an inspiring role model and mentor to many current and former colleagues. He also played an active role in advancing Goldman's diversity and inclusion priorities, including serving as a leader for the Black Network and Asian Network. Kent was dedicated to the arts and served for many years as a trustee for the Juilliard School, the Mannes School of Music - The New School and The Pingry School in Basking Ridge, New Jersey.

Despite his achievements, he always said that his children were his pride and joy and his best accomplishments. He loved spending time with family and friends. Some of his favorite things include reading, playing the guitar, listening to music, meditating, grilling steak dinners, hiking, and traveling the world with his family.

He is survived by his devoted wife of 28 years, Helen Vera and his cherished children Stephanie and Stuart. He is also survived by his mother Cecelia, his brother Clifford and his wife Rita and their children Carl, Crystal, and Eric, his sister Heather and her husband William and their daughter Lauren, as well as his extended family and friends. He is predeceased by his father Glen.

The family is both devastated and shocked by his untimely death. Though, so fitting for a man like Kent, his legacy will continue to live on through his organ donations. He will be sorely missed by family and friends.

In lieu of flowers, please consider a donation in Kent's honor to NJ SEEDS, 494 Broad Street, Suite 105, Newark, NJ 07102. https://seedsaccess.org/apply-to-nj-seeds/

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BUSINESS NEWS

Shares of Adani Companies Rally

Promise to repay loan, earnings results improve sentiment toward conglomerate

By WEILUN SOON

The shares of some companies owned by India's **Adani Group** rallied Tuesday, showing investors had a mixed view of the embattled conglomerate near the start of a crowded week of earnings releases from its subsidiaries.

Adani Enterprises Ltd., the flagship part of the group of companies owned by billionaire Gautam Adani, closed the day 15% higher, reversing some of the heavy losses it sustained in the wake of a scathing report by U.S. short seller Hindenburg Research. Adani Ports & Special Economic Zone Ltd. and Adani

Wilmar Ltd. also ended the day higher, but four other companies bearing the Adani name continued to fall.

The mixed response from stock investors came the day after some of Adani's controlling shareholders promised to make early repayment of a \$1.1 billion loan that was backed by three of the companies' shares. Adani Enterprises was 25% higher at one point during the day.

The repayment announcement and the relatively positive sentiment from earnings results of Adani-linked companies this week led to the better performance in share prices, said Avinash Gorakshakar, head of research at India-based Profitmart Securities. But he said "today's swing can't change the companies' fundamentals," pointing to the recent cancellation of a share sale and the likelihood that

Adani companies would find it tough to raise money in the debt markets.

Adani Group's combined market capitalization had been declining rapidly since New York-based short seller Hindenburg Research published its report Jan. 24. The firm alleged that Mr. Adani and his group had manipulated stock prices, among other things. Adani Group has denied the allegations.

Adani Ports & Special Economic Zone reported on Tuesday that net income had fallen 13% from a year ago to about \$161.5 million for the third quarter ended December. The company plans to repay debt of about \$604.2 million over the next financial year. The repayment is expected to improve its net debt to earnings before interest, taxes, depreciation and amortization ratio to about 2.5

times, it said in the report.

Adani Green Energy Ltd.'s net profit more than doubled to \$12.4 million over the same period, compared with \$5.9 million a year ago, according to the company's results on Tuesday.

while its revenue was around 4% higher.

The companies followed Adani Transmission Ltd., which released its own quarterly results after the market close Monday. The company said both revenue and profit rose by double digits. Its shares initially rallied Tuesday, although they ended the day 0.8% lower.

Adani Enterprises, the flagship company, is scheduled to release its earnings results next Tuesday, according to a stock-exchange filing.

Political turmoil resulting from Hindenburg's allegations against the Adani Group continued to rock India's Parliament on Tuesday. A parliamentary session was briefly adjourned during the day as opposition parties demanded that Prime Minister Narendra Modi comment on the furor surrounding Mr. Adani.

15%

Stock gain for Adani Enterprises, the flagship firm

Ambuja Cements Ltd., which Adani acquired last year with the help of foreign bank financing, released its own earnings after the market closed. Its net profit was around the equivalent of about \$59 million, up around 13% from the year before,

VW Says Results for 2022 Met Forecasts

By WILLIAM BOSTON

BERLIN—Volkswagen AG said Tuesday that 2022 sales and operating earnings were largely in line with forecasts, but that cash flow, a key measure for investors, fell short of expectations as supply-chain woes led to higher unsold inventory at the end of the year.

VW and other auto makers have struggled over the past year with continued disruptions to supply chains in the wake of the war in Ukraine and amid a resurgence in Covid-19 infections in China that hit supply chains, making it difficult to maintain production at constant levels.

The company said in a regulatory statement published late Tuesday that the continuing disruptions to supply chains left the company with excess inventories of finished goods, raw materials and supplies at year-end.

In the release, which contained only a few key figures ahead of a full earnings report on March 14, VW said 2022 revenue was €279 billion, equivalent to about \$299 billion, up around 12% from a year earlier.

Operating profit before special items was €22.5 billion, which VW said was a return on sales of 8.1%, well within the range previously targeted by the company.

VW said net cash flow, which shows how much cash comes into or goes out of a business, was €5 billion in 2022, falling short of the company's self-imposed target of at least matching the €3.6 billion in cash flow achieved in the previous year.

"The deviation is mainly due to the unstable supply situation throughout 2022 and disruptions in the logistics chains, particularly at the end of the year," VW said in the statement.

VW said in its release that it expects the headwinds affecting cash flow to ease over the course of the year ahead.

The company also noted that the net liquidity of its automotive division was around €43 billion at the end of 2022, which included about €16 billion in cash generated from the listing of its sports car maker **Porsche AG** in September.

Hit by erratic supply chains, shortages of key components such as semiconductors, and weakening demand in some markets, VW's global new vehicle sales fell 7% last year to 8.3 million.

Sales for the entire industry fell slightly last year to around 81 million vehicles, according to analyst estimates.

Boeing to Cut 2,000 Finance And HR Positions

By ANDREW TANGEL

Boeing Co. said it would cut about 2,000 jobs primarily in finance and human resources as it broadly increases its head count this year.

The Arlington, Va., aerospace manufacturer said the cuts were part of an effort to simplify its corporate structure and would occur through layoffs and attrition, while it would outsource some of the jobs.

Last month, Boeing said it would overall add some 10,000 jobs this year, enlarging its workforce that totaled about 156,000 at the end of 2022.

The company said its hiring would focus on engineering and manufacturing positions.

Boeing said the job cuts in finance and human resources would allow the company to focus its resources so that it can better support its products, services and development efforts.

The Wall Street Journal last year reported that Boeing planned to cut about 150 finance jobs and that other similar cuts were possible. The Seattle Times earlier reported on Monday the company's plans to cut about 2,000 finance and human-resources jobs.

BP Slows Transition to Renewables

By JENNY STRASBURG

LONDON—BP PLC said it would slow its shift to lower-carbon energy, increasing spending on the oil-and-gas production that helped push the company to a record profit last year.

BP joined its peers on both sides of the Atlantic in capitalizing on soaring energy prices in the fourth quarter, and the company's strategic shift highlighted how fossil fuels continue to be the profit drivers for the industry's biggest players.

"At the end of the day, we're responding to what society wants," Chief Executive Bernard Looney said on Tuesday.

BP said its underlying replacement-cost profit, a metric similar to net income that U.S. oil companies report, was \$4.8 billion. That slightly lagged behind the \$5 billion consensus estimate of 28 analysts compiled by the company, and compared with \$4 billion in the year-ago period.

Full-year profit rose to \$27.7 billion by the same measure, compared with almost \$13 billion for 2021 when BP swung back from early pandemic losses.

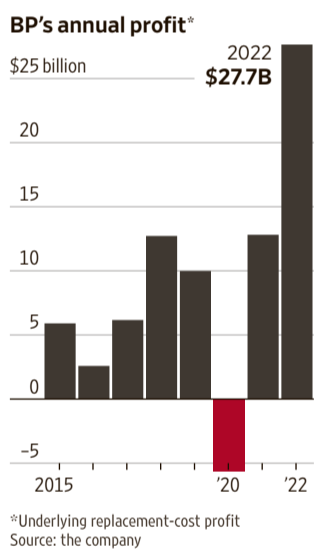
BP's London-listed shares gained 8% in Tuesday's trading. Under Mr. Looney, who took over as CEO of the company three years ago, BP embarked on one of the industry's most ambitious pivots away from fossil fuels and toward renewable-energy sources.

BP said on Tuesday that it now aims to reduce fossil-fuel production by 2030 by around 25% from 2019 levels. That compares with its previous aim to cut that output by 40% during the same period.

The Wall Street Journal re-



The company aims by 2030 to cut emissions by 20% to 30% from 2019 levels, lowering an earlier target.



ported last week that Mr. Looney was planning to dial back elements of the company's push into renewable energy. Mr. Looney has suggested to people close to the company

that it needs to do more to assure investors it can deliver strong returns in renewable energy while also maintaining oil-and-gas profit, even with planned production cuts, the Journal reported.

In explaining the pullback, Mr. Looney said the world is more focused on energy security and costs than it was before Russia's war in Ukraine. More fossil fuels will be needed for longer to manage the global shift to lower-carbon energy, he said.

BP said it would boost its investments in renewable sources while also increasing its oil-and-gas investments.

The company said it aims to increase investment by as much as \$1 billion a year through this decade in each of two pillars: oil-and-gas production and what it calls transition growth engines including bioenergy, hydrogen and elec-

tric-vehicle charging networks. That spending of up to \$16 billion is in addition to previous targets in those areas.

"We are leaning into the strategy," Mr. Looney said, adding that BP's dual investment tracks respond to green-energy needs as well as continued fossil-fuel demand.

Mr. Looney said BP is responding to unforeseen shifts in global energy flows.

The slower reduction of oil-and-gas production will slow BP's progress in cutting emissions from those operations. It said it is now aiming for a 20% to 30% reduction by 2030 in carbon emissions from fossil-fuel production compared with 2019 levels. BP previously said it was targeting a carbon-emissions cut of 35% to 40% from those businesses in the same period.

◆ Heard on the Street: It's hard to kick fossil-fuel habit ... B14

Higher Labor Costs Hit Chipotle Profit

By HEATHER HADDON AND KATHRYN HARDISON

Chipotle Mexican Grill Inc. said that higher costs associated with labor cut into its profit in its most recent quarter, while sales were depressed during the holidays.

The burrito chain said Tuesday that staff sick pay and medical expenses contributed to elevated costs during its fourth quarter. The company reported per-share earnings adjusted for one-time items of \$8.29 for the period that ended Dec. 31, below analysts' expectations of \$8.91, according to FactSet.

Net income of \$223.7 million was up 68% from the same period a year earlier.

The Newport Beach, Calif., company said comparable restaurant sales grew by 5.6% from a year earlier. Revenue increased 11% to \$2.18 billion, slightly below analysts' expectations.

Chipotle said that its sales softened in December during the holidays, and a new steak dish didn't drive as many orders as executives had hoped. Slower retail sales during the holidays likely contributed to fewer people going out to eat while shopping, executives said.

"We just didn't see that pop, that momentum that we normally see," said Chipotle Chief Financial Officer Jack



Comparable restaurant sales grew by 5.6% from a year earlier. Revenue increased 11%, slightly below analysts' expectations.

Hartung said during an investor call. "We started the quarter soft and we ended the quarter soft."

Chipotle said higher menu prices helped offset food costs, although expenses increased for dairy and tortillas. Sales improved in January and have continued to move upward in its first quarter, the company said.

Chipotle's shares fell 4.7% in after-hours trading.

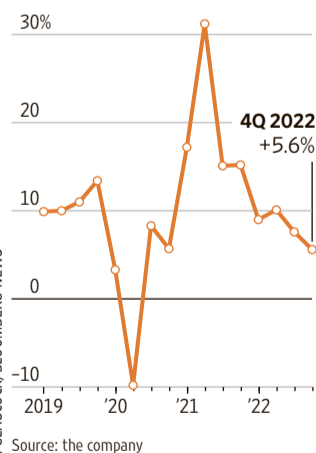
Restaurants in recent weeks have reported that sales held up in their most recent quarters, but a number of companies have noted

increased costs. Starbucks Corp. last week said that new cafe equipment and higher wages for employees cut into store-level profits.

Chipotle said its menu prices in its fourth quarter were around 13.5% higher than the same period last year. The company said it hasn't made any decisions on boosting prices this year, and is closely monitoring inflation and the economy. Executives said they have no current plans to further increase prices.

"Hopefully it will just level off," Mr. Hartung said in an

Chipotle's quarterly comparable restaurant sales, change from a year earlier



interview. "We'd love to just be patient and sit back."

Chipotle said it was focusing on the basics of running its restaurants, including moving toward more in-person training for workers and away from virtual education. The company said that staffing levels have improved from two years ago.

The chain said last month that it plans to hire 15,000 people in the U.S. as it opens more restaurants and anticipates an uptick in orders in the coming months.

Mr. Hartung said sales among higher-income consumers are holding up, but some with lower incomes have taken more of their meals at home.

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TECHNOLOGY

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Zoom to Lay Off 15% of Staff While CEO Slashes His Salary

Videoconferencing company's cuts come as work-from-home trend winds down

By WILL FEUER

Zoom Video Communications Inc. is laying off 1,300 of its employees, or 15% of its staff, becoming the latest technology company to trim its workforce as it adjusts to more normalized trends after a pandemic-fueled growth spurt.

Chief Executive Eric Yuan said Tuesday he was reducing his salary and forgoing his bo-

nus, joining other corporate leaders across finance and technology to take pay cuts this year.

He made just over \$300,000 in salary for the fiscal year ended Jan. 31, 2022, and about \$13,000 as part of a nonequity bonus plan.

Shares of the San Jose, Calif.-based company jumped nearly 10% to \$84.66. Over the past 12 months, the stock has fallen more than 40%.

Once a pandemic darling, Zoom grew rapidly during the Covid-19 pandemic, when companies and consumers turned to its videoconferencing software to connect with one another. That growth has cooled

in recent quarters as companies have called employees back to offices and people returned to in-person activities.

Mr. Yuan said the company tripled in size in two years. As of Jan. 31, 2022, the company had nearly 6,800 employees, up from about 2,500 employees at the same time in 2020, according to regulatory filings.

"We didn't take as much time as we should have to thoroughly analyze our teams or assess if we were growing sustainably, toward the highest priorities," Mr. Yuan said in a message to employees. "I am accountable for these mistakes."

Mr. Yuan said he is reducing his salary for the coming fiscal year by 98% and forgoing his fiscal 2023 corporate bonus. Members of his executive leadership team also will forfeit their bonuses and reduce their base salaries by 20% for the coming fiscal year.

The company is slated to report fiscal fourth-quarter results on Feb. 27.

Zoom joins a wave of technology companies, including Dell Technologies Inc., International Business Machines Corp. and others, that have moved to trim their staffs amid rising interest rates and a leveling off of pandemic-re-



CEO Eric Yuan said he was accountable for the firm's mistakes.

KENIA BETANCUR/GETTY IMAGES

lated growth. Business-software companies also have said customers are paring back spending as they look to reel in costs.

Various companies have laid off thousands of employees in a round that was led by

large technology companies, including Microsoft Corp. and Amazon.com Inc. Large companies from other sectors have made similar moves, with FedEx Corp., 3M Co. and Dow Inc. all announcing layoffs in recent weeks.

Japan Ends Multibillion-Dollar Passenger-Jet Bid

By CHIEKO TSUNEOKA

TOKYO—Mitsubishi Heavy Industries Ltd. pulled the plug on Tuesday on a passenger-jet project that swallowed billions of dollars and 15 years in a fruitless bid to take a chunk of the U.S. market.

The decision was a blow to national pride in Japan, which was hoping for a return to the commercial-aircraft market led globally by Boeing Co., Airbus SE and Embraer SA of Brazil.

With backing from leader Xi Jinping, China is trying to build a position in the passenger-jet market with a plane called the C919 that aims to challenge Boeing and Airbus.

Mitsubishi Heavy's airplane, initially known as the Mitsubishi Regional Jet and later as SpaceJet, was originally conceived as a 90-seater that could fly workhorse routes in the U.S. and Japan.

The company, famed for developing the Zero fighter in World War II, decided in 2008 to go ahead with the project, which received subsidies from



Mitsubishi Heavy Industries' SpaceJet ran into delays, due in part to redesigns for the U.S. market.

performed engineers in Japan," Mitsubishi Heavy Chief Executive Seiji Izumisawa said Tuesday.

He also said it was hard to get good terms from potential airline partners because the project wasn't large enough.

In 2020, Mitsubishi Heavy froze development of the jet and cited the Covid-19 outbreak, which hit air travel globally. At the time it left open the possibility of starting again when the pandemic ebbed.

On Tuesday, with air travel virtually back to normal around the globe, it canceled the jet for good.

"It's a sad day," said Ulrike Schaede, a professor of Japanese business at the University of California, San Diego. She said Mitsubishi Heavy could have had "a really nice global niche" but "they were always playing catch-up."

Mr. Izumisawa said the company estimated it would have taken a few more years to get type certification, a key step for regulatory approval, with spending of close to \$1

billion a year.

Mr. Izumisawa said he was confident that the company had the technical ability to make an airworthy plane, observing that the jet made successful test flights. However, he said, "we lacked sufficient preparation and knowledge to make it into a business."

Analysts estimated the total development cost of the plane was more than \$7 billion. Mitsubishi Heavy declined to confirm that.

Its aircraft subsidiary reported an annual loss equivalent at the time to \$4.9 billion in 2020 as the project was winding down.

The news isn't all bad for Mitsubishi Heavy's aircraft business: It is the Japanese contractor on a project with the U.K. and Italy to build a new stealth jet fighter that is scheduled to be ready in the 2030s.

The company said some of the passenger jet's engineers would move over to the military project.

—Peter Landers contributed to this article.

YUYA SHINO/KYODO NEWS/ASSOCIATED PRESS

the Japanese government. Its first delivery was scheduled for 2013, to Japan's All Nippon Airways.

The airplane would have been the first domestically developed and manufactured passenger aircraft in Japan since the YS-11, which made

its first flight in 1962. But the project underwent repeated delays, in part because of stumbles designing the plane for the U.S. market. Mitsubishi Heavy learned that its 90-seat model couldn't be flown by certain U.S. regional carriers owing to agreements

with pilot unions over plane size.

In another instance, it learned that the main and backup wiring of the plane were routed too close together under U.S. regulatory standards, forcing a redesign. "There probably weren't ex-

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TECHNOLOGY & MEDIA

Beyoncé's Concert Presale Is Next Big Test for Ticketmaster

By ANNE STEELE

Ticket sales to Beyoncé's Renaissance World Tour will serve as a closely watched test for Ticketmaster in the wake of its bungled sales of Taylor Swift tickets late last year.

On Tuesday, a series of presale tickets to Beyoncé shows in certain cities became available to Citi credit-card holders before ticket sales open up to more fans in a series of staggered sales. A limited number of tickets to some shows went on sale Monday for a portion of Beyoncé's superfans, known collectively as the BeyHive, with no initial reports of significant technical problems.

Ticketmaster parent Live Nation Entertainment Inc. has been under scrutiny from fans, lawmakers and regulators since demand for Ms. Swift's first tour in five years overwhelmed the ticketing company. Would-be buyers waited for hours in online queues only to be kicked out of the system, have tickets disappear from their carts and watch prices soar in real time.

The ticketing company has spread access to Beyoncé concert tickets over a span of several weeks, in contrast to the circumstances of Ms. Swift's tour, where Ticketmaster opened the presale to all verified fans at the same time in each market for Ms. Swift's 52 U.S. tour dates.

Like Ms. Swift's tour, Beyoncé tickets are being doled out through Ticketmaster's Verified Fan system, which asks fans to register ahead of time for a chance at receiving a code that allows them access to try to make a purchase. Beyoncé's concerts are scheduled to begin in Stockholm in May and end in New Orleans in September, in a tour named after her latest album "Renaissance."

While spacing out the sales and number of fans shopping



The star's concerts are scheduled to begin in Stockholm in May and end in New Orleans in September.

for Beyoncé tickets at once could mitigate some congestion, Ticketmaster still faces a large number of fans seeking a finite number of seats. The company on Thursday tweeted that demand to register for a chance to buy tickets for concerts in the first group of nine cities exceeded the number of tickets by more than 800%.

On Monday, Ticketmaster said that it anticipated scalpers would unleash a record level of bot attacks during the Beyoncé ticket sale, and that it had increased its technological defenses. It said a team of engineers is monitoring attempted attacks and is ready to build new defenses if needed. It warned that it might need to slow or pause sales to do so. Ticketmaster previously said that bots were to blame for problems related to Ms. Swift's ticket sales.

Last week, the Senate Judiciary Committee retweeted a story about the Beyoncé tour, adding: "We're watching, @Ticketmaster."

The Taylor Swift ticket-sales debacle prompted a Sen-

ate hearing last month during which Live Nation, the world's largest concert promoter and biggest ticketing provider via its Ticketmaster unit, faced questions from lawmakers over the company's exclusive arrangements with venues, ticketing fees and defense against cyberattacks.

Critics of the merger agreement that brought Live Nation

Parent Live Nation is under scrutiny after a fiasco in selling Taylor Swift tickets.

and Ticketmaster together in 2010 have repeatedly said the company's dominant position across the live concert industry has hampered innovation.

The Justice Department is investigating Live Nation over whether the company has violated antitrust laws, The Wall Street Journal has reported, a probe that predated the Taylor

Swift ticket-sale glitches.

Ticketmaster's performance with the Beyoncé ticket sales is significant as lawmakers consider addressing some of the issues plaguing the concert industry, said Bill Werde, director of the Bandier music-business program at Syracuse University. "If they manage to screw up the Beyoncé sale, they're going to add incredible fuel to the fire," he said.

SeatGeek is selling tickets to Beyoncé concerts at stadiums in Texas and Arizona but is relying on Ticketmaster to run the Verified Fan program for those shows.

Ricky Faillace, senior product manager at SeatGeek, said the company is counting on Ticketmaster to distribute a reasonable number of access codes to mitigate the number of fans who are unable to secure tickets. "In the months following the Taylor Swift on-sale, we've been applying the technical learnings from what we experience with that outsized demand," he said. "We are confident that we can perform even better this time around."

Venture Investors Pour Cash Into 3-D Printing

By MARC VARTABEDIAN

Venture capitalists invested a record amount of capital into 3-D printing startups last year despite a slower market where investors broadly curbed investing.

Investors are drawn to these companies because they are on the verge of being able to use their technology to manufacture components at scale for critical sectors such as semiconductors and aerospace. For many, that would mean transforming from being a niche product manufacturer to being a mass producer, investors say.

Some of these startups say a White House initiative launched in May that encourages legacy industrial companies to use 3-D printing startups as suppliers is providing a boost. And some investors are drawn to startups that are applying the technology to innovative uses, such as engineering food.

Known as additive manufacturing in the industry, 3-D printing is the process of creating things by building them up from scratch in layers. It differs from traditional manufacturing, or subtractive manufacturing, which takes a piece of metal, for instance, and reduces it and shaves off layers to reach the final product.

Last year, venture investors pumped \$2.84 billion into additive manufacturing startups globally, a 14% increase from 2021, according to analytics provider PitchBook Data Inc. So far this year, not including a recent \$50 million deal for the 3-D printing startup Fabric8Labs Inc., these startups have raised \$65 million.

Venture firms are dedicating more resources to the sector. For instance, AM Ventures, a Starnberg, Germany-based investment firm, raised a \$100 million fund last summer to target industrial and commercial 3-D printing technology.

"There are major dollars in the market for these startups,"

said Ehsan Toyserkani, a professor and Canada research chair in additive manufacturing at the University of Waterloo.

Investors are also attracted to these startups' ability to provide industrial companies with a simpler supply chain, which could help them address parts shortages amid geopolitical challenges and reduce dependency on foreign suppliers, Prof. Toyserkani said.

Additive manufacturing startups also say their methods can help companies cut costs and have lower environmental impacts because less waste goes into production, he added.

San Diego-based Fabric8Labs uses its additive manufacturing technology to build components for a variety of sectors including aerospace and for data centers. For instance, the company can make products used in the cooling of equipment in data centers.

Fabric8Labs uses what it calls an electrochemical process, which differs from traditional additive manufacturing in that it uses a chemical reaction-based process to create components as opposed to using inputs like lasers and electron beams, Fabric8Labs chief executive and co-founder Jeff Herman said.

The company's recent \$50 million Series B round was led by venture-capital firm New Enterprise Associates, with participation from investors including Intel Corp.'s venture division Intel Capital, Belgium-based venture fund Imec.xpand, SE Ventures, TDK Ventures and Lam Capital.

"Our investment in Fabric8Labs is a part of a longstanding conviction behind additive manufacturing as a disruptive category," said NEA venture partner Greg Papadopoulos.

Mr. Herman said Fabric8Labs had a relatively smooth fundraising process last year. That stands in contrast to many startups that struggled to raise capital.

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Home-Buying Firms Stuck With Inventory

Some companies' clients backed out of purchases or needed more time for financing

By WILL PARKER
AND NICOLE FRIEDMAN

Ribbon Home Inc. had a fast-growing business during the housing boom. The New York City startup purchased homes with cash on behalf of buyers. Then it sold the homes to the buyers at the same price, plus a fee, once the buyers got a mortgage.

This approach made their clients' offers more appealing, since sellers often prefer all-cash transactions that can close quickly and are considered more reliable. Ribbon has been active in hot markets such as Atlanta and Charlotte.

But last year as mortgage rates surged, some Ribbon customers backed out of their purchases or needed more time to get financing. That left the company owning nearly 400 homes, according to property records analyzed by research firm Attom Data Solutions and confirmed by the company.

Ribbon is one of a handful of young companies known as power buyers. These firms created a niche business around helping home buyers gain an edge during the hyper-competitive housing boom. Now that the market has cooled, some of these companies are stuck with hundreds



Home-buying companies have helped buyers in hot markets such as Atlanta.

of homes they acquired on behalf of clients.

Orchard Technologies Inc., another power buyer that has been active in places such as Denver and Dallas, helps customers buy a new home and move before selling their previous home. If clients can't sell their homes after four months, Orchard agrees to buy them.

The company now owns about 200 homes its customers were unable to sell, said its Chief Executive Court Cunningham. Mr. Cunningham said Orchard has had to buy homes from customers three times as frequently over the past six months.

The unanticipated glut of

homes these firms are carrying is an example of how housing-oriented companies that thrived when mortgage rates were super low are struggling to survive in a higher rate environment.

Online home-flipping companies also experienced turbulence as rates surged. **OpenDoor Technologies Inc.** last year slashed prices on thousands of homes it purchased near the height of the market. The company reported huge losses and laid off 18% of its workforce.

Ribbon has let go of about 170 employees, or 85% of its staff, but it still needs to unload its surplus of houses.

About half of those homes Ribbon will try to sell on the open market because their customers didn't follow through on their purchases. People backed out because they didn't want to sell their current homes in a down market, had credit issues or had a life event that changed their plans, said Shaival Shah, Ribbon's chief executive.

The other half the company hopes to sell to the original customers. Most of those customers are renting from Ribbon, and some have asked for more time to obtain financing, Mr. Shah said.

Some power buyers say they are optimistic the housing mar-

ket can stabilize, and recently there have been a few signs that buying may be picking up.

Power buyers say their business will continue to serve home buyers in competitive markets and help even the playing field with investors, who often purchase homes with cash. Meanwhile, many are focused on improving products aimed at prospective sellers who are nervous to list their homes in a slow market.

"There was sort of a power shift, from the power sitting with the seller knowing that their home is going to sell within a day, to the power sitting with the buyer," said Tim Heyl, founder of the Austin-

based power buyer **Homeward Inc.**

Ribbon, which halted its cash-buyer program last year, said it is developing new products before it restarts. **HomeLight Inc.**, another power buyer, recently changed up one of its main offerings so that it wouldn't buy as many homes moving forward, said Drew Uher, chief executive.

Mr. Cunningham of Orchard said his company has reduced losses from homes it acquired by charging customers fees on both the sale of their previous homes and the purchase of their new homes. He said seller demand for backup offers from Orchard is rising given ongoing uncertainty about home sales.

Some executives said they don't expect every power buyer to survive. Many relied on venture capital to grow during the height of the housing market, but they are unlikely to raise as much money now. Between January and late November 2022, venture investment in proptech companies decreased 21% compared with the year-earlier period, according to a report from Keefe, Bruyette and Woods Inc.

"People were doing all sorts of things to outbid or be the most competitive offer," said Diane Vanna, a real-estate agent at Baird & Warner in Chicago, who in 2021 represented a buyer who won a bidding war against 36 other offers. "Now it's really leveled off."

Hoteliers Aim to Lure Locations From Rivals

By KATE KING

Hilton Worldwide Holdings Inc. and other big hotel companies are intensifying efforts to recruit properties from competing brands, a way to maintain growth as new hotel construction slows.

Spark by Hilton is the company's 19th brand, but it is the first one that was built to be a pure conversion vehicle with a consistent look and design at every property. The brand is aimed primarily at bringing independent and rival properties into the Hilton system, said Matt Schuyler, chief brand officer for Hilton.

Hotel conversions often pick up during periods of economic upheaval and slowing development.

Lodging executives and owners said conversions have been a key driver of growth coming out of the pandemic since lenders are reluctant to finance new hotels.

"The pipeline has slowed to a trickle," said Bob Habeeb, who as chief executive of **Maverick Hotels and Restaurants** owns 30 hotels across the Midwest and New England. "Getting new construction loans is very difficult, probably the most difficult that I've seen in my career."

About two-thirds of hotels joining the **BWH Hotel Group** system, which includes the Best Western brand, are conversions, said BWH Hotel Group Chief Executive Larry Cuculic. That is up from its historical target of 50% conversions and 50% new construction.

Marriott International Inc., where conversions have typically accounted for around 15% of annual room signings, also has seen a pickup in conversion deals recently, according to Noah Silverman, Marriott's global development officer for the U.S. and Canada. In 2015, the company acquired Delta Hotels, an upscale

brand that has since acquired hotels mostly through conversion in the U.S. and primarily competes with Hilton's DoubleTree properties.

Some owners renovate their properties so they can convert to more upscale brands and charge higher room rates. And many hotel owners switch to economy brands as their properties age and it becomes unaffordable to maintain mid-scale brand memberships.

Spark by Hilton, a premium-economy-price tier brand announced in January, allows hotel owners to convert their properties for roughly \$20,000 to \$25,000 a room, Mr. Schuyler said. That is about one-third to half of what it would cost hotel owners in upgrades to keep their hotels in the higher-priced mid-scale category.

"We think that an owner would be interested in this brand because it's cost effective, it extends the life of their property," Mr. Schuyler said.

Mr. Habeeb, who is exploring converting a Holiday Inn Express that he owns in Michigan to a Spark, said he thinks the brand is "brilliant and necessary" for Hilton as it looks to expand its presence in economy hotels and keep aging Hampton Inn properties under the company's flag.

Hilton's Hampton Inn brand launched in the 1980s and many of the older properties no longer conform to the brand's current standards. Hotels with 12-foot-wide rooms, for example, aren't in compliance but renovating them to remain Hampton Inns would be financially infeasible, Mr. Habeeb said.

Mr. Schuyler said that while Hampton Inns would be candidates for conversion, 98% of the more than 200 active conversions the company is having with owners interested in converting to Spark by Hilton are from competing companies.



Some companies are seeking a manufacturing hub closer to the U.S. A furniture factory for China's Kuka Home in Monterrey, Mexico.

Border Warehouse Demand Grows As Manufacturing Shifts to Mexico

By PETER GRANT

Real-estate investors are betting that big changes in global supply chains will boost demand for warehouses and distribution centers in Mexico and U.S. border towns.

American and some foreign companies are shifting production and equipment to Mexico in pursuit of a manufacturing hub closer to the U.S. Many are relocating from Asia after a series of disruptions related to China during the pandemic, part of a burgeoning "nearshoring" trend.

Some big owners of the industrial properties are following these moves. **Prologis Inc.**, the world's largest logistics real-estate company, said demand is surging for locations in Mexico, while investors such as **Morgan Stanley** are focusing on warehouses in U.S. border towns in places such as Texas and California.

"Today we're seeing companies manufacturing goods in Mexico and using north of the border for distribution," said Lauren Hochfelder, co-chief executive of Morgan Stanley Real Estate Investing, which is investing in developments totaling about 2 million square feet of space.

Industrial space overall has been one of the hottest sectors in commercial property for much of the pandemic, fueled by e-commerce demand. The sector hit a few bumps last

spring after **Amazon.com Inc.** said it was throttling back on its e-commerce operations.

But rents and occupancy levels remained high throughout 2022, thanks partly to the modernization of the supply chain designed to avert shortages and improve efficiency, said Michael Carroll, head of U.S. real-estate research for RBC Capital Markets.

More companies are willing "to hold more inventory because the loss of a sale is of greater risk than the extra cost of holding the inventory," he said.

Shifting supply-chain routes offer a relatively new wrinkle in the industrial sector. Foreign direct investment in Mexico was \$32.1 billion during the first nine months of 2022, the most for the period since 2013. In January, leaders from the U.S., Mexico and Canada agreed to strengthen regional supply chains at the North American Leaders' Summit in Mexico City.

Prologis said it owns about 44 million square feet of industrial space in Mexico. Last year, it broke ground on 4 million square feet of new supply in the country, while occupancy reached 98% in the fourth quarter. Nearshoring-related expansions and relocations accounted for half of the marketplace demand in 2022, particularly in Monterrey, Juarez and Tijuana.

Demand for business in

Mexico last year "was the highest ever and positive trends continue," said Chris Caton, Prologis's head of global strategy and analytics.

Nearshoring also is creating new demand for logistics properties in cities such as El Paso and Laredo, Texas; San Diego; and Tucson, Ariz., according to real-estate investment firms. Big firms like **TPG Inc.**, **CBRE Investment Management** and **Clarion Partners** have either invested in property in the region or are close to making this bet.

Many are relocating from Asia after a series of disruptions related to China.

New industrial supply tied to Mexico was especially strong in 2021, when logistics space increased by 6% in El Paso and more than 4% in Laredo compared with 2020, according to CBRE. Supply continued to grow last year, though it tapered off partly because higher interest rates increased the cost and the return objectives for investing new capital, industrial-space companies said.

As manufacturing shifts south of the border, demand for industrial space is rising

on the U.S. side for some goods, such as electronics and medical devices. These components are often manufactured in Mexico but need a more skilled labor force for final assembly.

End users want warehouses and distribution centers in the U.S. to avoid shortages in the future that might result from political problems or tensions along the Mexican border.

Some logistics companies and manufacturers began examining the possibility of moving plants to Mexico from China in the years leading up to the pandemic because of rising costs in China. Many of these plans accelerated as Covid-19 created bottlenecks in ports and other supply-chain disruptions.

"The catalyst was the break in supply chains due to Covid," said Mr. Caton of Prologis.

Mexico also looks attractive to global manufacturers concerned about trade tensions between the U.S. and China, the war in Ukraine and other geopolitical issues. Many consider the political risks in Mexico from such things as President Andrés Manuel López Obrador's efforts to reclaim control of electricity generation to be less worrisome.

"Nearshoring in Mexico better guarantees an efficient supply of goods," said a spokeswoman for CBRE Investment Management.



Spark by Hilton is a hotel brand specifically designed to bring independent and rival properties into the Hilton system.

BUSINESS & FINANCE

Graphic Plans Paperboard Plant in Texas

Packaging company bets on \$1 billion facility amid concern over plastic waste

By RYAN DEZEMBER

Graphic Packaging Holding Co. said it will spend \$1 billion to build a new plant to turn old cardboard into new boxboard, doubling down on its bet that the concerns about plastic waste have created opportunities for paper packaging.

The paperboard mill in Waco, Texas, will follow the opening early last year of a similar plant in Kalamazoo, Mich., which was the first new coated-recycled paperboard line to be built in the U.S. in decades.

Construction is expected to begin later this quarter and startup is slated for late 2025.

Prices for containerboard, which is used to make corrugated shipping boxes, have dropped from their highs dur-

ing the pandemic e-commerce boom. But prices for paperboard—single-sheet cardboard used for consumer goods such as beer and cereal—have held up.

Graphic, which sells to consumer goods companies such as Coca-Cola Co., General Mills Inc., Anheuser-Busch InBev and Procter & Gamble Co., shared the news about the Texas mill on Tuesday, along with fourth-quarter earnings that were in line with analysts' expectations.

The Sandy Springs, Ga., firm's 2022 sales rose 32% to \$9.44 billion and net income more than doubled year-over-year to \$522 million.

Still, shares declined 6.4% on Tuesday. The stock also fell in 2019 when Graphic announced it would spend \$600 million on the Kalamazoo mill. Overcapacity is a constant concern for investors in fiber packaging firms.

"Our customers are under increasing pressure because of the public proclamations



Graphic Packaging's new plant will follow the opening last year of a similar plant in Kalamazoo, Mich., above.

they're making around sustainability," Chief Executive Michael Doss said. "We have to have the ability to service them."

The production line in Kalamazoo was part of an enormous bet by the company on a future without foam cups, plastic clamshell containers and plastic six-pack rings.

It was built alongside decades-old machines that take bales of recycled cardboard, soak and blend them into a mash, remove tape, staples and other impurities, and bake

the slurry into miles-long sheets of new paperboard that is sent to box plants and con-

sumer goods firms.

After it opened, Graphic closed four older and less efficient mills.

Graphic said the Kalamazoo plant added \$47 million of earnings before interest, tax, depreciation and amortization last year, and is expected to generate another \$50 million this year in additional profit beyond what it would have expected from the less-efficient machines.

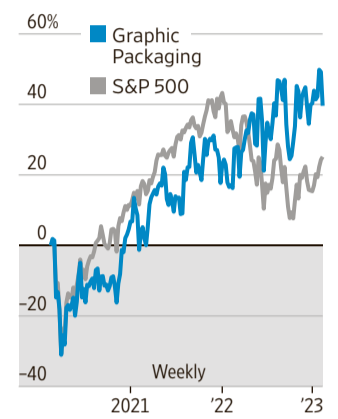
Once the Texas plant opens, the company plans to close three smaller recycled board mills in Iowa, Ohio and Quebec, where production costs are much higher than in Kala-

mazoo and what is expected in Waco. Overall, recycled board production capacity will increase 5%.

Besides its recycled cardboard plants, Graphic pulps loblolly pine and sawmill scraps at four Southern mills to make other varieties of paperboard, for uses such as making the 13 billion paper cups it sells each year.

Mr. Doss said the company chose Waco because it offers closer access to markets in the West and in Mexico and is within 200 miles of about 80% of Texas's population, which means plenty of old boxes to feed the mill.

Share-price and index performance, past three years



Source: FactSet

DuPont CEO Breen to Stay on After Contract Ends

By JOHN KEILMAN

DuPont Inc. Chief Executive Edward Breen said that he has agreed with the materials maker's board to stay in his job after his contract expires at the end of the year.

Mr. Breen, who has helmed DuPont since returning to the company's top job in February 2020, said investors have frequently asked whether he will retire when his contract is up, and that he and the board wanted to take that question off the table.

"I'm going to continue employment after the end of the year" as an at-will employee, he said Tuesday during a quarterly earnings call with analysts.

Mr. Breen said that while

DuPont is developing internal candidates who might eventually assume the chief executive job, the company isn't at that point.

Mr. Breen joined DuPont in 2015 after a decade at Tyco International Ltd., a conglomerate he led through two breakups. At DuPont, Mr. Breen shepherded the company through its \$120 billion merger with Dow Chemical Co.

That entity then broke into three new companies: Corteva Inc., which makes pesticides and agricultural chemicals; Dow Inc., focused on materials such as plastics and silicones; and DuPont, which manufactures products such as Kevlar fibers and materials used in smartphones.



DuPont CEO Edward Breen

Mr. Breen became DuPont's executive chairman following the breakup but returned to

the CEO job in 2020 after the reconstituted company struggled to generate sales growth. A DuPont spokesman on Tuesday declined to comment beyond Mr. Breen's remarks.

Since its stock began trading after completion of the three-way split in June 2019, DuPont has seen its share price increase by 16.7% while the S&P 500 has increased by 49.2% during that time, according to FactSet. Over the past six months, DuPont shares have gained 28.6%, while the S&P 500 has declined about 1%.

DuPont on Thursday reported adjusted fourth-quarter earnings per share of 89 cents, beating the expectations of analysts polled by FactSet, who predicted 78 cents. Price

increases offset inflation related to raw materials, logistics and energy, the company said.

For 2023, the company forecast net sales of up to \$12.9 billion and adjusted earnings per share of \$3.50 to \$4, in line with analysts' prediction of \$3.87, according to FactSet.

DuPont shares gained 7.5% in Tuesday's trading.

Mr. Breen told analysts that the company's electronics business, which suffered in 2022 because of soft consumer demand and Covid-related shutdowns in China, is poised for a comeback. He said DuPont's semiconductor technologies could be an especially strong performer.

"We're going to have a cou-

ple of softer quarters here, but the outlook over the next decade is pretty incredible in this space," he said.

Some companies have predicted construction will pick up over the second half of 2023, but DuPont, which manufactures building products such as Tyvek wrap, expects muted demand to continue despite bright spots in some parts of the country.

Responding to a question about potential deal making this year, Mr. Breen said the company is considering "bolt-on" acquisitions but wants to be sure the price is right.

"What we really want to do is pick up innovation and R&D and technologies in core areas to build out a couple of the platforms," he said.

Meta to Revamp VR App

Continued from page B1
vision, the unit tasked with building the hardware and software necessary for the metaverse. Meta Chief Executive Mark Zuckerberg has said he views the metaverse as the next frontier for computing technology.

Among Horizon's biggest problems is its inability to keep users. Players download the game on their Quest virtual-reality headsets, try it out and fail to find any experiences or fellow gamers that motivate them to return, according to people familiar

with the matter. Horizon's weekly retention rate sat at 11% in January, meaning that only about one in nine users play again the following month, the people said. The company has made it a goal to increase that figure to 20%, according to the memo.

Improving retention is crucial for Meta. More players help light up the service's various worlds and keep them from feeling like ghost towns, people familiar with the matter said. Returning players are also important so that social communities that will draw players back into the service can be built, these people said.

Besides improving retention, Meta has also tasked the team with growing Horizon's user base. The company has set 500,000 monthly active users as the unit's goal for the first half of 2023, with 1 million as the goal for the full

year, according to the memo. The current figure is just above 200,000, below the late-December peak, the people said, reached following the holiday season when many consumers purchased new Quest headsets and played with them while on break from school and work.

As part of this push for growth, the company has set goals for the Horizon team to improve the reliability of the service and maintain high performance. The team went into lockdown in October after many users complained about a high number of bugs affecting the user experience, according to documents reviewed by the Journal.

The team has also been given the goal of ensuring that Horizon provides a safe and equitable experience, the memo said. This goal is particularly important and coincides

with the team's push to attract teens and young adults.

Meta has previously experienced blowback over zeroing in on young users with some of its other services. The company paused its effort to build an Instagram for children in

One goal is to raise active monthly users to 1 million from 200,000 by year-end.

2021 after the Journal reported that Meta's own internal research showed that its Instagram service was toxic for some teen girls. Instagram has done extensive work around bullying, suicide and self-injury and eating disorders to help make the app a

safe place for all users, the company said in response to the report at the time.

Meta has identified working with outside studios to build new worlds and experiences for Horizon as a vital part of its strategy for improving user growth and retention, according to the memo.

The company has asked the team to launch at least 20 new Horizon experiences built by second-party studios, with the goal of having five become medium hits and at least one a major hit, according to the memo.

Meta has worked with second-party studios previously. Among those is a partnership with the NBA called "NBA Arena in Meta Horizon Worlds," which is a virtual world where Horizon users watch NBA content on a big virtual screen, shoot free throws or have dunk contests.

The company is also pushing the team to expand Horizon beyond virtual reality.

Meta wants the Horizon team to launch a so-called 2-D version of the metaverse that can run on mobile and desktops, according to the memo. The company has previously talked about bringing Horizon to these types of devices. Meta missed its initial goal of launching this version by the end of 2022, and the new target is the first half of 2023, according to the memo.

The company is also pushing for more integration between Horizon and other services within Meta's family of apps, which include Facebook, Instagram and WhatsApp. Mr. Zuckerberg talked about this last week during the company's fourth-quarter earnings call, saying that already more than 100 million people have created avatars on WhatsApp.

Microsoft's Bing Gets AI Boost

Continued from page B1
importance as the development of web browsers and mobile devices.

Unlike ChatGPT, which wasn't able to answer questions about current events, the updated Bing uses newer technology that is tailored for search engines. It will have access to the latest information like news stories, train schedules and product pricing. It will also be able to provide links to demonstrate where its answers are coming from, another feature that was not part of ChatGPT.

Microsoft shares climbed 4% Tuesday as the Nasdaq index rose 2%. The company's stock price has risen around 17% over the last three months while the Nasdaq rose 15%.

Microsoft, which is investing billions of dollars into OpenAI, is integrating the

technology into many of its products, marking what it pitches as a new era of AI-powered software that has the potential to upend power in the tech industry. Some analysts say AI-powered searches could help Microsoft's Bing search engine take market share away from Alphabet Inc.'s Google, which controls around 90% of the market.

The industry has been buzzing about the possibilities of generative AI since OpenAI released its image generation tech Dall-E 2 to the public last year. Dall-E 2 can create original images based on simple prompts, such as, "Draw a robot dancing in a field of flowers." In November, millions of people have used it to generate essays, sales pitches and poems.

Earlier this week, Google announced it is rolling out its own conversational artificial-intelligence service to a set of testers and plans a broader public launch soon. The experimental service, called Bard,

generates responses to questions posed by users, based on information drawn from the web, Sundar Pichai, CEO of Google parent Alphabet, said.

Shares of Chinese internet giant Baidu Inc. surged in Hong Kong Tuesday as it confirmed plans to launch an artificial-intelligence chatbot. Baidu said it expects to launch its AI chatbot, called Ernie Bot, in March.

Some artificial intelligence analysts warn there are still potential problems with generative AI. ChatGPT, for example, can be expensive to run and slow, and it sometimes produces responses that contain made-up facts, they have said.

OpenAI CEO Sam Altman was at the Microsoft event, saying the new uses for AI technology mark the "beginning of a new era." In the past he has warned it is still evolving and prone to inaccuracies.

The technology is proving powerful in some cases, such as when it is paired with professionals for specific tasks. Last year Microsoft released GitHub Copilot, which uses OpenAI tools to help programmers write and fix code.

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BIGGEST 1,000 STOCKS

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Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing was \$2 or higher.

Table of stock prices with columns for Stock, Sym, Close, Net Chg, and multiple columns for other stock data.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

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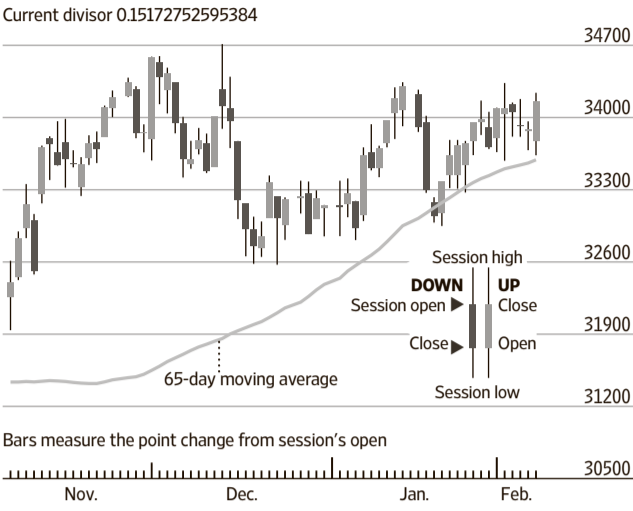
Large advertisement for Herb Chambers BMW of Boston featuring various models and contact information.

MARKETS DIGEST

EQUITIES

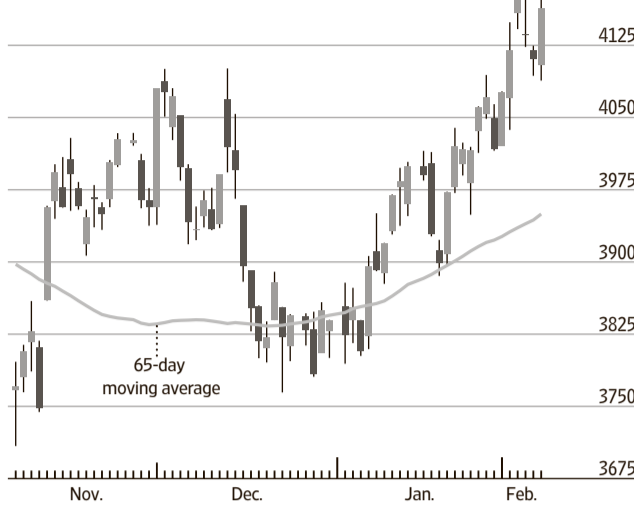
Dow Jones Industrial Average

34156.69 ▲265.67, or 0.78%
High, low, open and close for each trading day of the past three months.



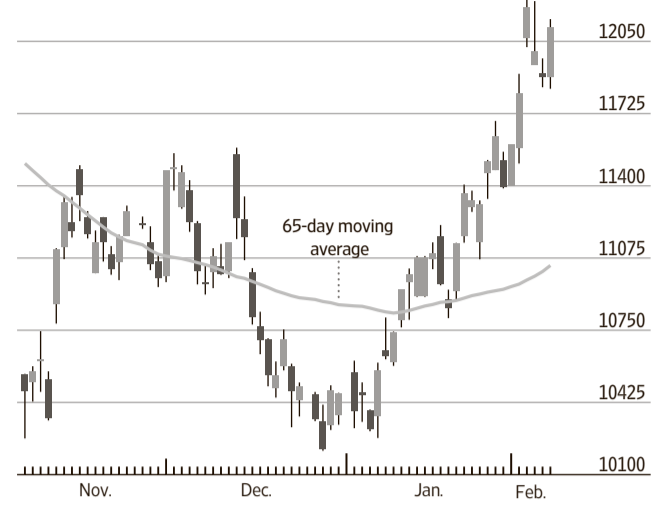
S&P 500 Index

4164.00 ▲52.92, or 1.29%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

12113.79 ▲226.34, or 1.90%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table listing various stock market indexes (Dow Jones, Nasdaq, S&P, Russell 2000, etc.) with columns for High, Low, Close, Net chg, %chg, 52-Week High/Low, and YTD %chg.

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 of most-active issues in late trading, listing Company, Symbol, Volume, Last, Net chg, After Hours %chg, High, and Low.

Percentage gainers...

Table of percentage gainers, listing Company, Symbol, Volume, Last, Net chg, After Hours %chg, High, and Low.

Trading Diary

Volume, Advancers, Decliners

Table showing trading diary statistics: 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, listing Index, Close, Net chg, Latest %chg, and YTD %chg.

Percentage Gainers...

Table of percentage gainers, listing Company, Symbol, Latest Session Close, Net chg, %chg, 52-Week High/Low, and %chg.

Most Active Stocks

Table of most active stocks, listing Company, Symbol, Volume, %chg from 65-day avg, Latest Session Close, %chg, 52-Week High/Low, and %chg.

Percentage Losers

Table of percentage losers, listing Company, Symbol, Latest Session Close, Net chg, %chg, 52-Week High/Low, and %chg.

Volume Movers

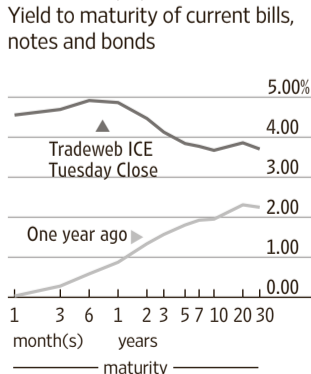
Table of volume movers, listing Company, Symbol, Volume, %chg from 65-day avg, Latest Session Close, %chg, 52-Week High/Low, and %chg.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Table showing consumer rates (30-year mortgage, 10-year Treasury) and returns to investor (Federal funds rate target, Prime rate, etc.)

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields, listing Bond total return index, U.S. Treasury, Aggregate, Fixed-Rate MBS, etc.

CURRENCIES & COMMODITIES

Currencies

Table of U.S.-dollar foreign-exchange rates in late New York trading, listing Country/currency, in US\$, per US\$, and YTD %chg.

Commodities

Table of commodity prices, listing Commodity, Close, Tuesday Net chg, %Chg, 52-Week High/Low, %Chg, and YTD %chg.

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures table with columns: Symbol, Open, High, Low, Settle, Chg, Open Interest. Includes Copper-High, Gold, Crude Oil, Natural Gas, etc.

Soybean Oil, Rough Rice, Wheat, Cattle, Cattle-Live, Hogs-Lean, Lumber, Cocoa, Coffee, Sugar, Cotton, Orange Juice table with columns: Symbol, Open, High, Low, Settle, Chg, Open Interest.

2 Yr. Treasury Notes, 30 Day Federal Funds, 10 Yr. Del. Int. Rate Swaps, Three-Month SOFR, Eurodollar, British Pound, Swiss Franc, Australian Dollar table with columns: Symbol, Open, High, Low, Settle, Chg, Open Interest.

Index Futures table with columns: Symbol, Open, High, Low, Settle, Chg, Open Interest. Includes Mini DJ Industrial Average, Mini S&P 500, etc.

Agriculture Futures table with columns: Symbol, Open, High, Low, Settle, Chg, Open Interest. Includes Corn, Oats, Soybeans, Soybean Meal.

Interest Rate Futures table with columns: Symbol, Open, High, Low, Settle, Chg, Open Interest. Includes Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, 5 Yr. Treasury Notes.

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

Broad Market Bloomberg Fixed Income Indices table with columns: Total return close, YTD total return (%), Index, Yield (%), Latest, Low, High.

Cash Prices | wsj.com/market-data/commodities

Tuesday, February 7, 2023

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Cash Prices table with columns: Commodity, Price, Change. Includes Energy (Coal, Oil), Metals (Gold, Silver), Fibers and Textiles, Grains and Feeds, Fats and Oils.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Torrella & Brooks; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sealand Publishing; R=SNL Energy; S=Platts-TSI; T=Otolok Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Code Organization; Z=not quoted. *Data as of 2/6

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

February 7, 2023

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 don't always represent actual transactions.

Money Rates table with columns: Category, Rate, Change. Includes Inflation (U.S. CPI, Core), Federal funds, Treasury bill auction, Secondary market (Fannie Mae), Other short-term rates, Call money, Commercial paper (AA financial).

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Global Government Bonds table with columns: Coupon (%), Maturity, Country, Yield, Month ago, Year ago, Spread Under/Over U.S. Treasuries, in basis points.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Investment-grade spreads table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, Current, One-day change, Last week.

...And spreads that widened the most

Spreads that widened table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, Current, One-day change, Last week.

High-yield issues with the biggest price increases...

High-yield issues table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value, Current, One-day change, Last week.

...And with the biggest price decreases

Biggest price decreases table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value, Current, One-day change, Last week.

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Exchange-Traded Portfolios table with columns: Symbol, Closing Price, Chg, YTD (%). Includes largest 100 exchange-traded funds, Tuesday, January 7, 2023.

ETF table with columns: Symbol, Closing Price, Chg, YTD (%). Includes SPDR S&P MidCap, SPDR S&P Div, Tech Select Sector, etc.

FINANCE

Carlyle's Quarterly Profit Dives

Firm reports its assets under management grew as a new CEO is set to take the reins

By MARIA ARMENTAL

Carlyle Group Inc. reported a roughly 80% drop in net income during the quarter ended Dec. 31 from the same period a year ago...

Interim Chief Executive Bill Conway in a conference call with analysts sought to reassure investors that the firm was on a strong—and unified—

footing under Goldman Sachs Group Inc. veteran Harvey Schwartz, who is slated to take over as CEO next week after a protracted search following the abrupt departure of Kewsong Lee.

"I don't see dramatic changes in the basic strategy, but it'll be up to Harvey," Mr. Conway said in the earnings call on Tuesday.

Carlyle ended 2022 with about \$72 billion in available capital to invest, down from \$84 billion a year earlier, as the firm deployed nearly \$35 billion during the year and faced a difficult fundraising environment...

which targets about \$22 billion. As of Dec. 31, it reported about \$14.2 billion in committed capital in that fund.

This year will be busier for the Washington-based firm, executives said, with more strategies raising money than in 2022 and plans to raise more than the nearly \$30 billion collected last year.

"Now, that Harvey is here, [it has] also taken away some uncertainty about our path forward," he said, "and we think that will also have a positive impact on fundraising."

Carlyle posted fourth-quarter net income of \$127.2 million, or 35 cents a share, versus \$647.6 million, or \$1.77 a share, in the comparable period a year earlier.

Distributable earnings, or profit that can be returned to shareholders, was more than halved from the year earlier to \$433 million in the fourth quarter. For the year, distributable earnings fell about 15% to \$1.91 billion from \$2.24 billion in 2021.

Carlyle's assets under management rose 24% in 2022 to \$373 billion, thanks in large

part to growth in its global credit unit, which expanded to \$146 billion in assets as of Dec. 31 from \$73 billion at the end of 2021. In 2022, Carlyle signed an agreement with reinsurer Fortitude Re and earlier that same year acquired a portfolio of collateralized loan obligation assets from CBAM Partners...

Firm executives said that while smaller, midsize transactions are happening, they expect big-ticket deals to pick up in the second half of the year.

KKR Earnings Fall but Top View

By ROD JAMES

KKR & Co. stemmed losses in its private-equity holdings during the fourth quarter to close out a difficult year.

The New York private-equity firm said fourth-quarter net income declined about 84% to \$83.2 million, or 9 cents a share, from \$507.6 million, or 82 cents a share, in the year-earlier period.

After-tax distributable earnings, or cash that can be returned to shareholders, fell 41% in the fourth quarter to \$822 million, equivalent to 92 cents a share, including shares that were authorized but not issued.

Analysts expected 85 cents a share, according to Wall Street Journal data as of late Monday. A year earlier, KKR reported distributable after-tax earnings of \$1.4 billion, or \$1.59 a share.

KKR shares rose as much as 5.2% in Tuesday's trading.

Fee-related earnings fell to \$559 million in the fourth quarter, or 63 cents per adjusted share, down 8% from a year earlier. Fee-related earnings rose 10% for the full year to \$2.2 billion, or \$2.45 per share.

The fourth quarter marked an end to losses in KKR's private-equity segment, with its traditional portfolio producing no gain but no loss, either. For the full year, KKR said its private-equity holdings recorded a loss of 14%.

The fourth quarter produced an 8% loss on real-estate investments, while infrastructure and leveraged credit holdings each turned in 3% gains, KKR reported.

BANKRATE.COM MMA, Savings and CDs

Table with columns: Type, MMA, 1-MO, 2-MO, 3-MO, 6-MO, 1-YR, 2-YR, 2.5YR, 5YR. Rows include National average, Savings, Weekly change.

Consumer Savings Rates

Below is the top federally insured offers available nationwide according to Bankrate.com's weekly survey of highest yields. For latest offers and reviews of these financial institutions, please visit bankrate.com/banking/reviews.

Table with columns: Bank, Phone number, Minimum, Yield (%). Rows include Money market and savings account, Six-month CD, One-year CD, Two-year CD, Three-month CD.

High yield jumbos - Minimum is \$100,000

Table with columns: Money market and savings account, Six-month CD, One-year CD, Two-month CD, Three-month CD. Rows include CFG Community Bank, Merrick Bank, First Internet Bank of Indiana, Popular Direct, Sallie Mae Bank, etc.

Notes: Accounts are federally insured up to \$250,000 per person. Yields are based on method of compounding and rate stated for the lowest required opening deposit to earn interest. CD figures are for fixed rates only. MMA: Allows six (6) third-party transfers per month, three (3) of which may be checks. Rates are subject to change.

Armada Hoffer Plans Private Bond Sales After Getting Rating

By MARK MAURER

Real-estate investment trust Armada Hoffer Properties Inc. plans to raise financing through a series of private placements after securing its first credit rating, a move to win itself off variable-rate debt as interest rates continue to climb.

Armada Hoffer Properties, which invests in office, retail and multifamily properties, on Tuesday said it obtained a BBB rating from ratings firm DBRS Morningstar.

The investment-grade rating marks the Virginia Beach, Va.-based company's first designation from a credit rating firm since its founding in 1979 as a development firm.

DBRS Morningstar cited the quality of Armada Hoffer's multifamily properties and array of commercial tenants for the rating, among other reasons.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-wk intraday high or low in the latest session.

Table with columns: Stock, 52-Wk % High/Low, Stock, 52-Wk % High/Low, Stock, 52-Wk % High/Low. Rows include CrescorCapA, DiamondOffshore, Dilior, etc.

debt tied to variable rates placements, to convert its roughly \$1.1 billion in debt from short-term variable rates to long-term fixed rates, as the Federal Reserve's interest-rate increases raise borrowing costs, Chief Financial Officer

The investment-grade rating is the company's first since its founding.

Matthew Barnes-Smith said, "There's a lot of interest-rate pressures in the current economic environment and we feel this is the platform to allow us to be set up to meet stable and consistent output in the future," he said.

Armada Hoffer Properties, which is listed on the New York Stock Exchange, wants to reduce the proportion of its

Table with columns: Stock, 52-Wk % High/Low, Stock, 52-Wk % High/Low, Stock, 52-Wk % High/Low. Rows include SculptorAcqnl, SeaportGblAcqnl, Selectivens, etc.

Dividend Changes

Table with columns: Company, Symbol, Yld %, Amount New/Old, Frq, Payable/Record. Rows include CNA Financial, Commerce Bancshares, Northern Oil & Gas, etc.

Biggest 1,000 Stocks | WSJ.com/stocks

Table with columns: Stock, Sym, Close, Chg, Stock, Sym, Close, Chg, Stock, Sym, Close, Chg, Stock, Sym, Close, Chg. Rows include TysonFoods, USF, UDR, UGI, U-Haul, Luana Savings Bank, etc.

Table with columns: Stock, Net YTD, Stock, Net YTD, Stock, Net YTD, Stock, Net YTD. Rows include VF, VICI, ValResorts, Vale, etc.

Table with columns: Stock, Net YTD, Stock, Net YTD, Stock, Net YTD, Stock, Net YTD. Rows include WEX, Wayfair, WebsterFm, WellsFargo, etc.

Table with columns: Stock, Net YTD, Stock, Net YTD, Stock, Net YTD, Stock, Net YTD. Rows include WoodsideEnergy, Woorfin, Workday, WyndhamHts, etc.

Mutual Funds | LIPPER

Table with columns: Fund, Net YTD, Fund, Net YTD, Fund, Net YTD, Fund, Net YTD. Rows include Fidelity Freedom, Fidelity Divd, Fidelity Mid-Cap, etc.

Table with columns: Fund, Net YTD, Fund, Net YTD, Fund, Net YTD, Fund, Net YTD. Rows include Vanguard, Fidelity, iShares, etc.

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Table with columns: Fund, Net YTD, Fund, Net YTD, Fund, Net YTD, Fund, Net YTD. Rows include Vanguard, Fidelity, iShares, etc.

Table with columns: Fund, Net YTD, Fund, Net YTD, Fund, Net YTD, Fund, Net YTD. Rows include American Century Inv, Ultra, American Funds CI A, etc.

Table with columns: Fund, Net YTD, Fund, Net YTD, Fund, Net YTD, Fund, Net YTD. Rows include Fidelity, Vanguard, iShares, etc.

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Table with columns: Fund, Net YTD, Fund, Net YTD, Fund, Net YTD, Fund, Net YTD. Rows include Vanguard, Fidelity, iShares, etc.

BANKING & FINANCE

More Stocks Are Joining Market Rally

Meta Platforms, Apple and Microsoft have broken through their long-term trend lines

By HANNAH MIAO

More stocks across different sectors are participating in the market's 2023 rebound, often an encouraging sign of a rally's durability.

The S&P 500 has risen 8.5% in 2023, with last year's worst performers bouncing back sharply to lead the way.

Some of the bellwethers of the U.S. stock market including **Meta Platforms Inc.**, **Apple Inc.** and **Microsoft Corp.** have broken through their long-term trend lines in recent sessions.

Additionally, a widely followed technical indicator for market breadth last week hit a level not seen in more than a year.

The share of S&P 500 stocks closing above their 200-day moving averages rose last Thursday to 78%—the highest since September 2021, according to Dow Jones Market Data.

Investors and market strategists typically see a broad push higher as an indication that a rally has legs. When stocks across the market are rising, indexes are less vulnerable to a downturn if a specific sector falls.

"It feels like someone is trying to hold a basketball underwater," said Jeff Kilburg, founder and chief executive of KKM Financial, of the burgeoning rally.

Mr. Kilburg says that he believes stocks will keep climbing and that the market is en-

tering a different environment from last year due to the possibility that interest rates will ease.

Stocks have rallied to start 2023 in large part because investors are wagering that moderating inflation could put the Federal Reserve on track to reduce interest rates later this year. Central bank officials, however, have repeatedly warned that their work to cool the economy is far from finished.

Though the market rebound lost some steam after last week's surprisingly strong jobs report, stocks have experienced an otherwise robust bounceback in 2023. The S&P 500 last week hit an indicator known on Wall Street as a "golden cross" that can signal further upside. The broad stock index's 50-day moving average on Thursday closed above its 200-day trend line for the first time since March 2022, according to Dow Jones Market Data.

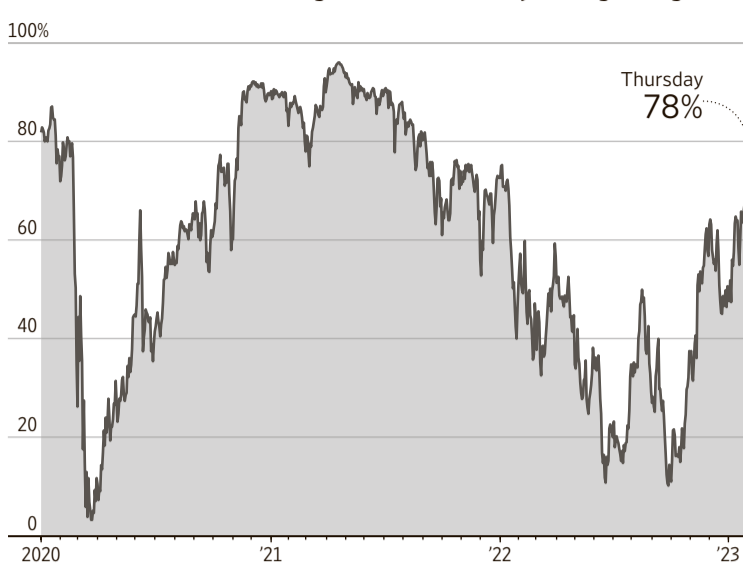
Some analysts see the recent technical milestones as an indication that the rally in stocks is part of a longer-term push higher, not just a temporary blip in the market downturn.

Ari Wald, head of technical analysis at Oppenheimer, said the swath of stocks taking part in the market rebound, led by shares of growth-oriented companies, constitutes what he sees as the "hallmark of a new bull market."

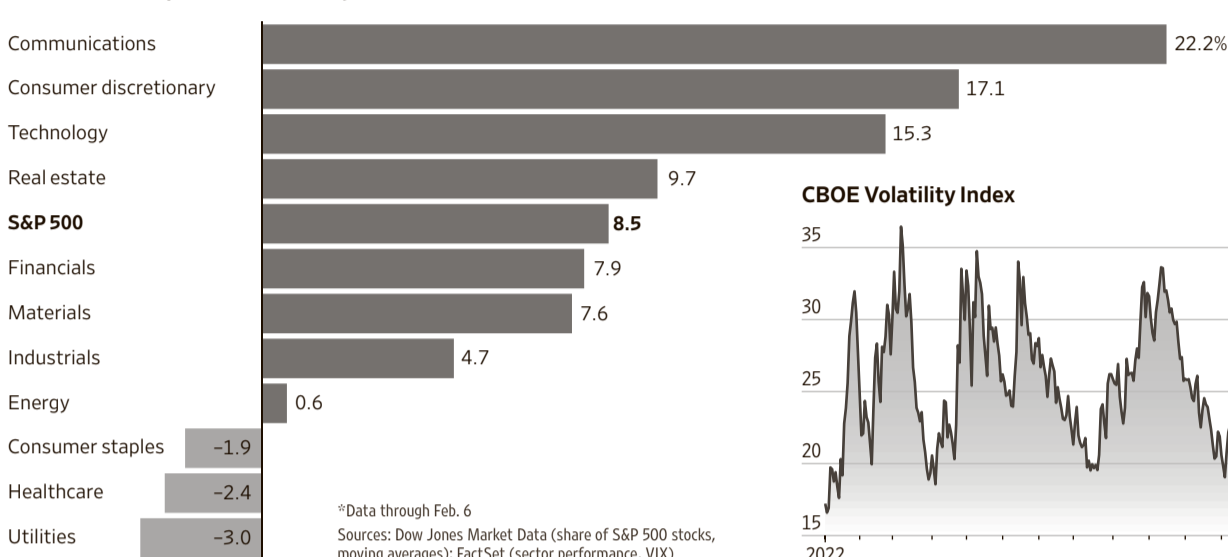
"We're seeing strength in the soldiers, and the generals are now joining the rally as well," he said of the broader market and megacap tech stocks.

Some of the most heavily weighted stocks in the S&P 500

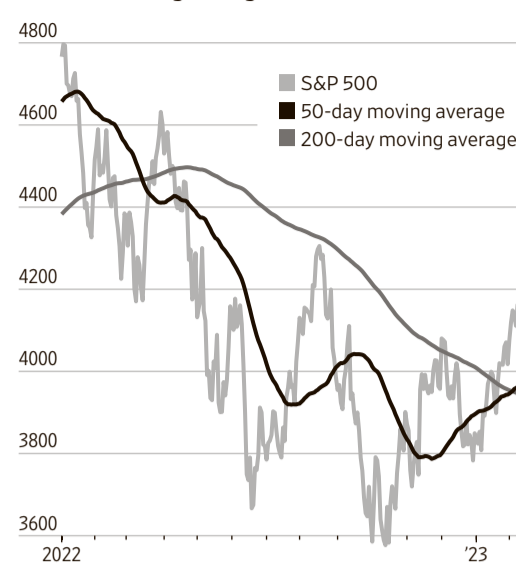
Share of S&P 500 stocks closing above their 200-day moving average*



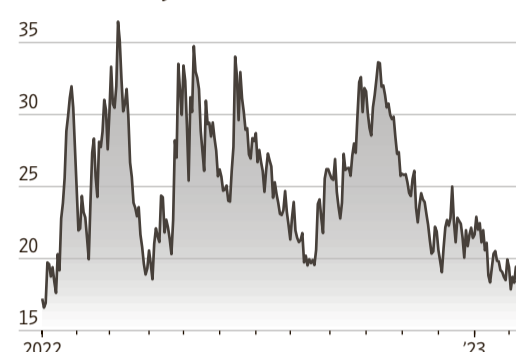
S&P 500 sector performance this year



S&P 500 moving averages



CBOE Volatility Index



are among those leading the index higher. **Tesla Inc.** was one of the biggest laggards last year, but is up 60% this year. **Amazon.com Inc.**, another major detractor in 2022, has surged 22%. Google parent **Alphabet Inc.** is up 22%.

Communication services, consumer discretionary and information technology comprise the top-performing sectors of the S&P 500 this year, with each rallying by double-digit percentages.

The only sectors that have been sitting out the rally in 2023 so far are utilities, healthcare and consumer staples, all of which are consid-

ered defensive plays, where investors hide out during market downturns.

Mr. Wald said investors should buy pullbacks in share prices, rather than sell on strength, in this market environment.

His firm's favored sectors are industrial, financial and technology stocks.

Other money managers and strategists aren't yet ready to call a market bottom.

Katie Stockton, founder of Fairlead Strategies and portfolio manager of the Fairlead Tactical Sector exchange-traded fund, said she believes the market is at a proving

ground as she looks for stocks breaking out above their 200-day moving averages to hold those levels.

Ms. Stockton said her fund remains defensively positioned with a focus on Treasuries, gold and energy.

"We want to make sure that it can hold up here to give us confidence in the sustainability of the rally," she said.

From a contrarian perspective, the strengthening breadth and momentum indicators could signal that stocks' ascent is overextended, Ms. Stockton said.

She says she believes investors may be getting compla-

cent as they chase the market, pointing to depressed levels of the Cboe Volatility Index, or Wall Street's fear gauge. The VIX last week closed at the lowest level in more than a year.

Adam Phillips, managing director of portfolio strategy at EP Wealth Advisors, said he thinks the market rebound is likely to be short-lived as monetary tightening continues, but predicts stocks could continue to move higher in the next few weeks.

"Investors don't want to fight a market that is showing undeniable short-term momentum," he said.

Apollo Considers Investment

Continued from page B1

in his career. Credit Suisse is set to update shareholders on plans for the spinoff on Thursday, when it reports fourth-quarter results.

Credit Suisse became a force in investing banking through acquisitions, beginning with its late-1980s purchase of the original First Boston. The advisory and capital markets businesses that are being spun out boomed by helping to take technology companies public and bringing special-purpose acquisition companies to market. But the investment bank got caught up in regulatory probes and scandals. The collapse of family office Archegos Capital Management cost the division \$5 billion in 2021.

Founded in 1990, Apollo is one of the largest alternative money managers, with investments in debt, equity, real estate and insurance. The firm manages more than \$500 billion in assets.

Wall Street analysts have estimated that CS First Boston could be valued at roughly \$4 billion, based on Credit Suisse projecting \$2.5 billion in revenue a year. Credit Suisse has a total market value of less than

\$14 billion.

CS First Boston will face serious challenges. It will be smaller than most Wall Street giants such as JPMorgan Chase & Co. and Goldman Sachs Group Inc., which use their substantial balance sheets to lend to clients and underwrite stock and debt offerings. But CS First Boston will carry a larger footprint than the nimble boutique advisory shops.

Mr. Klein led the review resulting in the CS First Boston spinoff plan last summer while he was a member of Credit Suisse's board. During the review, some large investors approached the bank about buying pieces or the entire investment bank, people familiar with the approaches said. Credit Suisse didn't pursue the offers.

Saudi Crown Prince Mohammed bin Salman and New York-based Atlas Merchant Capital were among investors who have expressed interest in investing in the CS First Boston unit, The Wall Street Journal previously reported.

Teams in Credit Suisse's New York office are working on nearly a dozen projects, each designed to bring CS First Boston closer to reality, people familiar with the effort said.

Beyond the group bringing in investors, others are focusing on recruitment, accounting, legal and regulatory matters. The new division still needs regulatory approvals, including a broker-dealer license, the people said.

Robinhood Attacks SEC Plan

Continued from page B1

model of Robinhood, which is set to report fourth-quarter results Wednesday. Critics of the practice, including SEC Chair Gary Gensler, say it poses a conflict of interest for brokers.

But PFOF makes it possible for firms such as Robinhood to make money without charging commissions, and it opened the door to zero-commission trading, which brought millions of new investors into the stock market during the pandemic.

"If you think about the ramifications of these proposals, you're essentially shutting the door and saying we liked it better when it was the old boys' club," Robinhood Chief Brokerage Officer Steve Quirk said.

Robinhood leans heavily on PFOF, even as it has begun to rely more on other revenue streams such as collecting interest on cash balances. During the third quarter of 2022, the company earned 43% of its total net revenue from payments for routing stock and options orders.

The SEC says its proposals are aimed at getting investors a better deal on trades. Their centerpiece is a plan to re-

quire retail brokerages to send many of their customers' orders to auctions, where high-speed traders and other firms could compete to execute each order. The idea is to unleash competitive forces so investors get better prices.

"We'll do everything in our power" to ensure that Robinhood doesn't start charging commissions, Mr. Quirk said. But other brokers might be forced to revive commissions, he added.

Speaking alongside Mr. Quirk, Robinhood Deputy General Counsel Lucas Moskowitz said he expected the SEC to soften its proposals, which grew out of a review prompted by the frenzied trading in GameStop Corp. in early 2021. He criticized the agency for pushing through sweeping changes with insufficient industry input.

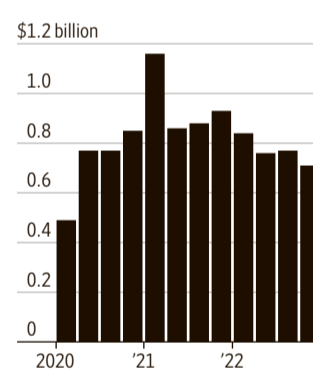
"I've never seen a rule-making effort of this size and complexity and interconnectedness being done all at the same time, this quickly, with so little advance study and discussion," Mr. Moskowitz said.

An SEC spokesman said members of the public could comment on the proposal through the agency's website.

Anthony Denier, chief executive of Robinhood rival **Webull**, said his firm could find other ways to make money if payment for order flow dries up. But he warned that the changes would hurt smaller competitors, noting that **Webull** relied heavily on PFOF in its early years.

"Any company that wants

Total payment for order flow collected by major brokers, quarterly



Note: Brokers included in total are Ally Invest, Apex, Charles Schwab, E*Trade, Fidelity, Interactive Brokers, Robinhood, TD Ameritrade, TD Ameritrade Clearing, Tastyworks, Tradestation and Webull. Source: Bloomberg Intelligence

to be the next **Webull** or the next **Robinhood** won't have a chance to even grow," he said.

Others doubt that the SEC's plans could revive commissions, dismissing such claims as self-serving and alarmist. "Any brokers seeking to impose new costs will likely face stiff competition from brokers that have already figured out how to not take PFOF or charge commissions," said Tyler Gellasch, president of Healthy Markets Association, an investor group.

Last year the dozen largest retail brokers collected \$3.1 billion in PFOF, according to Bloomberg Intelligence data. There is no outright ban on the practice in the SEC's proposals, but various elements of the proposals could slow that stream of payments to a

trickle.

The auctions proposal, for instance, imposes a cap on rebates that the auction operator could send to brokers. This cap—which the SEC is proposing to set at 5 cents per 100 shares—would effectively limit PFOF for orders executed in the auctions. In December, Robinhood made from 25 to 44 cents per 100 shares for routing market orders for S&P 500 stocks to wholesalers, regulatory filings show.

Another threat to PFOF lies in a separate SEC proposal to spell out brokers' duties to provide the best possible executions for customers. If implemented, the proposal would impose hefty requirements on any brokerage engaged in "conflicted transactions"—in other words, any trades for which the broker gets payment for order flow. These include a stepped-up obligation to scour the market for better prices on each trade.

Unlike the auction plan, the best-execution proposal applies to options as well as equities. That could hammer the lucrative business of options PFOF, which accounts for around twice as much brokerage revenue as equities PFOF, Bloomberg Intelligence data show.

Even the SEC says the rule could hurt brokers. In an analysis accompanying the proposal, the agency says the new requirements could entrench the advantages of larger brokers and prompt some smaller brokers to exit from the market.

ABA Opposes Transaction-Reporting Requirement for Lawyers

By DYLAN TOKAR

The U.S.'s national legal association passed a resolution opposing any legislation that would require lawyers to flag potentially illicit financial activity by their clients, arguing such a move would violate longstanding principles around client confidentiality.

The resolution, passed by the American Bar Association's policy arm, echoes a position the trade group's president laid out in letters to Congressional leaders last year amid a push by some lawmakers and anticorruption groups to pass legislation that

would have imposed stringent anti-money-laundering requirements on lawyers.

The ABA's continued opposition is likely to be an obstacle to any efforts to revive the proposal in the current congressional session.

The ABA said it was supporting further education and voluntary guidance on anti-money-laundering procedures to address rising concerns around the role lawyers may play—sometimes inadvertently—in financial crimes. The association also is considering changes to its professional conduct rules around the vetting of clients.

Last year, lawmakers in Congress pushed for an amendment known as the Enablers Act to be added to an annual military spending bill. The amendment would have extended suspicious-transaction reporting requirements to lawyers and other professionals and businesses, including accountants and private-equity firms, involved in company formation and the transfer of money into the U.S. financial system.

Under existing regulation, banks and other financial institutions are required to flag suspicious transactions by their customers. More recently, Congress passed a law

that requires smaller companies and limited liability partnerships to report information on their owners. Currently being implemented by the Treasury Department, the law is intended to curtail the use of anonymous shell companies and the flow of illicit funds.

In 2021, the Biden administration said it would make fighting corruption a national security priority, and identified the lack of regulation around lawyers, accountants and other so-called enablers as a stumbling block to law enforcement's efforts to investigate financial crime.

The Enablers Act, which

gained momentum after sanctions tightened around Russia following its invasion of Ukraine, had bipartisan supporters in the House and Senate. But the legislation was blocked last year by retiring Sen. Pat Toomey (R, Pa.), then the top Republican on the Senate Banking Committee.

The debate has put pressure on the ABA to head off regulation by passing more stringent standards for professional conduct around anti-money-laundering procedures and due diligence on clients.

The ABA's rules for professional conduct are typically used as a basis for the rules

enforced by state courts, which serve as primary regulators of the legal trade. Under current rules, lawyers have an ethical obligation to keep confidential all information relating to the representation of their clients.

The ABA said it was urging state and local governments to develop voluntary risk-based guidance to help lawyers prevent money-laundering and many other crimes, from human-trafficking to national security violations.

The call for more guidance might presage more changes to the best practices governing the legal industry.

MARKETS

Stocks Get Boost From Powell Remarks

Market bounces around throughout the day; Nasdaq leads way with 1.9% gain

By Matt Grossman and Chelsey Dulaney

Stock indexes finished higher after traders reacted to remarks from Federal Reserve Chair Jerome Powell in his first appearance since the job market's surprisingly strong showing

TUESDAY'S MARKETS Stocks started Tuesday morning lower but gained ground shortly after Mr. Powell began speaking in a broadcast conversation with Carlyle co-founder David Rubenstein. A flurry of selling then sent indexes back into the red, but stocks regained positive territory later in the afternoon. The S&P 500 rose 52.92

AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

THREE-YEAR NOTES	
Applications	\$108,942,024,500
Accepted bids	\$55,631,649,500
* noncompetitively	\$182,132,300
* foreign noncompetitively	\$100,000,000
Auction price (rate)	99.795799 (4.073%)
Interest rate	4.000%
Bids at clearing yield accepted	92,215
Cusip number	91282C619

The notes, dated Feb. 15, 2023, mature on Feb. 15, 2026.

points, or 1.3%, to 4164.00, and the Nasdaq Composite added 226.34 points, or 1.9%, to 12113.79. The Dow Jones Industrial Average rose 265.67 points, or 0.8%, to 34156.69.

The ricochets up and down on Tuesday were evidence that tactical trading considerations—not the substance of Mr. Powell's remarks—drove Wall Street's reaction, said David Bahnsen, chief investment officer at Bahnsen Group.

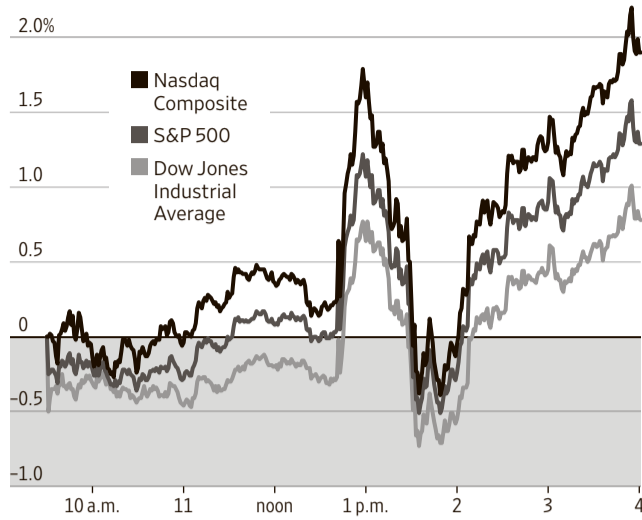
"I really thought his messaging was shockingly consistent with what he said last week," Mr. Bahnsen said. "The market move is clearly and obviously related to people who tried to front-run his remarks having to cover their positions."

Government borrowing costs, which move fast to reflect changes in expected Fed policy, signaled no major update.

The benchmark 10-year U.S. Treasury yield edged up to 3.673%, from 3.632% Monday. The rate-sensitive two-year yield rose slightly to 4.469%. Yields rise as bond prices fall.

Bets in fed-funds futures markets show that traders are still firmly convinced that another quarter-point interest-rate rise is the Fed's likely next move when U.S. central bankers convene in March, according to CME Group's tracker. In his comments this week

Index performance Tuesday



Source: FactSet



DuPont rose 7.5% after it posted better-than-expected profit.

and last, Mr. Powell has shown a willingness to focus on the Fed's longer-run policy plans without rapidly responding to how financial conditions are changing in the market, said Ronald Temple, chief market strategist at Lazard.

Mr. Powell "maybe has a view that the market is making short-term calls, and that maybe the Fed does not need to take a position on those calls," Mr. Temple said.

In the longer run, Wall Street has grown optimistic that the Fed is approaching the end of its most aggressive series of interest-rate increases since the 1980s. But

Friday's stronger-than-expected jobs data had raised questions about whether the Fed will need to raise rates more, or keep them higher for longer, to temper inflation.

Some investment shops warn it is still too early to celebrate the Fed's victory over rising prices.

"I think the Fed will have to retain a restrictive stance with rates. The labor market is too strong and that will continue to feed wage and services inflation," said Dan Boardman-Weston, chief executive at BRI Wealth Management.

A decline in quarterly earnings reported Tuesday morn-

ing by Carrier Global, a maker of heating and air-conditioning equipment, sent the stock down \$1.76, or 3.8%, to \$44.39. Chemicals giant DuPont gained \$5.43, or 7.5%, to \$77.79 after posting a better-than-expected adjusted profit.

Shares of Bed Bath & Beyond fell \$2.85, or 49%, to \$3.01 after the beleaguered retailer reached a deal to sell additional equity, diluting existing shareholders' stakes.

In commodity markets, oil prices rose after devastating earthquakes in Turkey and Syria on Monday closed a key export terminal. Brent crude, the global benchmark, climbed

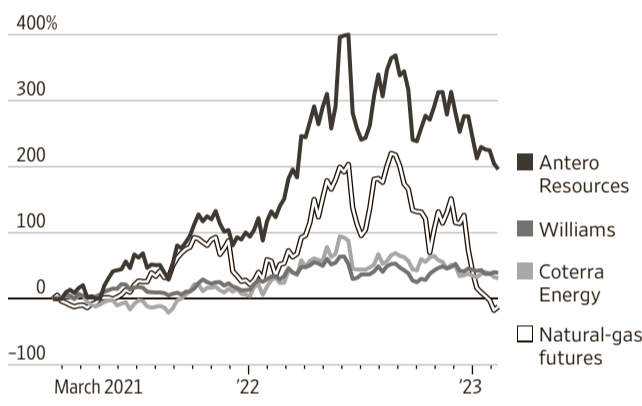
\$2.70, or 3.3%, to \$83.69 a barrel.

Turkey's Borsa Istanbul 100 slid 8.6% as the death toll from the earthquakes continued to rise and rescue teams raced to reach people buried under buildings.

The Stoxx Europe 600 rose 0.2%. BP shares jumped 8% after the oil giant reported a \$27.7 billion profit for 2022 and said it would boost its dividend and buy back more shares.

Early Wednesday, Japan's Nikkei 225 was down 0.5% and Hong Kong's Hang Seng Index was down 0.1%. S&P 500 futures fell 0.1%.

Futures and share price performance, weekly



Source: FactSet

Natural-Gas Outlook Revised Downward

By Brenda León

An unusually warm winter has analysts rolling back their forecast for natural-gas prices—and shares of producers.

COMMODITIES Natural-gas futures have fallen more than one-third this year, extending a streak of wild trading in the heating and power-generation

fuel. Prices now stand lower than they did at this time last year, before Russia's invasion of Ukraine jarred energy markets.

Raymond James analysts said they were "dead wrong" about their expectations for rising prices in a recent note to clients adjusting their price forecast for the year down to an average of \$2.80 per million British thermal

units. They had expected supplies to remain tight and production to remain low. Instead, stockpiles have grown, bolstered by warm weather and the shutdown of a major export facility in Texas.

That could spell trouble for shares of producers, which numbered among the stock market's few bright spots last year.

Raymond James downgraded shares of gas producers Antero Resources and Coterra Energy as well as others to "market perform."

In a separate note, Raymond James analysts removed pipeline operator Williams Cos. from their list of favorite stocks, saying the company has joint ventures with direct exposure to shifts in natural-gas prices.

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The Wall Street Journal CMO Network connects the decision-makers behind the world's most influential brands to discuss what — and who — is driving today's trends and chart the path forward.



Jessica Jensen
Chief Marketing Officer,
Indeed

In the past two years, what's the biggest lesson you've learned about marketing through economic uncertainty?

Uncertainty can be a huge driver of innovation and creativity. We learn to be hyperfocused on positive impact — investing money wisely, thinking about return on labor (ROL) and how we leverage people's time and talents. This often breeds the best, most creative marketing. More importantly, I've been reminded of the importance of empathy. It's critical to understand and care for our colleagues and customers as people, beyond just the work they do. I'm more focused than ever on showing compassion for people in my work life and in the marketing we put out into the world.

What priorities rise to the top for you in your role as CMO during times like this?

At Indeed, we serve job seekers and employers all over the world, and labor markets and economic stresses are different in different countries. I have three key priorities: 1) Marinating in-trend data and customer feedback every day to stay on top of shifting needs and market dynamics. 2) Thinking of ways to refine our messaging to suit the needs of

each market and ways to deepen our engagement with sales and product leaders to drive the best results for our customers. 3) Helping our people feel safe and supported, and ensuring they feel like they have access to better lives through finding better work.

What does authentic marketing look like for you? And what's one mistake you think brands make during times of instability?

Authenticity means that you say the "right" thing and take actions to back it up. Efforts that latch on to the most popular social cause as opposed to those that are aligned with your organization's mission and values will always be tougher to execute. At Indeed, our mission is to help all people get jobs, and everything we do aligns to that mission.

When engaging with new social platforms, what traditional rules of advertising and marketing are you emphasizing? Minimizing?

The core of marketing is ensuring you have the right message geared toward the right audience and at the right time. This is true regardless of the medium you choose. At Indeed, we are focused on being authentic to the channel and continuously

testing to make sure we maximize effectiveness of our messages for our audiences. For example, our marketing on TikTok is more playful and does not look "overly produced" because that kind of work is organic to the platform. However, I don't count something out just because it's "old" — direct mail is a very effective channel for certain audiences. I encourage marketers to focus on learning new platforms, understanding what works in them, and testing the messages and creative formats to drive business outcomes.

Tell us about a milestone that shaped your career path?

I have had the opportunity to manage teams and businesses at several major tech companies, and I have been lucky to see amazing business growth and multiple waves of economic and business contraction. All of these experiences have not only given me useful pattern recognition but also a deep connection to the human joy and pain of working in business. I carry an appreciation for people at all times, and am a work in progress. But I'm trying to learn and get better over time — aren't we all?

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