

# THE WALL STREET JOURNAL

## What's News

### Business & Finance

**Goldman Sachs CEO** Solomon said the bank had significantly narrowed its ambition for its consumer strategy and was considering strategic alternatives for the consumer-platforms business. **A1**

◆ **The government** kicked off the application process for semiconductor manufacturing subsidies under the Chips Act, along with conditions aimed at advancing some of the Biden administration's priorities. **A1, A2**

◆ **A third member** of Bankman-Fried's inner circle pleaded guilty to fraud charges and agreed to assist prosecutors in their case against the FTX founder. **B1**

◆ **Apollo Global** is in talks to buy Arconic, according to people familiar with the matter, and advisers to Arconic have also reached out to other potential acquirers. **B1**

◆ **Major U.S. stock indexes** fell, with the S&P 500, Dow and Nasdaq shedding 0.3%, 0.7% and 0.1%, respectively. All three ended February with losses for the month. **B13**

◆ **Target** said slower sales growth and rising operating costs hurt its quarterly profit as shoppers continued to spend cautiously. **B1**

◆ **Instacart** saw sharply higher sales and profit in the fourth quarter, according to people familiar with the matter and an internal memo. **B1**

◆ **A former** Paramount Global executive offered to buy Showtime for more than \$3 billion but was turned down, according to people familiar with the situation. **B2**

### World-Wide

◆ **The Biden administration's** plan to forgive student loans held by 40 million people faced a skeptical Supreme Court, with conservative justices at times incredulous that federal law allowing the education secretary to provide emergency relief to borrowers could be read to wipe \$430 billion from the Treasury's books. **A1**

◆ **Ukrainian officials** said conditions for the country's forces in Bakhmut were becoming more difficult, as Russia said several drones were shot down or crashed in its territory. **A8**

◆ **The Biden administration** is considering revoking export licenses issued to U.S. suppliers for sales to Chinese telecom company Huawei, according to people familiar with the matter. **A4**

◆ **Bola Tinubu** of the ruling All Progressives Congress won Nigeria's presidency, the country's electoral commission said, an outcome that was disputed by opposition parties. **A9**

◆ **The U.N. atomic agency** confirmed its inspectors had found traces of near weapons-grade nuclear material at Iran's underground Fordow facility. **A8**

◆ **Biden** said he would nominate Julie Su, the No. 2 official at the Labor Department, to succeed Marty Walsh as the agency's leader. **A2**

◆ **Top Biden administration** officials urged Congress to renew an expiring surveillance law they say is vital to addressing a range of national-security threats. **A6**

◆ **The Property Report**..... **B6**

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## Paris Lights Up Fashion's Runways



**IN STEP:** Models present Saint Laurent's fall-winter 2023-24 collection on Tuesday for Paris's Fashion Week, capping a month of runway shows in the world's fashion capitals. At the preceding show in Milan, the world's economy was on designers' minds. **A12**

## Office Returns In Asia, Europe Outdo U.S.

By KONRAD PUTZIER

While U.S. offices are half empty three years into the Covid-19 pandemic, workplaces in Europe and Asia are bustling again.

U.S. employees have embraced remote work and turned their backs on offices with greater regularity than their counterparts overseas. U.S. office occupancy stands at 40% to 60% of prepandemic levels, varying within that range by month and by city. That compares with a 70%-to-90% rate in Europe and the Middle East, according to JLL, a property-services firm that manages 4.6 billion square feet of real estate globally.

Return to office was even more common in Asia, JLL said, where rates ranged from 80% to 110%—meaning that in some cities more people are in the office nowadays than before the pandemic.

Bigger homes, longer commutes and a tighter labor market help explain why U.S. workers spend less time in the office than Europeans and Asians, workplace consultants said. This divergence in return-to-office habits not only benefits overseas landlords more than their U.S. peers. It has a direct impact on how quickly metro areas rebound from the pandemic's economic shock. Cities in Europe and Asia have bounced back relatively well. But empty office buildings and missing commuters have undermined recoveries in U.S. cities such as New York and San Francisco, where local restaurants, shops and other businesses that rely on office workers as their primary customers have suffered.

The number of unemployed in New York City increased by 83,500 between early 2020 and the third quarter of 2022 as the city's unemployment rate surged far above the national average, according to a *Please turn to page A10*

◆ **The Property Report**..... **B6**

## Government 'Picking Winners' Holds Risks

By GREG IP

The rollout of the federal \$53 billion semiconductor subsidy program dubbed Chips on Tuesday marks a historic embrace by the U.S. of "industrial policy"—the explicit use of government resources to foster favored sectors. There is a reason such for-

ays have been rare in the U.S. Governments seldom know better than markets which technologies will succeed, and often burden the effort with objectives having nothing to do with helping the targeted industry thrive.

Such reservations are fading. Geopolitical competition, a pandemic-driven attention to supply shortages, and the tran-

sition to zero-carbon energy have governments everywhere putting their thumbs on the scale of industrial development. Chips is one of two such U.S. efforts approved last year, along with the Inflation Reduction Act, which pours billions of dollars into electric vehicles and other green energy.

History suggests that in the U.S., industrial policy has been

most likely to succeed with a well-defined objective, such as putting a man on the moon or developing a Covid vaccine. It has been least successful when aimed at reversing economic decline or pursuing scatter-shot social and regional development. *Please turn to page A2*

◆ **U.S. charts new course in chip industry**..... **A2**

## Chicago's Mayor Lightfoot Loses



**Mayor Lori Lightfoot** lost her fight for a second term Tuesday. Two candidates will face each other in an April runoff. **A3**

## The Horror: Everyone Can See Your Work Calendar Entries

Employees discover how much they are revealing; is this your first colonoscopy?

By TE-PING CHEN

Paul Jackson wanted to remind himself to buy a rotisserie chicken for dinner with his girlfriend, so he added a Friday event to his work calendar so he wouldn't forget.

Like many people, Mr. Jackson uses the work calendar on his computer and phone as a kind of ongoing to-do list, casually noting all kinds of appointments and reminders, sometimes of a personal nature. Like many workers, he assumed what he wrote was private.

Then a colleague messaged him about a product meeting. "The only good spot for most people, you have a blocker called 'get a chicken,'" she wrote. "Is that something you could move to join us?" *Please turn to page A12*

Once he got over his surprise, Mr. Jackson, a senior product designer in Manchester, England, laughed. "I can absolutely move that meeting," he responded, deadpan.

People have adjusted to all kinds of new ways of working: Zoom meetings, group Slack channels and more. But practices for work calendars, which often allow users to choose privacy levels, remain all over the map. Some people keep their event details private, with co-workers unable to see details of any blocked-off slots. Others, wittingly or not, have work calendars through Microsoft or Google that are fully visible to their co-workers, creating surprise, mirth—and sometimes consternation, when those *Please turn to page A12*

## At Salesforce, It Is One Big Family Until Trouble Hits Home

The business-software giant is laying off workers by the thousands

By TOM DOTAN AND KATHERINE BINDLEY

Through the sky's-the-limit boom years, Marc Benioff, the co-founder and chief executive of Salesforce Inc., told employees they were bound together like family. In today's leaner times, he is laying off thousands of them.

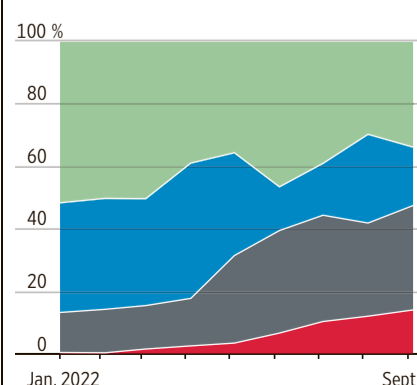
Since its founding in 1999, the San Francisco-based business-software company has grown fast and spent big. Salesforce put its name on skyscrapers in San Francisco, Tokyo, London and New York City and, according to people familiar with

the arrangement, agreed to pay actor Matthew McConaughey more than \$10 million a year to be a creative adviser and TV pitchman. Mr. Benioff added around 30,000 employees from the start of 2020 until the end of last year, roughly a 60% increase.

In January, the company said 8,000 workers had to go. "It's an unfortunate part that you have to say goodbye to folks who, in many cases, are your friends and you have relationships with," Mr. Benioff said in an interview. "But, ultimately, the success of the business has to be *Please turn to page A10*

## Share of currency in Russian export settlements

U.S. dollar Euro Other Chinese yuan



Note: 'Other' category is primarily made up of Russian ruble settlements. Source: Central Bank of Russia

## Russia Ditches Dollar For Yuan

Russia is turning to the Chinese yuan as it is restricted from Western financial networks and the U.S. dollar. The share of Russian exports paid for in yuan rose to 14% by September, according to data from the central bank, up from 0.4% before the war. **A8**

# U.S. NEWS



One area where U.S. industrial policy succeeded: the space program. The Apollo 8 Command Module capsule in December 1968.

## 'Picking Winners' Holds Risks

Continued from Page One

The program documents released Tuesday suggest Commerce Secretary Gina Raimondo has both learned from that history yet risks repeating some of its mistakes.

Industrial policy, often called "picking winners," is sometimes seen as un-American by elevating the judgment of politicians and bureaucrats over that of the free market. The U.S. has a long history of intervening to support particular industries. Alexander Hamilton, the first Treasury secretary, favored protection for U.S. manufacturers to help them compete with the U.K.

In the 1950s and 1960s the Pentagon and the National Aeronautics and Space Administration helped draw capital into nascent technologies, from jets to lasers. In need of semiconductors to guide ballistic missiles and the Apollo spacecraft, they were early customers for the likes of Texas Instruments Inc. and Fairchild Semiconductor International Inc., whose top engineers went on to found Intel Corp.

This model of industrial policy via "induced demand" was replicated with considerable success by the Trump administration with Operation Warp Speed, which spent billions of dollars financing the development and purchase of experimental Covid-19 vac-

cines. The result: several highly effective vaccines using breakthrough technology such as messenger RNA now being repurposed for other diseases, including cancer.

Along the way, the U.S. accumulated many examples of failed industrial policy. Efforts to develop supersonic airliners and fast-breeder nuclear reactors flopped. A flat-panel-display factory that Taiwan's Foxconn Technology Group promised to erect in Wisconsin at former President Donald Trump's urging remains un-built. Congress and presidents repeatedly turned to tariffs, quotas and other trade measures to protect industries deemed vital to the national interest. President John F. Kennedy used quotas to protect textiles. Mr. Trump used tariffs to protect steel and aluminum. The result has usually been higher prices for U.S. consumers and continued decline for the industry.

The lesson is that industrial policy is most likely to succeed when the goal is narrowly defined and leverages private sector incentives.

It is less likely to succeed when it is used to serve several social goals disconnected from the industry's economic viability.

Former Treasury Secretary Larry Summers, generally a skeptic of government intervention, says, "I like industrial policy advisers how I like generals. The best generals are the ones who hate war the most but are willing to fight when needed. What I worry about is the people who do industrial policy love doing industrial policy."

Many Republican legislators, generally reluctant to intervene in markets, joined

Democrats in supporting Chips because of the industry's unique character. Semiconductors are vital to civilian and military technology, but in recent decades a growing share of their fabrication moved to China, South Korea, and Taiwan. That leaves the U.S. acutely dependent on one potentially hostile (China) and two geopolitically vulnerable locations. Treasury Secretary Janet Yellen has referred to this vulnerability as an "externality," economist-speak for a cost, like pollution, that doesn't enter a private actor's calculus, thus justifying government intervention.

### Industrial policy is likely to succeed when the goal is narrowly defined.

Commerce officials say they have taken these points on board. The funding criteria Ms. Raimondo laid out Tuesday target specific types of semiconductors that are vital to national security and for which production capacity is lacking either in the U.S. or its allies. That, they said, sends a clear signal to private industry where to put its resources. The criteria make it clear projects must be commercially viable once Chips funding ends, and encourages the development of two new industry clusters of suppliers, deemed essential for a viable ecosystem.

But in other ways, the Biden administration is pursuing broader social goals, the sort of mission creep that can under-

mine success. Funding recipients must provide "affordable, accessible, reliable, and high-quality child care for both facility and construction workers," pay union-scale wages for construction and, preferably, use unionized labor.

They can't use federal subsidies to pay dividends or buy back stock. They can't enter into joint ventures or licensing agreements in China. They will have to share windfall profits with the federal government.

By adding to recipients' costs and reducing their financial flexibility, they make the program less attractive to companies. A lack of participation would undermine the goals of Chips.

To be sure, these conditions haven't dampened interest yet. Commerce officials note many chip companies already provide child care and pay high wages, and that some criteria, like union wages and buyback limitations, are required by the enabling legislation. They say the windfall profit-sharing keeps applicants honest about how much subsidy they need.

These companies have alternatives. Japan, the European Union, South Korea, Taiwan, Canada and India are all offering or considering offering incentives of their own for chip production, and China's ambitions haven't slackened.

This highlights a final risk: when so many countries pursue the same industrial policy, it is harder for any one to succeed. With so much public money chasing chip factories, a glut could materialize. Ms. Raimondo said she's talking to U.S. allies to avoid that. While good in theory, it remains to be seen if such coordination can be achieved in practice.

# U.S. Charts New Course in Chip Industry

By YUKA HAYASHI AND ASA FITCH

WASHINGTON—The Commerce Department kicked off the application process Tuesday for semiconductor manufacturing subsidies under the \$53 billion Chips Act, along with conditions aimed at advancing some of the Biden administration's priorities.

The program serves as a test of Washington's ability to invigorate and chart a future course for the semiconductor industry that was forged in the U.S. but in recent years has moved much of its manufacturing overseas.

The Commerce Department said it would impose requirements to help ensure that billions of dollars in taxpayer funding are spent wisely and that the funding will meet national security goals to counter the technology advances by China.

Some of the terms also reflected the administration's social and economic priorities, such as diverse workforce and the use of union labor. Companies receiving incentives will be required to share part of their profits with the government and limit stock buybacks and dividends. Companies are also expected to use union workers, as well as U.S.-made iron and steel for the construction of facilities, while providing affordable child care for workers.

In a move that could limit their business potential for one of the world's largest chip markets, the government puts tough limits on the expansion of companies' operations in China for a decade.

"In giving out the funding, we'll be implementing a number of safeguards to ensure companies that receive funding are holding up their end of the bargain," Commerce Secretary Gina Raimondo said at a press briefing. "We are not writing blank checks."

The Chips Act is the latest example of Washington's efforts to bolster the domestic economy and industries with taxpayer funds and directives, a reversal of a free-trade policy that for decades encouraged U.S. businesses to pursue efficiency by moving production overseas where costs are lower. The other programs include the Inflation Reduction Act, which allocated nearly \$400 billion for the shift to clean energy.

"The U.S. is moving very solidly into an aggressive and outward-facing industrial policy," said Todd Tucker, director of industrial policy and trade at Roosevelt Institute, a think tank.

The Chips Act was approved by Congress and signed by President Biden last year as chip shortages exacerbated by the pandemic and supply-chain snags hobbled auto makers, appliance makers and other manufacturers reliant on semiconductors. Lawmakers were also spurred by increasing tensions with China, which is investing heavily in its semiconductor industry and its military.

The program includes manufacturing incentives totaling \$39 billion to be given to companies to help invest in domestic semiconductor manufacturing. More than \$13 billion will fund research and development,

as well as workforce advancement.

The government aims to target the funds to create at least two manufacturing clusters for leading-edge chips by 2030. Top candidates for receiving funds for advanced chip-making plants to anchor such hubs are Taiwan Semiconductor Manufacturing Co., Intel Corp., and South Korea's Samsung Electronics Co., the three companies that currently mass-produce such chips. They have already unveiled plans to build facilities in states including Arizona, Texas and Ohio.

Some of the conditions listed Tuesday, such as limits on stock buybacks, expansion in China and the use of union workers, have been known for months because they were part of the legislation. Yet, an extensive list of requirements, particularly the rules on profit-sharing and workforce, had some economists raising questions.

"There appear to be even more restrictions, or more conditions, in this funding than what the law demands," said Scott Lincicome, a trade and economics expert at Cato Institute, a libertarian policy group. He noted that rules on child care and "Buy America" requirements will raise the costs for the participants and could slow down the projects.

The Pentagon will have secure access to leading-edge semiconductors manufactured at facilities receiving funding from the Chips Act, Ms. Raimondo said, ensuring the industry can supply the military with the advanced chips it needs for modern weapons systems.

In an interview, Ms. Raimondo framed the Chips Act as a national security initiative. The U.S. buys more than 90% of its advanced chips from Taiwan, she said, calling that "a national security vulnerability that is untenable."

The condition that has raised most concern among industry executives is the program's impact on their operations in China, a huge source of profits for many companies.

The Commerce Department said recipients of funds must

### 'We are not writing blank checks,' said Commerce Secretary Gina Raimondo.

agree not to engage in "certain significant transactions" involving expanding chip manufacturing capacity in China, or "countries of concern," for 10 years. Applicants will also be asked to return the full amount of an award if they knowingly engage in any joint research or technology licensing effort with a foreign country that raises national security concern.

Industry executives have been closely watching how the Commerce Department will define the limit on expansions in China, particularly which types of advanced chips will be covered by the prohibition. The department said it would soon release further information on the China-related rules.

# Biden to Nominate Deputy to Lead Labor

By ANDREW RESTUCCIA AND KEN THOMAS

WASHINGTON—President Biden said he would nominate Julie Su, the No. 2 official at the Labor Department, to lead the agency, maintaining continuity within a department that played a prominent role in averting a rail strike last year.

Ms. Su, the current deputy secretary, was widely seen as

the leading candidate to succeed departing Secretary Marty Walsh. Asian-American lawmakers and advocacy groups threw their support behind her, lobbying Mr. Biden to pick his first Asian-American cabinet secretary. Ms. Su, age 54, is Chinese-American.

Mr. Biden said Ms. Su has been "a champion for workers, and she has been a critical partner to Secretary Walsh

since the early days of my administration." White House officials noted that Ms. Su played a central role in the Labor Department's negotiations with labor and freight rail companies late last year.

Louisiana Sen. Bill Cassidy, the top Republican on the Senate Health, Education, Labor and Pensions Committee, said Ms. Su was overseeing Labor Department rules that would

hurt the so-called gig economy, and that she supervised California's unemployment insurance office when it paid out fraudulent unemployment benefits, as occurred in many other states. Mary Kay Henry, president of the Service Employees International Union, said: "She understands the urgency of empowering workers to improve their lives in this rapidly changing economy."

## CORRECTIONS & AMPLIFICATIONS

For U.S. taxpayers with self-employment income, the contribution limit for SEP IRAs is \$61,000 for tax year 2022. A Personal Journal article on

Monday about retirement accounts incorrectly said self-employed taxpayers age 50 and above could contribute an additional \$6,500 to a SEP IRA.

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## Good Fishing

Two bald eagles swooped in to catch their prey Tuesday at Orlando Wetlands Park in Christmas, Fla. The 1,650-acre park is a man-made wetland designed to provide advanced treatment for reclaimed water from Orlando and other local cities.

JIM WATSON/AP/GETTY IMAGES

## U.S. NEWS

## Chicago Mayor Lightfoot Loses Election

By BEN KESLING  
AND JOE BARRETT

CHICAGO—Mayor Lori Lightfoot lost her re-election bid by failing to garner enough votes to make a runoff election, a stunning fall for a candidate who had won all 50 of the city's wards four years ago but had sparred with a powerful teachers union and been under fire for her response to rising crime.

The Associated Press declared Tuesday night that Paul Vallas, a more moderate Democrat who had won the support of the city's police union, and Brandon Johnson, a liberal teachers-union organizer, secured the two spots in April's runoff election.

Ms. Lightfoot, who ran in third place, conceded the race shortly before 9 p.m. local time, well before all votes were counted. It was the first time in 40 years that the city didn't elect a sitting mayor who sought re-election. She told supporters that she appreciated the love they had shown her during the campaign.

After battling a pandemic, the teachers union and crime in

**The top two vote-getters will face each other in a runoff election in April.**

the city, Ms. Lightfoot, 60 years old, faced a large field of opponents, with challengers on the left and right of her politically.

Mr. Vallas, a former public-school executive, Mr. Johnson, a Cook County Board commissioner, and Jesús "Chuy" García, who serves in Congress, were her main challengers. Mr. García was in fourth place Tuesday night.

"I am a lifelong Democrat," Mr. Vallas said Tuesday night, listing what he said were his progressive credentials, and reiterating his focus on public safety and changing the city's public schools as priorities.

Mr. Vallas said that if elected, he would focus on the entire city, including those areas that have been neglected. "I will not be a successful mayor until I've reversed the generations of disinvestments in Chicago's poorest communities," he said.

Mr. Vallas, 69, the grandson of Greek immigrants, served in the state legislature and then in the administration of long-time Mayor Richard M. Daley, including as head of Chicago's public schools before running schools in other major cities.

He has taken a tough-on-crime stance in the election and has the backing of the Chicago police union, the Fraternal Order of Police Lodge 7.

Mr. Johnson, 46, is the son of a pastor and one of 10 siblings. The African-American candidate was a public-school teacher and was an organizer with the powerful Chicago Teachers Union. The union has endorsed Mr. Johnson and opposed Ms. Lightfoot after battling her over the past few years on contract disputes and return-to-classroom issues during the pandemic.

Mr. Johnson was elected a county commissioner in 2018, where he backed an ordinance that prohibited housing discrimination against formerly incarcerated people.

"We have shifted the political dynamics in this city," Mr. Johnson told supporters Tuesday night. He spoke about what he said was disinvestment in poor communities in the city and said that he would ensure money is spent in underserved areas.

"We are finally going to retire this tale of two cities," he said.

Ms. Lightfoot, a former federal prosecutor, was elected in 2019, winning all 50 wards and becoming the first Black woman and first openly gay person to serve as the city's mayor. But the pandemic and spats with unions, along with increased crime rates, have caused her popularity to fall.

## Green Growth Puts Electricians in Demand

By AMRITH RAMKUMAR

Electricians, the essential workers in the transition to renewable energy, are in increasingly short supply. They are needed to install the electric-car chargers, heat pumps and other gear deemed essential to address climate change.

Electricians say they are booked several months out and struggling to find enough workers to keep up with demand. Many are raising wages and prices and worried that they won't be able to keep up as government climate incentives kick in.

"I'm tired of telling people I can't help them," said Brian LaMorte, co-owner of LaMorte Electric Heating & Cooling in Ithaca, N.Y., which does residential heat-pump installations and electric-service upgrades. His six-person company is booked roughly six months out, so he has been referring potential new customers to other firms in the area.

The 48-year-old brought on two apprentices last year and has seen the price of an average job rise to roughly \$20,000 from about \$16,000 two years ago due to rising raw materials, equipment and labor prices.

Dan Conant says he worries about getting enough electricians for his West Virginia renewable-energy company Solar Holler. The company started an internship program in partnership with a local high school and expects the state will need several thousand more electricians over the next decade. "Ultimately, this is the bottleneck," Mr. Conant said.

The scarcity is part of a nationwide labor shortage and most acute in the Northeast and California, where demand for green-energy products is highest, in part due to state incentives. Some economists expect the pinch to spread across the country as incentives from the new federal law known as the Inflation Reduction Act kick in.

The current total of more than 700,000 electricians in the U.S. is expected to grow about 7% over the next decade, slightly faster than the nationwide average of 5%, according to the Bureau of Labor Statistics. The shift to renewable en-



Lee Eck, a worker with LaMorte Electric Heating & Cooling, installs a heat pump at a home in Ithaca, N.Y., top photo. Co-owner Brian LaMorte, right, checks a valve. His six-person company, which does residential heat-pump installations and electric-service upgrades, is booked roughly six months out.

ergy and the need to update electrical systems is expected to drive that growth.

The BLS includes a separate category of solar photovoltaic installers, some of whom could also be electricians. Growth in that much smaller sector is expected to be above 25%.

Industry analysts say it will be difficult to meet that demand, particularly because more electricians retire every

year than are replaced, and many retired during the coronavirus pandemic.

The median age of electricians is over 40 years old. But nearly 30% of union electricians are between ages 50 and 70 and close to retirement, up from 22% in 2005, according to the National Electrical Contractors Association.

The average annual electrician salary rose from roughly

\$50,000 to about \$60,000 from 2018 to 2022, an increase roughly in line with the national average, according to the BLS.

The climate law will put several hundred billion dollars' worth of incentives into the economy designed to accelerate the energy transition and boost clean-energy supply chains in the U.S. The law followed an infrastructure spend-

ing package and incentives for domestic semiconductor manufacturing that are also expected to spur demand for labor and could end up pushing up total construction costs.

The impact of these policies differs from that of broad-based stimulus passed under the Trump and then Biden administrations in 2020 and 2021. Those packages raised demand across the board for goods and services. These latest policies are much smaller in total dollars, but also more focused, with their effects falling acutely on certain types of workers and products and in certain regions.

"There's not enough people to do all this," said Georgia Republican Gov. Brian Kemp, who argues the programs should have been spread out over a longer period.

Product makers such as Schneider Electric SE are working to make simpler products and drive down installation times. The company has been investing tens of millions of dollars in expanding its product manufacturing in North America and partnering with trade associations on training programs for electricians who install them, said Michael Lotfy, senior vice president of power products.

On a recent week in Ithaca, three of Mr. LaMorte's employees were installing a heat pump for Matthew Minnig, a 40-year-old engineer. Mr. Minnig ordered the units in April, but was told installation would take several months. "There are times I can remember last summer thinking, 'We've already paid a considerable amount for this project, and I'm still sweating in my house,'" he said.

Jesse Kuhlman, owner of Kuhlman Electrical Services Inc. in Massachusetts, said the company's South Shore division is booked out to the summer, its longest such backlog in recent years. The company has been doing many more electric-car charger installations lately.

Mr. Kuhlman has tried to grow the company by training apprentices over time. "You can't just take people off the street and throw them into what we do," he said.

—Greg Ip  
contributed to this article.

## FDA Curbs Tranquilizer Linked to Overdoses

By JULIE WERNAU

Federal regulators said they would restrict imports of xylazine, an animal tranquilizer commonly manufactured in China that is being diverted into the illicit drug supply to deadly effect.

The Food and Drug Administration on Tuesday said it would more carefully scrutinize

shipments of the drug into the U.S. to check that they are bound for legitimate factories, pharmacies and veterinarians.

Xylazine is used to care for large animals. In recent years it has also been diverted into the increasingly toxic illicit drug supply. Mixed with other substances including fentanyl, it can depress breathing. Injected into the body, it can kill tissue

and leave users with deep wounds, doctors have said.

"The FDA remains concerned about the increasing prevalence of xylazine mixed with illicit drugs," said Dr. Robert Califf, the FDA's commissioner.

Illicit drugs killed a record of some 107,000 people in the U.S. in 2021 as fentanyl in particular has pervaded more of

the nation's supply. Dealers may mix xylazine into fentanyl to save money, federal law-enforcement authorities have said. The drug—known as "tranq" among some users—can be purchased at low prices from Chinese suppliers and offset some of the opioid in the mix, officials have said.

The FDA said it could detain some xylazine shipments

into the U.S. if they aren't properly labeled or aren't bound for known customers in the veterinary supply chain. Cooperation between the U.S. and China on the drug crisis has stalled in recent months. U.S. Ambassador to China Nicholas Burns said in February that the U.S. is ready to work with China on shared interests including fentanyl.

## Home-Price Increases Eased Last Year

By NICOLE FRIEDMAN

Home-price growth decelerated in 2022 after a rapid rise in mortgage rates priced many buyers out of the market.

The S&P CoreLogic Case-Shiller National Home Price Index, which measures home prices across the nation, rose 5.8% in the year ended in December, down from a 7.6% annual rate the prior month. The increase was the lowest December-to-December change since 2019.

On a monthly basis, the index fell 0.8% in December compared with November, the sixth straight month-over-month decline.

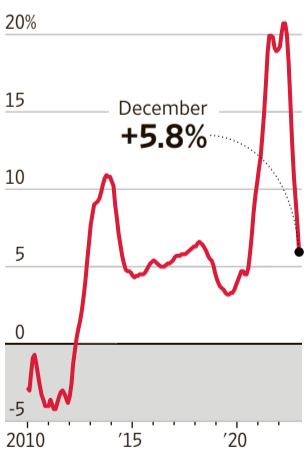
Existing-home sales dropped 17.8% in 2022 to the lowest level since 2014, as the surge in mortgage rates brought the pandemic-driven housing boom to an abrupt halt.

So far this year, home-shopping activity has been especially sensitive to changes in mortgage rates, economists say.

Demand picked up in January as rates ticked lower, but rates then increased for three straight weeks to 6.5% as of Feb. 23, according to Freddie Mac. Mortgage applications to purchase homes slid in the week ended Feb. 17 to the lowest level since 1995 on a seasonally adjusted basis, according to the Mortgage Bankers Association.

"This year ahead is very de-

**The S&P CoreLogic Case-Shiller National Home Price Index, change from a year earlier**



Source: S&P Dow Jones Indices

pendent on what happens with inflation and mortgage rates," said Jeff Tucker, senior economist at Zillow Group Inc. "Just in the last couple weeks, we're seeing mortgage rates rise really dramatically."

Many economists expect prices to continue to slide from their spring peaks, with some calling for year-over-year price declines later this year.

The Case-Shiller index fell 4.4% between June and December. Prices are declining fastest in Western markets, such as Phoenix, where prices fell 1.9% in December from the prior month, and Portland, Ore., also down 1.9%.

The Case-Shiller index, which measures repeat-sales data, reports on a two-month delay and reflects a three-month moving average. Homes usually go under contract a month or two before they close, so the December data is based on purchase decisions made earlier in the year.

The national median existing-home price rose 1.3% in January from a year earlier to \$359,000, according to the National Association of Realtors, the smallest annual price gain since February 2012.

The Case-Shiller 10-city index gained 4.4% over the year ended in December, compared with a 6.3% increase in November. The 20-city index rose 4.6%, after an annual gain of 6.8% in November. Price growth decelerated in all of the 20 cities. Economists surveyed by The Wall Street Journal expected the 20-city index to gain 5.2%.

Miami had the fastest annual home-price growth in the country, at 15.9%, followed by Tampa, at 13.9%. The weakest market was San Francisco, where prices fell 4.2% on an annual basis.

A separate measure of home-price growth by the Federal Housing Finance Agency also released Tuesday found a 6.6% increase in home prices in December from a year earlier. The FHFA index fell 0.1% in December from the prior month on a seasonally adjusted basis.

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U.S. NEWS

House Panel Examines China Policies

By CHARLES HUTZLER

WASHINGTON—A new House committee focused on China held its first hearing Tuesday, sketching out the threat it says Beijing poses to U.S. interests and values and calling for a concerted American government response.

“We may call this a ‘strategic competition,’” said Rep. Mike Gallagher (R., Wis.), chairman of the Select Committee on the Chinese Communist Party, opening the hearing. “But it’s not a polite tennis match. This is an existential struggle over what life will look like in the 21st century, and the most fundamental freedoms are at stake.”

The committee heard testimony from former national-security officials, a Chinese democracy activist and a representative of a U.S. manufacturing association. Their testimony ranged widely—from repression of human rights to China’s military and economic coercion against its neighbors.

While much of the testimony and analysis weren’t new, the committee’s presentation was intended to create a forceful message, according to people involved in the planning. Held in the evening to draw more public attention, the hearing featured graphics on the U.S. trade deficits with China and loss of manufacturing jobs and videos cataloging the repressive policies of the Chinese Communist Party and Chinese leader Xi Jinping’s vision of displacing the U.S. as the world’s superpower.

Given that Washington’s political and national-security establishments have largely settled on a hawkish view of China, the committee is being touted as a venue for bipartisan agreement in a divided Congress.

Beijing has criticized the hardening view on China in Washington as a product of Cold War thinking.

“This committee can help the United States catch up in



A protester interrupts testimony before the committee on Tuesday by H.R. McMaster, a former national-security adviser.

the competition with the CCP,” H.R. McMaster, a former national-security adviser in the Trump administration, told the committee. “They can do so by holding hearings that reveal the nature of CCP aggression and what is at stake for Americans and citizens of the free world.”

As Mr. McMaster spoke, two protesters interrupted him, holding up signs reading “China is not the enemy” and shouting, “This is about saber-rattling.” They were then led from the hearing chamber.

Mr. Gallagher and the top committee Democrat Rep. Raja Krishnamoorthi of Illinois are pledging to overcome divisions, though they recognize that might not extend to every issue. Republicans have criticized the Biden administration for not taking a harder line with Beijing.

Political unity is especially needed because the Chinese

leadership believes the divisions in America “prevent us from making progress,” said Mr. Krishnamoorthi.

Chinese diplomats have raised concerns with U.S. officials about the committee, worrying that its spotlight on China will generate negative headlines, adding to tensions between the governments.

U.S.-China relations, strained in recent years over Taiwan, technology, human rights and a global rivalry for influence, have plummeted in recent weeks over a suspected Chinese spy balloon, China’s support for Russia’s war in Ukraine and fresh U.S. assessments that Covid-19 may have leaked from a Chinese laboratory.

Secretary of State Antony Blinken, on a visit to Kazakhstan, warned Tuesday that the U.S. is prepared to impose sanctions on Chinese companies or individuals if Beijing delivers lethal assistance to Russia. Bei-

jing hasn’t done so yet, U.S. officials have said, though it has sent computer chips, jet parts and other goods that have commercial as well as military uses.

“We will not hesitate,” Mr. Blinken said, “to target Chinese companies or officials that violate our sanctions or otherwise engage in Russia’s war effort.”

China’s more assertive foreign policy and rising military strength, pushed by leader Xi, have made the country a focus of concern across much of the U.S. government.

The Biden administration has singled out China, with its vast economy, as the only competitor capable of mounting a challenge to the U.S. and the world order.

Aside from the select committee, many other committees have China-related issues on their agenda.

On Tuesday, members of the House Foreign Affairs

Committee pressed administration officials over a range of China policies, from Chinese influence operations in the U.S. to export controls on technology and whether the administration will limit American investment in China as some members want.

The Foreign Affairs Committee also took up a bill that would effectively ban the Chinese-owned video and social-media TikTok app in the U.S.

The Biden administration has been working on an executive order regulating U.S. investments into China and other countries of concern for months, though progress on the order has been slow as officials have debated its scope.

—James T. Aredy, Vivian Salama and Andrew Duehren contributed to this article.

◆ China data law strains multinationals..... B8

Huawei Export Licenses Face U.S. Review

By IAN TALLEY AND ASA FITCH

The Biden administration is considering revoking export licenses issued to U.S. suppliers for sales to Chinese telecom company Huawei Technologies Co., according to people familiar with the matter, part of a broader tightening of technology trade over national security concerns.

The administration previously indicated that it was considering not granting any new export licenses to companies such as Qualcomm Inc. and Intel Corp., which provide chips needed for smartphones and other devices. The action would cover products that use advanced 5G technology as well as older 4G products.

The new action would take that a step further by revoking existing licenses. It comes amid heightened U.S.-China tensions triggered by a suspected Chinese spy balloon traversing the U.S. and intelligence suggesting Beijing is considering provision of lethal aid to Russia for its Ukraine war.

“The policy that had allowed exports to Huawei, notwithstanding the entity listing, is being wound down,” said a former senior security official familiar with the administration’s policy deliberations. “The White House is now telling Commerce, ‘Cut off the 4G sales, the time has come to do more pain to Huawei, to try to finish their demise,’” the former official said.

Intel declined to comment. Huawei and Qualcomm didn’t respond to requests for comment. Huawei has said its products aren’t a national-security risk

Huawei was placed on the Commerce Department’s entity list in 2019 by the Bureau of Industry and Security.

—Dan Strumpf contributed to this article.

Committee Sets Vote on Bill Banning Tik Tok

By JOHN D. MCKINNON

WASHINGTON—A House committee on Tuesday took up legislation that would effectively ban TikTok in the U.S., but postponed a vote on the measure until Wednesday.

The bill would effectively block U.S. interactions with the popular Chinese-owned video-sharing app.

The DATA Act (for “Detering America’s Technological Adversaries”), is being considered by the House Foreign Affairs Committee. The measure reflects increasing political jeopardy for TikTok, even though an outright ban still faces high hurdles. Lawmakers debated the measure late Tuesday before pushing off a

vote until Wednesday.

The bill calls for the Treasury secretary to issue a directive prohibiting U.S. transactions with any entity that might transfer sensitive personal data to an entity controlled or influenced by China.

It also directs the president to impose sanctions on any entity that operates a connected software application that is subject to the influence of China and might facilitate Chinese surveillance, propaganda or censorship. It allows for the president to waive sanctions under some circumstances. It calls for the president to report to Congress on whether TikTok or its parent or any of its subsidiaries or successors meets the criteria for sanctions.

The measure would also carve out an exception to a set of Cold War-era laws that have hobbled previous government efforts to move against foreign-owned apps such as TikTok. Those laws, known as the Berman amendments, have allowed films, books and music to flow freely between the U.S. and hostile foreign countries since the late 1980s.

In 2020, TikTok used the Berman amendments in court to block a Trump-era effort to shut it down or force its sale to a majority-U.S. group. TikTok is owned by Beijing-based ByteDance Ltd.

Rep. Michael McCaul (R., Texas), the Foreign Affairs Committee chairman and sponsor of the bill, said the changes in U.S.

law were needed to give the federal government necessary tools to address security risks posed by apps such as TikTok.

“Anyone with TikTok downloaded on their device has given the [Chinese Communist Party] a backdoor to all their personal information,” Mr. McCaul said.

Some committee Democrats raised objections, saying the bill was being rushed to a vote. Some also said it could inadvertently ensnare U.S. businesses that pose no national security risk. But Republicans rejected those arguments.

A White House spokeswoman on Tuesday signaled that the Biden administration might engage more actively with Congress on the issue.

“We’ve been clear about our concerns about apps like TikTok,” said White House deputy press secretary Olivia Dalton. “We’ll continue to look at other actions that we can take, and that includes how to work with Congress on this issue further.”

TikTok has disputed assertions that it poses a security threat to the U.S. or its users. “Over a hundred million Americans use and love TikTok,” spokeswoman Brooke Oberwetter said ahead of the hearing. “It would be unfortunate if the House Foreign Affairs Committee were to censor millions of Americans, and do so based not on actual intelligence, but on a basic misunderstanding of our corporate structure.”

U.S. WATCH

NORTHEAST

Storm Brings Snow To Parts of Region

A winter storm blanketed parts of the Northeast on Tuesday, bringing New York City’s first considerable snowfall this season.

Millions of people from Pennsylvania to Maine woke up to snow on the ground early Tuesday.

The National Weather Service reported that as much as 7 inches of snow had fallen by the early morning in upstate New York, Connecticut and Massachusetts. The snow was expected to give way to rain before easing up by Wednesday morning, the service added.

In New York City, the storm was gentle but still the biggest of the season, with many residents seeing snowpacks around the city for the first time this year. Forecasters said the city could expect as much as 5 inches of snow during the storm.

As of Tuesday afternoon, Central Park had gotten 1.8 inches of snow, while a weather station in the Bronx recorded 3 inches.

Another storm was expected to arrive in the Northeast on Friday, forecasters said, bringing several inches of snow and rain.

—Alyssa Lukpat



Snowblowers were out Tuesday in New Bedford, Mass., as a storm moved through the Northeast.

CAPITOL

GAO Cites Lapses by Agencies Before Riot

Federal agencies responsible for securing the Capitol failed to adequately share intelligence about potential violence ahead of Jan. 6, 2021, hindering the response to the pro-Trump mob that stormed the building and disrupted the peaceful transfer

of power, according to a new report by the Government Accountability Office.

In a 122-page report, the non-partisan GAO found that the FBI and Capitol Police identified “credible threats” in the weeks leading up to Jan. 6, 2021, and received tips, including one about plans to confront Democratic lawmakers and block them from entering the building. But a failure by multiple agencies to “fully

process” and share information left law enforcement unprepared for the unprecedented attack on the Capitol as lawmakers convened to certify the results of the 2020 election, the report said.

Some tips did get acted upon. The Secret Service received a tip from its Denver field office about a Proud Boys member who had recently “obtained ballistic helmets, armored gloves, vests, and

purchased weapons, including a sniper rifle and suppressors for the weapons,” according to the GAO report.

In response, the agency interviewed the Proud Boys member and his son upon their arrival at the airport on Jan. 5, 2021, and took steps to determine whether they were armed, the report said.

—C. Ryan Barber

HOUSE

GOP to Give Jan. 6 Footage to All Media

House Republican lawmakers said they plan to allow a broad group of media outlets to view security-camera footage from the Jan. 6, 2021, riot at the U.S. Capitol, about a week after Fox News host Tucker Carlson said his show was granted access to the tapes.

House Majority Leader Steve Scalise (R., La.) said Tuesday that lawmakers would distribute the footage to a wide group of outlets. The comments came after Democrats and some Republicans voiced concerns about Fox having exclusive access to the video.

“It will be ultimately released to all media,” Mr. Scalise said. “That’s a process that’s ongoing right now.”

Mr. Carlson’s show was given access to the footage at the direction of House Speaker Kevin McCarthy (R., Calif.).

—Andrew Ackerman

FBI Director Ties Covid Pandemic To Lab Leak

By MICHAEL R. GORDON AND WARREN P. STROBEL

WASHINGTON—FBI Director Christopher Wray said Tuesday that the Covid pandemic was probably the result of a laboratory leak in China, providing the first public confirmation of the bureau’s classified judgment of how the virus that led to the deaths of nearly seven million people worldwide first emerged.

“The FBI has for quite some time now assessed that the origins of the pandemic are most likely a potential lab incident in Wuhan,” Mr. Wray told Fox News. “Here you are talking about a potential leak from a Chinese government-controlled lab.”

Mr. Wray added that the Chinese government has been trying to “thwart and obfuscate” the investigation that the Federal Bureau of Investigation, other parts of the U.S. government and foreign partners have been carrying out into the origin of the pandemic, but that the bureau’s work continues.

The Wall Street Journal reported Sunday that the FBI had come to the conclusion with “moderate confidence” in 2021 that the Covid-19 pandemic was likely the result of an accidental lab leak and still holds to this view.

The Energy Department, the Journal also reported, now also judges the pandemic was most likely the result of an unintended lab leak. The department reached that assessment with “low confidence” as a result of new intelligence, and it represents a shift from its previous position in 2021, which was undecided.

The FBI and Energy Department’s assessments are included in a classified report that was provided to the White House and some lawmakers earlier this year.

—Lindsay Wise contributed to this article.



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## U.S. NEWS

# DeSantis Seeks To Dismiss Suit From Migrants

By JON KAMP  
AND ARIAN CAMPO-FLORES

Gov. Ron DeSantis and other Florida officials said a federal lawsuit over migrants the state flew from Texas to Massachusetts last year should be dismissed, arguing in legal filings the Boston court lacks jurisdiction and that migrants were told where the planes were going.

Perla Huerta, a woman migrants said recruited them onto the Martha's Vineyard-bound flights, filed a separate motion in the Boston federal court Tuesday to dismiss the case. The lawsuit was brought by some of the 49 migrants and an advocacy group in September. The contractor Florida hired to arrange the flights and the company's chief executive also asked for the case to be dismissed.

The defendants in an additional joint motion asked for the case to be transferred to a federal court in Florida, saying the Massachusetts court lacks jurisdiction. The Florida officials

said transporting migrants within the U.S. has merit.

"For the overwhelmed states and localities, transporting migrants to other parts of the country that don't bear the brunt of this problem alleviates the stress, spreads the burden, and provides better living conditions for the migrants themselves," the filing from Mr. DeSantis and other state officials said.

Iván Espinoza-Madrigal, an attorney for the plaintiffs, said, "It is not surprising that Gov. DeSantis and his co-defendants are throwing up every procedural argument they can think of, in a desperate attempt to avoid facing the music for this callous political stunt."

Florida chartered two planes to carry 49 migrants, mostly people who came from Venezuela, from San Antonio to the exclusive Massachusetts island. Some of the migrants and Alianza Americas, an advocacy group for Latino immigrants, filed the lawsuit in



A Venezuelan migrant being led onto a bus on Martha's Vineyard in September, after he was flown to the island from Texas.

Massachusetts claiming they were induced to travel by fraud and misrepresentation. The lawsuit claims that recruiters told migrants they were headed to Boston or Washington, D.C., to receive jobs, housing and other help.

Defendants in the case said the migrants were told they were headed to Massachusetts, citing a form each migrant signed that said Massachusetts was the final

destination. Language from that form, included in Tuesday's filings, didn't say the migrants were specifically headed to Martha's Vineyard.

Lawyers for migrants have said their clients identified Ms. Huerta as someone who played a key role in recruiting them onto the Massachusetts-bound flights. She served in the Army for 20 years until last August and worked in part as a counterintelligence

and human intelligence senior sergeant, according to records provided by the service.

In the filing, Ms. Huerta argued that the Massachusetts court was an improper venue because none of her alleged actions involving the plaintiffs took place in the state. The motion also challenged plaintiffs' allegation that she preyed on Latino immigrants in her recruitment efforts.

Florida hasn't flown any

migrants since the original flights in September, though the state had set aside \$12 million for that program and paid more than \$1.5 million in total to contractor Vertol Systems Co. Mr. DeSantis signed a bill earlier in February that replaced that migrant-relocation program with a new transport program while sending unspent money under the previous one back to the state's general fund.

# Drug's Approval Widens Path for Rare-Disease Treatments

By AMY DOCKSER MARCUS

Federal regulators approved a drug to treat a debilitating disease using data collected about patients over decades, creating an opening for researchers of other rare conditions who often struggle to prove their treatments work.

The Food and Drug Administration on Tuesday approved Reata Pharmaceuticals Inc.'s drug Skyclarys, or omaveloxolone, for treating the neurological disorder Friedreich's ataxia in adults and adolescents age 16 and older.

The FDA last year said results from a single clinical trial didn't sufficiently demonstrate the drug slows the progression of a disease that causes progressive damage to the spinal cord, muscle weakness, and movement problems and often kills people by age 35. Instead of running another trial, Reata submitted additional data including an analysis from a so-called natural history study that has continued to collect information about patients for more than two decades.

"Data created by patient

communities can be regulatory grade," said Annie Kennedy, chief of policy, advocacy and patient engagement at the EveryLife Foundation for Rare Diseases, a nonprofit advocacy group. "This approval is proof of that principle."

Unlike clinical trials, natural history studies don't test a drug. Instead, patients every year undergo a battery of tests to track how a disease is progressing. For its omaveloxolone analysis, the Reata investigators compared disease progression in patients who received the drug with people

in the natural history study who were close matches based on factors including gender and age of diagnosis but didn't take omaveloxolone.

The FDA typically requires results from two clinical trials demonstrating a drug's efficacy to ensure positive results in one trial are replicable. But with rare conditions, finding enough patients to run two clinical trials can be daunting, said Jennifer Farmer, chief executive officer of the Friedreich's Ataxia Research Alliance, which funds research about the disease including the natu-

ral history study. Families of patients have raised about \$1 million a year to fund the study, Ms. Farmer said.

Reata's pivotal trial included 103 patients, drawn primarily from the approximately 22,000 people worldwide with the disorder, mainly in the U.S., Europe and Australia. Some traveled hundreds or more miles to reach trial sites. Not everyone interested in participating was eligible.

An analysis by Friedreich's ataxia clinicians and Reata determined that people who received the drug and continued

to take it over three years experienced an almost 55% reduction in the progression of the disease compared with people in the natural history study who didn't receive the drug.

"The data collected in the natural history study were critical to showing the drug's benefit," said Reata CEO J. Warren Huff.

The company said it plans to charge \$370,000 a year for the drug and that through insurance and a patient-assistance program, patients should be able to gain access.

## Goldman Softens Strategy

Continued from Page One

consumer strategy," he said.

Goldman's shares fell 3.8% Tuesday.

Goldman's identity crisis reflects a broader shift on Wall Street. The 2007-09 recession left the bank's reputation in tatters. New regulations drained some of the power from its traditional stalwarts of investment banking and trading.

Goldman started experimenting with consumer finance as a way to smooth out the up-and-down returns of those Wall Street businesses. Customer deposits as a steady source of funding were another appeal. Marcus launched in 2016, when Mr. Solomon was a top executive but before he was CEO. Soon, a firm used to making money work for millionaires would be running a commercial of a suburban dad singing about his high-yield savings account.

Almost from the start, investment bankers and traders complained that the new consumer push would sap resources and damage Goldman's brand.

Competing for middle-class customers was difficult. Many already had longtime relationships with banks that, unlike Goldman, could offer them mortgages, checking accounts and credit-card options.

Goldman's plans for a mass-market checking account under the Marcus name never took off, and the bank has already said it is winding down personal-loan originations. On Tuesday, Goldman said it is in the process of selling part of that portfolio.

Mr. Solomon started publicly telling investors about his plans to scale back the consumer business several months ago.

A broad reorganization announced in October was meant to reduce the bank's reliance on investment banking and trading, by placing more focus on asset and wealth management. On Tuesday, Mr. Solomon called asset and wealth management "the key driver for growth."

Those businesses can produce steady fees. The problem, some investors and analysts



Source: FactSet

said, is that several banks, including Morgan Stanley and JPMorgan Chase & Co., have already made them a priority, potentially leaving less room for Goldman to grow.

It can be difficult for any bank to find a significant foothold in the fragmented wealth-management market, said Glenn Schorr, an analyst at Evercore ISI. "It's hard to execute and it takes time to win over a wealthy person's business," Mr. Schorr said. But, he added, "Goldman has a lot more tools and relationships to help execute on that."

Some investors have grown frustrated, saying Goldman doesn't appear to know what it wants to be. Goldman shares are up about 2.4% for the year. Rival Morgan Stanley is up almost 14%.

"I think there had been an expectation or hope by the investment community that management would announce a more drastic plan to scale back the consumer business, but that didn't happen," said Michael Farr, chief market strategist at Hightower Advisors, which is a Goldman shareholder. Mr. Farr praised Goldman's overall performance, including the growth in its book value over time.

Ed Wachenheim, chief executive of Greenhaven Associates, a Goldman shareholder, said he equates Goldman's consumer lending to "a pimple on a beautiful lady—the whole world is focusing on the pimple."

Instead, he said, the focus should be on global banking and markets, which account for an oversize share of Goldman's earnings power in a normal year. Mr. Wachenheim said he

couldn't criticize Mr. Solomon for trying to take a stake in consumer lending—and Mr. Wachenheim said he prefers that over a CEO who doesn't try new things.

Mr. Solomon didn't explain exactly what he meant by "strategic alternatives" for GreenSky and the card partnerships. Such language could suggest a sale. It could also represent restructuring the card agreements to make them more lucrative for Goldman or allowing another bank to become an issuer alongside Goldman.

Goldman is working to make GreenSky and cards profitable. If it does, it is possible that Goldman wouldn't pursue a sale or other big change.

Behind Mr. Solomon's comments is the large amount of money that Goldman has lost with credit cards and other consumer-facing businesses.

In earnings results released in January, the bank disclosed that the unit it calls Platform Solutions had lost \$3.8 billion on a pretax basis since the start of 2020.

Platform Solutions includes GreenSky and the card partnerships—together called consumer platforms. It also includes another business called transaction banking, which provides payment services to banks and corporations. That unit is profitable, the company said.

Goldman said Tuesday it aims to reach a pretax break-even in Platform Solutions by 2025.

Mr. Solomon's statements were a departure from Goldman's investor day in 2020. Then, the firm said it was building a leading digital consumer bank that would address a range of consumer banking and borrowing needs.

"It became clear that we lacked certain competitive advantages and that we did too much too quickly," Mr. Solomon said Tuesday.

The potential for a slowing economy, where overall delinquencies rise and banks have to set aside more money for bad loans, also helped convince Goldman to pull back.

Goldman disclosed last year that the Consumer Financial Protection Bureau is investigating its credit-card business. The Federal Reserve is probing whether the bank had appropriate safeguards as it ramped up consumer lending. The Wall Street Journal previously reported.



## POST-ER CHILD GEORGE HUGHES

"Post" cover. American illustrator. Nostalgic sentiment.



Learning to Ride a Bike by George Hughes showcases the great American illustrator's signature nostalgia and humor. This whimsical original work was created for the July 12, 1954 cover of the *Saturday Evening Post*. Hughes' renderings of American life found their place in the hearts and homes of families nationwide, appearing on 115 covers of the *Post*. Hughes' illustrations also earned the esteem of museums and were displayed at the Detroit Museum, the Pennsylvania Academy of Fine Art and the Art Institute of Chicago during his lifetime. Oil on board. Painted 1954. Board: 20" h x 19 1/4" w. Frame: 27 7/8" h x 26 3/4" w. #31-6200

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## WORLD NEWS

## Bakhmut Conditions Are Dire, Kyiv Says

Officials acknowledge deteriorating situation for Ukrainian troops in the eastern city

By IAN LOVETT  
AND ANN M. SIMMONS

Ukraine's officials said conditions for its forces in the besieged eastern city of Bakhmut were becoming more difficult, as Russia said several drones were shot down or crashed in its territory.

Officials in Russia reported several drone attacks overnight Monday and on Tuesday. A drone fell near the village of Gubastovo, about 60 miles from Moscow, but caused no damage or injuries, said Moscow regional Gov. Andrei Vorobyov.

Alexander Bogomaz, governor of Russia's Bryansk region, said on Telegram that a drone was shot down over one of the region's districts but caused no casualties or damage. The Russian Defense Ministry also reported that it shot down two Ukrainian drones that it said attacked civilian infrastructure in southern Russia.

Ukraine's Defense Ministry didn't respond to requests to comment. But the string of drone attacks—coming just one day after the latest wave of Russian drone attacks on Ukraine—suggests a growing Ukrainian willingness and ability to strike



A Ukrainian soldier walks through the front-line city of Bakhmut, which has been the target of intense attacks from Russian forces.

deep into Russian territory. Though Ukraine occasionally has hit targets outside artillery range, those attacks were rare in the first year of the war.

The downing of the drones inside Russian territory followed reports overnight that fragments of three drones were found in Russia's Belgorod region, near the border

with Ukraine. The weapons broke windows and caused some damage to cars, Belgorod's regional Gov. Vyacheslav Gladkov said on Telegram.

On Tuesday, Russian President Vladimir Putin called on the country's security forces to strengthen the work of counterintelligence and step up efforts to thwart what he de-

scribed as Ukrainian saboteurs.

Meanwhile, several Ukrainian officials acknowledged deteriorating conditions for their troops in Bakhmut, which has been the focus of Russian attacks in recent months, with both sides suffering heavy losses. "The enemy is constantly destroying everything that can be used to protect our posi-

tions," Ukrainian President Volodymyr Zelensky said Monday.

Col. Gen. Oleksandr Syrskyi, the commander of Ukraine's ground forces, recently visited troops in Bakhmut. On Tuesday, he called the situation there extremely tense, adding that Russia's paramilitary Wagner Group is still leading the assault.

The Institute for the Study of

War, a Washington-based think tank, said the regular Russian military around Bakhmut might also be adopting practices that Wagner has used, including frontal attacks by smaller groups as Russian artillery stocks have dwindled during the six-month fight for the city. "Such tactics are likely to waste Russian combat power and not effectively counter conventional Ukrainian battalions and brigades," the institute wrote.

Mr. Zelensky renewed calls for allies to send modern jet fighters to fully protect civilian areas from missile and drone attacks. On Sunday night and Monday morning, Moscow launched another wave of Iranian-made drones. Though Ukrainian officials said that 11 of the 14 drones were shot down, the attack killed two rescue workers in the central city of Khmelnytskyi.

Secretary of State Antony Blinken said Tuesday that the U.S. has warned China about the implications of providing lethal support to Russia. "We will not hesitate, for example, to target Chinese companies or individuals that violate our sanctions or otherwise engage in supporting the Russian war effort," he said in Kazakhstan.

U.S. officials have told The Wall Street Journal that China is considering delivering artillery and drones to Russia that could prolong the war—an assertion Beijing has rejected.

## Russia Turns to Yuan in Effort to Ditch the Dollar

Russia's economy, restricted from Western financial networks and the U.S. dollar, has embraced a burgeoning alternative: the Chinese yuan.

By Chelsey Dulaney,  
Evan Gershkovich and  
Victoria Simanovskaya

Energy exporters increasingly are getting paid in yuan. Russia's sovereign-wealth fund, a war chest used to fund operations on the battlefield in Ukraine, is using the Chinese currency to store its oil riches. Russian companies have borrowed in yuan, also known as renminbi, and households are stashing savings in it.

The Chinese currency's rise inside Russia deepens ties between two countries that have long rivaled each other for global influence but have grown closer amid shared discontent with the West. It also serves China's longstanding but mostly frustrated campaign to make the yuan a more prominent feature of global finance and commerce.

Moscow has jettisoned concerns about giving China too much leverage over its economy, said Alexander Gabuev, a senior fellow at the Carnegie Endowment for International Peace.

"Now it's the only rational choice for Russia and for Pu-

tin," Mr. Gabuev said. "If depending on renminbi is the lifeline that helps you to be less exposed and less dependent on hostile currencies, then you take this route."

A spokesperson for the Russian Ministry of Finance said the yuan is "taking an increasingly important role" in its sovereign-wealth fund, which doubled the share of yuan it can hold to 60% in December. The ministry started selling yuan in January to plug its widening budget deficit.

The share of Russian exports paid for in yuan rose to 14% by September, according to data from the central bank. That is up from 0.4% before the start of the war.

Representatives for China's central bank didn't respond to a request to comment.

Russia began cutting its dependence on the dollar in 2014 after its annexation of Crimea. By 2018, as the U.S. imposed additional economic sanctions, the country began to sell its holdings of U.S. Treasury bonds and explore trade in rubles and other currencies.

De-dollarization went into overdrive, and widened to include the euro, last year. Western countries froze some \$300 billion of Russia's foreign reserves and banned some of its banks from the Swift messag-

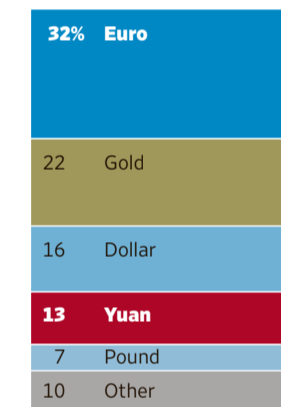
ing system that underpins most global payments in response to Russia's invasion of Ukraine.

Russians don't face an outright ban on using dollars or euros, and nonsanctioned banks continue to do business in foreign currencies.

Booming trade between Russia and China added to the yuan's appeal. China has become a major buyer of Russian oil that is shunned by the West, while Russia has grown more dependent on China for semiconductors and other technology.

Russian companies have also turned to the yuan and issued bonds in the Chinese cur-

Composition of Russian central bank reserves as of June 2021



Source: Central Bank of Russia

rency worth the equivalent of more than \$7 billion last year, according to Refinitiv data. In recent weeks, the yuan-ruble often was the most traded currency pair on the Moscow Exchange based on daily volume.

Aluminum giant Rusal was the first company to issue yuan bonds inside Russia last August, and other commodity exporters such as oil firm Rosneft followed. Most trade with China and can use yuan raised for everyday business, for example to pay invoices.

Bistrodengi, a Russian lending platform, started selling yuan bonds last year despite not doing business in the Chinese currency. The company's chief finance officer, Yakov Romashkin, said borrowing in yuan was far cheaper than rubles. Its bonds offer a coupon rate of 8% instead of the 19% that it likely would have had to pay to borrow in rubles.

The Russian broker that arranged Bistrodengi's previous ruble bond offerings ran the deal, and buyers were predominantly individual Russian investors, he said. It swapped the yuan back into rubles.

Mr. Romashkin said there were technological hiccups. Some brokers weren't fully set up to sell yuan securities, with some displaying incorrect information about Bistrodengi's

stated fees on those accounts and many worried about the impact of Western sanctions.

"Conversations were going around about the end of the dollar," Ms. Gogaladze said. "The yuan was presented as an available alternative."

She has a yuan bank account at Russian digital bank Tinkoff but still prefers to hold most of her money in rubles, euros and dollars. She said yuan accounts typically have lower interest rates than those for rubles, but they can be a good option for people worried about a devaluation of the ruble.

"When people see the ruble is getting weaker and weaker, they don't care about the yield, they just want to save their money," she said.

While still in its early days, some see Russia's yuan use as a test case in a debate that has long captivated the financial world: Will the yuan eventually rival the dollar as the world's dominant currency?

But building the infrastructure to circumvent the dollar-based financial system developed over decades is slow, difficult and expensive, said Eswar Prasad, a professor at Cornell University and former head of the International Monetary Fund's China division.

—Rebecca Feng  
contributed to this article.

## U.N. Says Iran Boosts Uranium Enrichment

By LAURENCE NORMAN

The United Nations atomic agency confirmed Tuesday that its inspectors found traces of near weapons-grade nuclear material at Iran's underground Fordow facility, but said Tehran continues to produce 60% enriched uranium at the site.

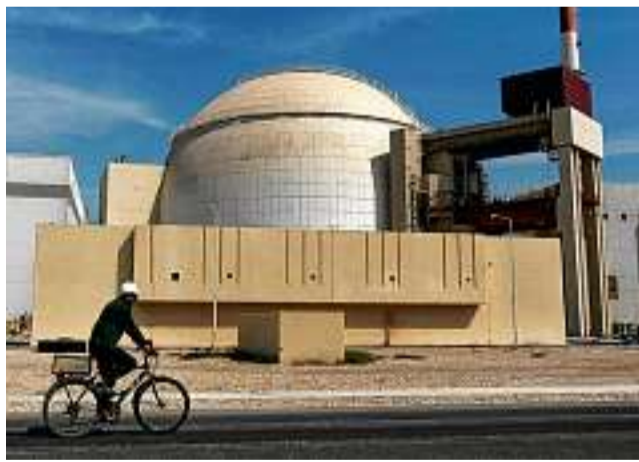
In a confidential report sent to member states and viewed by The Wall Street Journal, the International Atomic Energy Agency said that during a check at Fordow on Jan. 22, the IAEA took samples which were found to contain highly enriched particles of up to 83.7%.

The IAEA said Iran claimed in a letter this was the result of "unintended fluctuations in enrichment levels."

Weapons-grade enriched uranium generally is considered to be from about 90%-enriched uranium. "Discussions between the Agency and Iran to clarify the matter are ongoing," the report said.

Iran has been producing highly enriched material of 60% purity since early 2021—higher than any other nonnuclear weapons state, according to the IAEA.

If Iran deliberately starts producing weapons-grade material, it could lead to crisis concerning the country's nuclear activities. European diplomats have said that would be the



The Bushehr nuclear power plant, seen in 2010, in southern Iran.

trigger for them to move to formally kill a 2015 nuclear deal, which lifted most international sanctions on Tehran in exchange for strict but temporary limits on Iran's nuclear work.

Western officials also say it could prod Israel to pursue a military attack on Iran's nuclear program.

Iran has greatly expanded its nuclear work since 2019, a year after the Trump administration took the U.S. out of the 2015 nuclear accord. President Biden's efforts to revive the pact so far have failed.

Under the 2015 pact, Iran was supposed to enrich uranium only up to 3.67% for 15 years.

The particles of near weapons-grade were found the

same day as inspectors discovered that Iran had joined up cascades of centrifuges, machines that enrich uranium, without reporting this to the agency. The IAEA reported this undeclared work as a breach of Iran's commitment to its member states on Feb. 1.

Diplomats involved in the oversight of Iran's nuclear activities say Tehran also might have experimented with pathways to producing weapons-grade material at the same time as they changed the configuration of the cascades.

A person close to the IAEA said it isn't clear if Iran's production of near weapons grade material was an accident or deliberate but noted the in-

crease in the level of enrichment was a big jump. The person said the amount of 84% material produced likely was very small.

The IAEA didn't issue a separate report on the production of near weapons-grade material, saying it needed to discuss the issue with Iran first. That has raised concerns among some member states who are keen to ensure any Iranian decision to accumulate weapons-grade material would be immediately known.

The agency said in the report that in recent weeks they have increased the frequency of their visits to Fordow.

When the 84% enrichment was first reported last weekend, senior diplomats from the European countries said that, if confirmed, it would be an "unprecedented and extremely grave development."

The IAEA Board of Governors meets next week, and the U.S. and the European countries will have to decide whether to again censor Iran over its nuclear activities.

Iranian officials and two senior diplomats in Vienna have said IAEA Director General Rafael Grossi may visit Tehran in coming days to hold talks with Iranian officials. The IAEA hasn't responded to questions about whether the visit will happen.

## Switzerland Neutrality Blocks Arms Transfers

By BOJAN PANCEVSKI

The West's efforts to keep Ukraine supplied with enough ammunition to push back Russian forces has hit a major roadblock: Switzerland's centuries-old tradition of neutrality.

The wealthy Alpine nation is home to a mature weapons industry, but is steeped in the principle that it keeps out of foreign wars. Switzerland's adherence to a ban on the export and re-export of weapons and ammunition to conflict zones is blocking North Atlantic Treaty Organization countries in Europe from giving Ukraine their stocks of Swiss-made ammunition and arms, none of which are easily substituted.

The ban is affecting Western-provided weapons systems such as aerial defense batteries and tanks—and prompting a rethink in Switzerland's parliament about a pillar of Swiss identity.

The prohibition is adding another bottleneck to already stressed weapons and, above all, ammunition supply chains, with Ukraine expending far more shells and rockets in a month than its Western partners can produce.

In addition to Western pressure, Ukrainian lawmakers from the parliament's foreign-

affairs committee are planning a special delegation to visit Bern, the Swiss capital, to call for a policy change.

Spain and Denmark complained after Bern refused to allow the export of Aspid air-defense systems and Piranha III infantry fighting vehicles to Ukraine, both of which have Swiss-made parts.

Berlin has repeatedly lobbied Bern to shift policy after requests for permission to send Ukraine Swiss-made ammunition acquired by Germany decades ago were denied. These include rounds for the Gepard aerial flak system that Ukraine has successfully deployed against Iranian-made suicide drones, in particular. As a result, Ukrainian forces have been compelled to save ammunition, reducing the effectiveness of the vital system.

Bern argues that there can be no waiver for the ban because it is part of its constitutional order. Swiss lawmakers have drafted amendments to the law regulating arms trade that would unlock re-export permissions but it isn't clear whether these can muster a majority in parliament. Even if the proposal is adopted soon, the change would only come into force early next year at the earliest, several lawmakers said.



## WORLD NEWS

# U.K.'s Sunak Touts Revised Brexit Deal In Northern Ireland

By MAX COLCHESTER

LONDON—British Prime Minister Rishi Sunak traveled to Belfast to sell his Northern Ireland deal, amid tentative signs the pact could allow the U.K., and his Conservative Party, to begin to move on from a Brexit saga that has dragged on for years.

Mr. Sunak met in Belfast on Tuesday with major political parties in the province in a bid to win their backing of the deal, which reshapes terms of the U.K.'s 2019 divorce from the European Union when it comes to Northern Ireland, which is part of the U.K. but shares the same island with the Republic of Ireland, which is part of the EU.

So far, the deal—which revamps Brexit by reducing customs checks for goods entering Northern Ireland and giving it greater veto power over EU laws—has received generally positive reviews, including by some key euro-skeptic members of his own party and the British press. But it has yet to get backing from some leading pro-U.K. unionist politicians in Northern Ireland who don't want any customs checks between the province and the rest of the country.

If Mr. Sunak succeeds in getting support for the deal, even over the opposition of some unionists in the province, officials say it could reset previously strained relations with the EU, help cement peace in Northern Ireland and appease President Biden, who has urged the U.K. to find a compromise solution to Northern Ireland.

The issue surrounding the so-called Northern Ireland Protocol is an arcane trading dispute but with potentially deep ramifications. Brexit meant the U.K. leaving the EU's single market and the erection of a trade border

around the country. But it left the U.K. with a difficult choice: place a border between Northern Ireland and the republic to its south and risk angering nationalists who want reunification, or put the border between the mainland of Britain and the province, and risk angering unionists who want to remain part of the U.K.

It chose the latter, for fear of damaging the 1998 Good Friday agreement, which brought peace to the region after more than three decades of bloodshed. But that decision left Northern Ireland within the EU customs area and answerable to EU courts. This upset pro-U.K. unionists in Northern Ireland, who felt they were being segregated from the rest of the U.K. It also annoyed some Conservative lawmakers, who felt they had ceded sovereignty to the EU in a part of their own country.

The issue has remained a perennial headache. Almost as soon as the U.K. agreed to a Brexit deal with the EU, saying it would put a border within its own country, it began trying to water it down. The Democratic Unionist Party in Northern Ireland refused to take part in a power-sharing agreement with Irish nationalist parties over the issue, causing political paralysis in the province. Conservative Party infighting over relations with Europe, meanwhile, has cost the careers of several previous prime ministers.

A deal finally took shape under Mr. Sunak, who has adopted a much friendlier posture to Europe, and during the war in Ukraine has reminded European leaders that they are stronger with healthy U.K. relations. The refreshed deal, called the Windsor Framework, aims to ease this political gridlock by reducing the EU's influence in Northern Ireland and easing some of the border checks.



Presidential candidate Bola Tinubu, center, celebrated Wednesday after he was called the winner by Nigeria's electoral commission.

## Nigerian's Election Win Disputed

By GABRIELE STEINHAUSER AND GBENGA AKINGBULE

ABUJA, Nigeria—Bola Tinubu, a longtime kingmaker in Nigeria's governing All Progressives Congress and two-time governor of Lagos, has been elected president of Africa's most populous nation, the country's electoral commission said early Wednesday, an outcome that was disputed by opposition parties.

Mr. Tinubu won 37% of the vote, ahead of Atiku Abubakar of the main opposition People's Democratic Party, who received 29%, according to the commission tally. Peter Obi of the Labour Party, whose candidacy was propelled by young, social-media-savvy Nigerians frustrated with an underperforming economy and rising insecurity, got 25%, with the balance going to candidates from smaller parties.

On Tuesday, before final results had been announced, representatives of the PDP and

the Labour Party said the vote count had been rigged and called for a rerun of Saturday's vote. The dispute by opposition parties adds to the challenges Mr. Tinubu will face as president of a country that, by the middle of this century, is expected to surpass the U.S. as the third most-pop-

ulous in the world behind India and China.

"The election is irretrievably compromised and we have totally lost faith in the entire process," Julius Abure, Labour Party chairman, said at a news conference, flanked by his counterpart from the PDP as well as the running mates

of Messrs. Abubakar and Obi. International observers from the U.S. and the European Union have flagged issues with the election, including violence and widespread delays at polling stations, but said their assessments were preliminary.

Nigeria's electoral commission has defended its handling of the election and the tallying of votes. "Contrary to the insinuation by both parties, results emanating from the states point to a free, fair and credible process," the commission said in a statement Tuesday.

Suspicious about the election were fueled by the slow uploading of results from individual polling stations on the commission's website, an issue the commission has blamed on "technical glitches."

There also were reports of raids on polling stations and local vote-collation centers to intimidate voters and steal election materials—including machines used to check voters' identities.

When Mr. Tinubu was announced as the winner of the presidential vote, results from around 30% of polling stations hadn't yet been published on the electoral commission's website. Although the actual tallying of votes wasn't done using the uploaded result sheets, civil-society groups had counted on them being available shortly after polls closed to run parallel tallies. The commission had billed the process as a way to improve the transparency of elections.

The main cause behind the problems was difficult to determine. Nigeria was plagued by severe shortages of fuel and cash in the run-up to the vote and has unreliable mobile internet connectivity.

### Watch a Video



Scan this code for a video on problems marring the vote in Nigeria.

# Turkish Families Grieve Loved Ones Missing in Quakes

By SUNE ENGEL RASMUSSEN AND VILDAN AY

ANTAKYA, Turkey—For three weeks, Gülhan Aslan kept a vigil, sitting by the ruins of a high-rise building. Her 23-year-old daughter, Zeyna, was staying in a friend's apartment inside when two earthquakes hit Turkey in February. She hasn't been seen since.

About 80 people who were believed to be in the collapsed apartment complex, the Ronesans Residence, are still missing, relatives said. Rescue operations at the site have given way to reconstruction, with large excavating machines clearing away the rubble.

Ms. Aslan and her husband, Mevlüt, say they now visit hospitals in what they acknowledge is the very unlikely event that their daughter survived and is being treated.

"Every day we die," Mevlüt Aslan said.

As Turkey's recovery from the quakes, which devastated a swath of the country as well as part of neighboring Syria, moves forward, families of the missing face the possibility that they will never know for sure the fate of loved ones who disappeared under the rubble.

More than 50,000 people died from the Feb. 6 earthquakes—about 44,300 in Turkey and at least 5,900 in Syria. The death toll is expected to rise, as bodies remain buried under the tens of thousands of collapsed buildings.

The first quake, with a magnitude of 7.8, toppled the Ronesans building, turning the 249-unit development into a tomb. Search-and-rescue teams with dogs left after about a week, and heavy machinery moved in as authorities piv-



A woman in Hatay holds photos of her missing grandchildren.

oted from the recovery of bodies to cleaning up debris.

Turkey's disaster-management agency, AFAD, didn't respond to requests to comment.

There are no public statistics on how many people have gone missing after the earth-

quakes. When a quake hit western Turkey in 1999, at least 17,000 people were killed and some 300 were still missing a year later, according to civil-rights groups at the time.

February's earthquakes killed nearly three times as many

people and caused significantly more damage. At least 185,345 buildings, containing nearly 554,000 units, collapsed or were so damaged that they need demolition, Turkish President Recep Tayyip Erdogan said Monday.

The recent earthquakes rekindled emotional trauma for some Turks. During the 1999 earthquake, Emine Cebeci's house in Gülcök collapsed, burying her under rubble alongside her adult son Serkan. She was pulled out of the debris after 10 hours but never saw Serkan again.

After being discharged from the hospital eight months later, Ms. Cebeci spent years searching for her son. "It is unconscionable for a mother to believe her child is dead without seeing the body," Ms. Cebeci said.

Nearly five years after the

earthquake, Ms. Cebeci and 18 families of other missing victims sued the government to exhume 11 unidentified bodies. In the last grave, they found a person whose clothing matched the description of Serkan from nearly five years earlier. Ms. Cebeci carried his bones in a shoebox to Istanbul and confirmed through a DNA test that the remnants were indeed her son.

In Antakya, the government finished removing debris from the site of the Ronesans Residence this weekend. Relatives of Zeyna Aslan were sure of her whereabouts when the earthquakes struck. Zeyna's friend, Dilan Akansel, said she left her boyfriend Mehmet in her apartment on the eighth floor with Zeyna, when she left for her shift as a night nurse.

"I prefer to have her body and a grave," Ms. Aslan said. "Now I don't have anything."

## WORLD WATCH

### GREECE

#### Train Collision Kills 26, Injures Scores

A passenger train and an oncoming freight train collided in a fiery wreck in northern Greece early Wednesday, killing 26 people and injuring at least 85, Fire Service officials said.

Multiple cars derailed and at least three burst into flame after the collision near Tempe, 235 miles north of Athens. Hospital officials in nearby Larissa said at least 25 people had serious injuries.

"The evacuation process is ongoing and is being carried out under very difficult conditions due to the severity of the collision between the two trains," Fire Service spokesman Vassilis Varthakoyiannis said.

Hospital units used to treat burn victims had been alerted, he said, and dozens of ambulances were involved.

Rescuers wearing head lamps worked in thick smoke, pulling pieces of mangled metal from the railcars to search for trapped people.

Passengers who received minor injuries or were unharmed were transported by bus to Thessaloniki, 80 miles north.

—Associated Press



Railcars burned early Wednesday after a freight train and passenger train collided near Tempe, Greece.

### INDIA

#### Economy Slows Amid High Inflation

India's economy grew 4.4% in the October-to-December quarter from a year earlier, weighed down by sluggish consumer demand and high inflation.

The gross domestic product figure released Tuesday for the fiscal third quarter shows a slow-

ing of growth compared with the preceding two quarters. The economy climbed 6.3% in the period from July to September and 13.2% in the April-to-June quarter.

Demand surged as the country emerged in early 2022 from two years of intermittent Covid-19 restrictions. The job market also recovered from the lows of the pandemic, but many people had to accept pay cuts or move to lower-paying work, af-

fecting their ability to spend, said Kunal Kundu, an economist at the Société Générale Corporate & Investment Bank.

Retail inflation that had eased toward the end of last year firmed again in January to 6.52%, breaching the Reserve Bank of India's upper tolerance limit of 6%, according to the National Statistical Office. The central bank in February raised its key lending rate by 0.25 percent-

age point to 6.5%.

Economists said inflation in India could take two years to ease to the central bank's target of 4%. —Vibhuti Agarwal

### ITALY

#### At Least 65 Migrant Bodies Are Recovered

Rescue teams pulled more bodies from the sea on Tuesday, bringing the death toll from Italy's latest migration tragedy to 65, as prosecutors identified suspected smugglers who allegedly charged 8,000 euros, about \$8,500, for each person making the "voyage of death" from Turkey to Italy.

Authorities delayed a planned viewing of the coffins to allow more time for identification of the bodies, as desperate relatives and friends arrived in the Calabria city of Crotona in hope of finding their loved ones, some of whom hailed from Afghanistan, Pakistan, Syria and Iraq.

At least 65 people, including 14 minors, died when their overcrowded wooden boat slammed into shoals and broke apart Sunday in rough seas. Eighty people survived, but more are feared dead because survivors indicated the boat carried about 170 people when it set off from Izmir, Turkey.

—Associated Press

### UGANDA

#### Lawmaker Offers New Anti-LGBTQ Bill

A Ugandan lawmaker on Tuesday introduced draft legislation that he said seeks to prohibit homosexuality in the East African country, voicing widespread antigay sentiment that has peaked in recent days.

The legislator, Asuman Basalirwa, said his bill would punish "promotion, recruitment and funding" related to LGBTQ activities. Most lawmakers in the parliamentary chamber in Uganda's capital city Kampala stood up to show support for the bill.

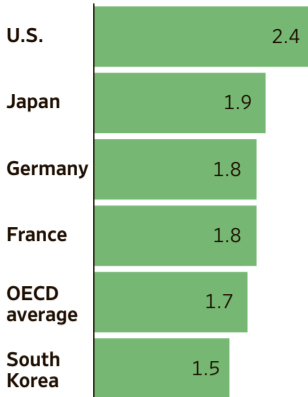
"You are either with us or you're with the Western world," Speaker Anita Among said, announcing that legislators would show support by raising their hands when the bill eventually is put to a vote.

Harsh antigay legislation enacted in 2014 later was annulled by a panel of judges amid international condemnation. That bill in its original draft called for the death penalty for some gay acts. The new bill will be assessed by a parliamentary committee before it is debated. Details of the bill weren't available.

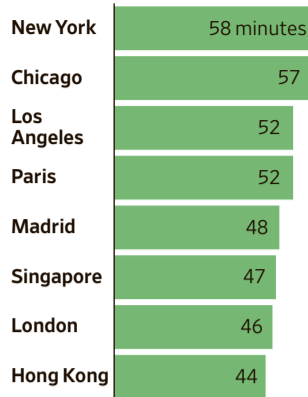
—Associated Press

# FROM PAGE ONE

## Rooms per person in the average home



## Average one-way commute time by metro area



Sources: OECD Better Life Index (rooms per person); Moovit (commute time)

# Europe, Asia Offices Rebound

Continued from Page One report by the New School Center for New York City Affairs. Many of those who lost their jobs worked in Manhattan in face-to-face industries such as retail, accommodation and food services.

While Manhattan has been particularly hard hit because of its dependence on office commuters, other U.S. central business districts are also struggling. Falling office values are threatening to hit city budgets that depend on property taxes. Lower transit ridership is weighing on the finances of public-transportation authorities. Adding more apartments can help revitalize central

business districts, but that will take time.

Several overseas capitals experienced periods where more than 75% of their workers were back at their desks in 2021 and 2022, JLL said. That includes Tokyo, Seoul and Singapore in Asia. Paris regularly topped the list of workers back in the office in Europe. Stockholm wasn't far behind with several months at a more-than-75% return-to-office rate.

No major U.S. city tracked by JLL achieved that high a return rate during the period.

"The U.S. has borne the brunt of this," said Phil Ryan, director of city futures at JLL.

Living arrangements are one reason for the difference in work habits. U.S. workers are more likely to live in spacious suburban houses. That makes it easier to set up a home office away from distractions. Hong Kong's small apartments, for example, often house multiple generations,



Commuters at the Bank station in London. WeWork said 81% of its desks in the city were leased as of the fourth quarter of 2022.

making working from home less appealing.

Suburban sprawl means many people in the U.S. have longer, more tedious commutes plagued by worsening traffic jams—another reason to stay home. While a number of European cities also have long average commutes, New York and Chicago are unmatched, according to mobility-services company Moovit Inc. Public-transit systems in Europe and Asia are often more reliable and less prone to delays, making it easier to get to work.

"We have high-density cities with effective public-trans-

port systems," said Caroline Pontifex, London-based director of workplace experience at consulting firm KKS Savills. "That makes a difference."

Another explanation for the U.S.'s office exceptionalism is its labor market. At 3.4%, the U.S. unemployment rate is barely more than half the European Union's unemployment rate of 6.1%. While Europe is also facing labor shortages, U.S. companies have been particularly hard hit, said JLL's Mr. Ryan.

That has forced them to look farther afield for employees and hire remotely. Tech

firms, which account for a particularly high share of employment in some big U.S. cities, have long been more tolerant of remote work.

Co-working companies are also reporting lower occupancy in some U.S. cities. WeWork Inc. said 72% of its desks in New York were leased as of the fourth quarter of 2022, compared with 80% in Paris, 81% in London and 82% in Singapore.

Workplace consultants said they expect the office-use gap between the U.S. and the rest of the world to persist.

It doesn't help that U.S. of-

fices were emptier long before the pandemic. A construction glut led to high vacancy rates, and even within leased offices companies tended to put fewer people on each floor than their European and Asian peers.

All that empty space is now creating a negative reinforcing cycle, said Phil Kirschner, an associate partner at business consulting company McKinsey & Co.

U.S. workers sitting in big, mostly empty offices find the experience depressing, making them more likely to stay at home in the first place. "It feels less energetic," he said.

# Salesforce Lays Off Thousands

Continued from Page One

paramount." The \$160 billion company, a leading tech-era star that makes workhorse business software, has joined the industry's retrenchment. One of the first things to take a hit is the company's vaunted business culture. Mr. Benioff, who lives part-time at a large compound in Hawaii, has for years used the Hawaiian word "ohana," or familial bonds, to describe the company's close relationship with employees and customers.

After an executive retreat in February, he proposed in a draft of a year-ahead strategy plan that the company rank employees based on metrics, including how much money salespeople bring in. Those in the bottom 5% would be routinely dismissed, according to a draft of the policy posted on the company's Slack channel and described to The Wall Street Journal.

Employees, especially those from Microsoft Corp., where such ranking is common, found the change "triggering," Mr. Benioff said. In a matter of days, he dumped the ranking and dismissal proposals. His workers, he said, "made a very passionate case that that is not a culture that they want to bring to Salesforce."

Salesforce executives in the proposed strategy plan said "wellness culture overpowered high performance culture during the pandemic" to explain the company's recent headwinds. After employees complained on Slack—"Most disturbing and tone deaf is this sad excuse," one post said—the line was changed.

Some of the specialty-coffee baristas at the company's San Francisco tower, the city's tallest, were shown the door. Salesforce also cut ties with a 75-acre wellness retreat, known as the Trailblazer Ranch, where employees enjoyed a mix of training and getaway activities such as hiking and yoga.

Early in the pandemic, Salesforce offered salespeople a "well-being day," essentially an extra day off a month. That ended in January.

Salesforce's stock peaked at \$311.75 on Nov. 9, 2021, and is now down 47%. The Nasdaq is down 28% over the same period. Analysts expect its revenue growth in the coming fiscal year to be less than half the annual growth rate the company has experienced on average over the past five years. On Wednesday, Salesforce, which sells software to help businesses manage their

marketing and sales data, reports fiscal fourth-quarter earnings.

At least five activist investors have taken positions in the company, including Elliott Management Corp. and Starboard Value LP. They are pressuring Mr. Benioff to change the way he runs things. In a presentation last year, Starboard said Salesforce wasn't doing enough to increase profits.

Like other tech companies facing their first downturn in more than a decade, Mr. Benioff and his lieutenants have now turned their focus to performance, efficiency and cost-cutting.

Silicon Valley companies for years sold workers on the idea that they operate as communities with shared values and where people come first. High-flying firms could easily afford such amenities as on-site dry cleaners, workout classes and free food.

Management is now cracking down. Sundar Pichai, CEO of Google parent Alphabet Inc., is aiming to get a 20% productivity boost out of his employees. Mark Zuckerberg, CEO of Facebook parent Meta Platforms Inc., called 2023 the "year of efficiency." The tech industry last year was estimated to have laid off more than 150,000 employees, according to Layoffs.fyi, a website tracking news reports and company announcements.

"Layoffs are always hard," Mr. Benioff said, but the Salesforce culture of family bonds only goes as far as business allows. "You can continue to keep a company going with excess employees, but it's not healthy for the company," he said. "If you don't have a performance culture, and you don't operate the company with that kind of efficacy, you're not doing anybody any favors."

## Sales forces

The company's success to this point has secured Mr. Benioff a place on the global stage. At 6 feet 5 inches tall, he is easy to spot hobnobbing at the annual meeting of the World Economic Forum in Davos, Switzerland. In 2018, Mr. Benioff and his wife, Lynne, bought Time Magazine for \$190 million.

Mr. Benioff in an interview offered suggestions of people to contact who could speak about him. The list included renowned cellist Yo-Yo Ma, who serves with Mr. Benioff on the board of the World Economic Forum, California Gov. Gavin Newsom and Larry Ellison, chairman of Oracle Corp., a rival business-software giant where Mr. Benioff worked for 13 years, as well as the chief executives of Ford Motor Co., Amazon.com Inc. and Walmart Inc.

Mr. Ma said he didn't know Mr. Benioff well but compli-



Salesforce CEO Marc Benioff speaking last year in San Francisco; actor Matthew McConaughey, seated right, in black T-shirt.

mented him for living his values. Gov. Newsom said Mr. Benioff was the godfather of his first daughter and described him as a mentor and coach. Others on the list praised his business acumen.

Mr. Benioff, 58 years old, grew up in the Bay Area, where his father owned a chain of dress shops and served as an inspiration, according to Mr. Benioff's oft-told origin story, which he included in his book about Salesforce called "Trailblazer." His father worked long hours to meet with suppliers and tend to finances.

Mr. Benioff graduated with a degree in business administration from the University of Southern California and worked for Oracle before finding his fortune—estimated at \$7 billion—in cloud-based business software. Mr. Be-

nioff's winning idea was to package software that would help business owners manage operations and sell more products by tracking and analyzing customer data.

Salesforce's subscription-based offerings freed businesses from the expense of buying their own servers, licensing software and hiring IT workers to keep operations running smoothly.

The company's behind-the-scenes product line stands in contrast to its flashy marketing history. Before the pandemic, Salesforce's annual conference, Dreamforce, drew more than 170,000 people to San Francisco. For three days, at a price tag of around \$50 million, Salesforce customers and employees swarmed the city. They got to see former President Barack Obama, soccer star Megan Rapinoe, ac-

triss Emilia Clarke and wellness guru Deepak Chopra. In 2016, the band U2 performed.

Mr. Benioff helped bring Mr. McConaughey, a friend, to Salesforce, according to people familiar with the arrangement. His compensation, a combination of cash and equity, required approval by the Salesforce compensation committee, said one of the people familiar with the arrangement. Mr. Benioff said he played no part in the deal.

Salesforce paid \$5 million to run a Super Bowl ad last year that featured Mr. McConaughey in an astronaut suit aboard a hot-air balloon. Such marketing expenses constitute small change compared with the payroll of more than 70,000 employees, Mr. Benioff said.

For years, Mr. Benioff made quarterly sales growth, and the investment it would take to get there, a priority over profitability and efficiency.

In the two most recent quarters, Salesforce missed Wall Street's expectations for billings—a measure of business transacted during the period—by roughly 8% and 5%, respectively. That slowing growth left investors to focus on other measures of profitability. Salesforce's adjusted operating margins—which takes out such expenses as stock compensation—was 18.9% over the past four quarters, lower than competitors ServiceNow Inc., at 25.7%, and Adobe Inc., 45.1%, over the same period.

Mr. Benioff had long set a directive for underlings that he was interested only in plans that called for increasing most sales teams by more than 20% a year, according to people familiar with the arrangement. He believed any slowdown in sales hiring would hurt revenue growth, these people said.

Mr. Benioff said he didn't apply that standard company-wide but acknowledged pushing hiring over efficiency. Salesforce for years relied on a flood-the-zone sales style.

In the past, the company didn't closely track how many deals each salesperson made, former employees say. More recently, managers have been diving into spreadsheets, analyzing metrics and scrutinizing the number of deals salespeople closed during the quarter.

"This is the way we should be running our business all the time, which is you're constantly looking at underperforming people," Salesforce Chief Operating Officer Brian Millham said at an analyst conference in December. "Treat them with grace and dignity, but you have to move them out if they're not performing."

Mr. Millham told the Journal on Friday that the company's strategy will involve reducing the number of sales teams per account and trimming support staff for account managers.

## Airing complaints

Flexible-working arrangements that originated during the pandemic are on the way out. In 2021, Salesforce said more than 65% of its workforce would have to be at the office once a week or three days at the most.

The proposed strategy plan also alerted employees who deal directly with customers that they may need to show up at least four days a week.

The changes and belt-tightening have frayed employee relations. A company Slack channel called "airing of grievances" has more than 22,000 members and a string of complaints about attendance proposals and perquisite cuts.

"The idea that the wellness initiatives that were started during the pandemic (which is, contrary to what some people are saying, still going) are somehow no longer needed is utterly absurd," said one comment viewed by the Journal.

One employee asked ChatGPT, the viral chatbot made by OpenAI, to speculate about the effect Elliott Management would have on Salesforce culture.

"If Elliott Management pressures Salesforce to cut costs and focus solely on short-term financial gains, it could mean layoffs, reduced benefits, and a shift away from the Ohana culture," said the computer-generated response.

"Maybe ask GPT a different question," Mr. Benioff said on the Slack channel.

Then he offered one of his own: "What can Salesforce's employees, its Ohana, do to amplify its amazing culture regardless of any outside adversity?"



Nora Chao, right, and Maria Garzon, left, taking a photo with two Salesforce mascots in September.

# Doctors Tap AI to Augment Diagnostics

Artificial intelligence can help spot conditions that are brewing, accelerating treatment



**YOUR HEALTH**  
**SUMATHI REDDY**

**A**rtificial intelligence is slowly changing the care that you get at the doctor's office and in hospitals.

At Mayo Clinic's cardiology department, doctors use an artificial-intelligence program to help detect new heart problems.

Elsewhere, a group of primary-care doctors is using it to help identify an eye condition that can lead to blindness. A number of hospitals are using it to catch patients at risk for sepsis.

Doctors aren't relying on the technology alone to diagnose patients, and their use of generative AI such as ChatGPT is largely limited to paperwork. Some doctors, however, are using AI to aid them in reaching a diagnosis, often earlier than they otherwise would.

Physicians say AI holds promise, but they are also wary of yielding to machines, both because the technology is still emerging and also because research has shown that biases in AI can harm the care some people receive. Some earlier big bets that artificial intelligence would transform healthcare proved disappointing, or at least premature, including IBM's Watson Health effort.

"I don't think we are at a place where we can just let algorithms run and make the decisions," said Michael Pencina, director of Duke AI Health, an initiative at Duke University School of Medicine that works on AI and machine-learning research.

One challenge lies in how the technology is developed, said John Halamka, president of Mayo Clinic Platform, which works with health technology companies to develop AI tools. The algorithms use information, often from electronic health records, such as demographic and health history, vital signs and labs to determine whether a patient might have a certain health issue.

The technology improves the more that it is used, as doctors report whether the algorithm's assessment was accurate or not. But an algorithm developed based on data from patients in Minnesota, for example, might not be applicable to patients with different demographics—at least not without

some modifications.

A high-profile 2019 study in the journal *Science* found racial bias in an algorithm that led Black patients to be deprived of extra care they should have been qualified for. To address these issues, a group of tech and healthcare professionals last year started working to develop guidelines for fair, unbiased use of AI in healthcare.

Here are three examples of where AI is used to help diagnose patients.

## Red flags for the heart

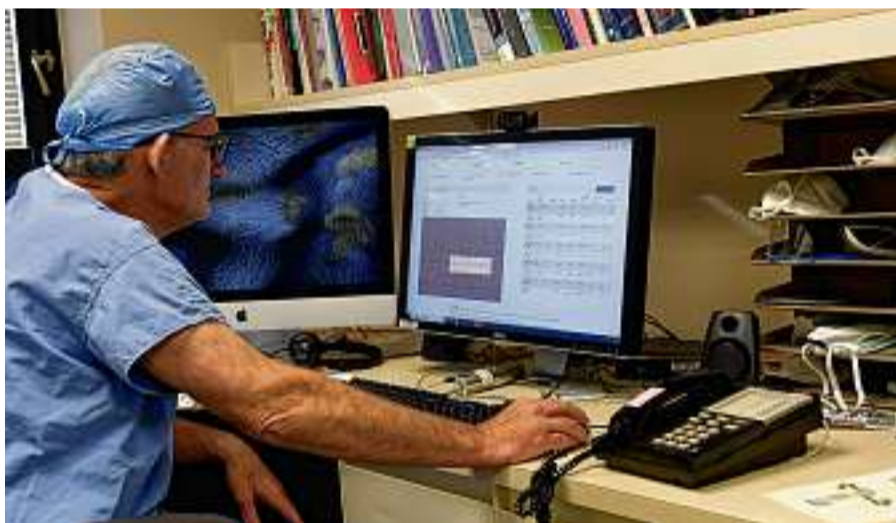
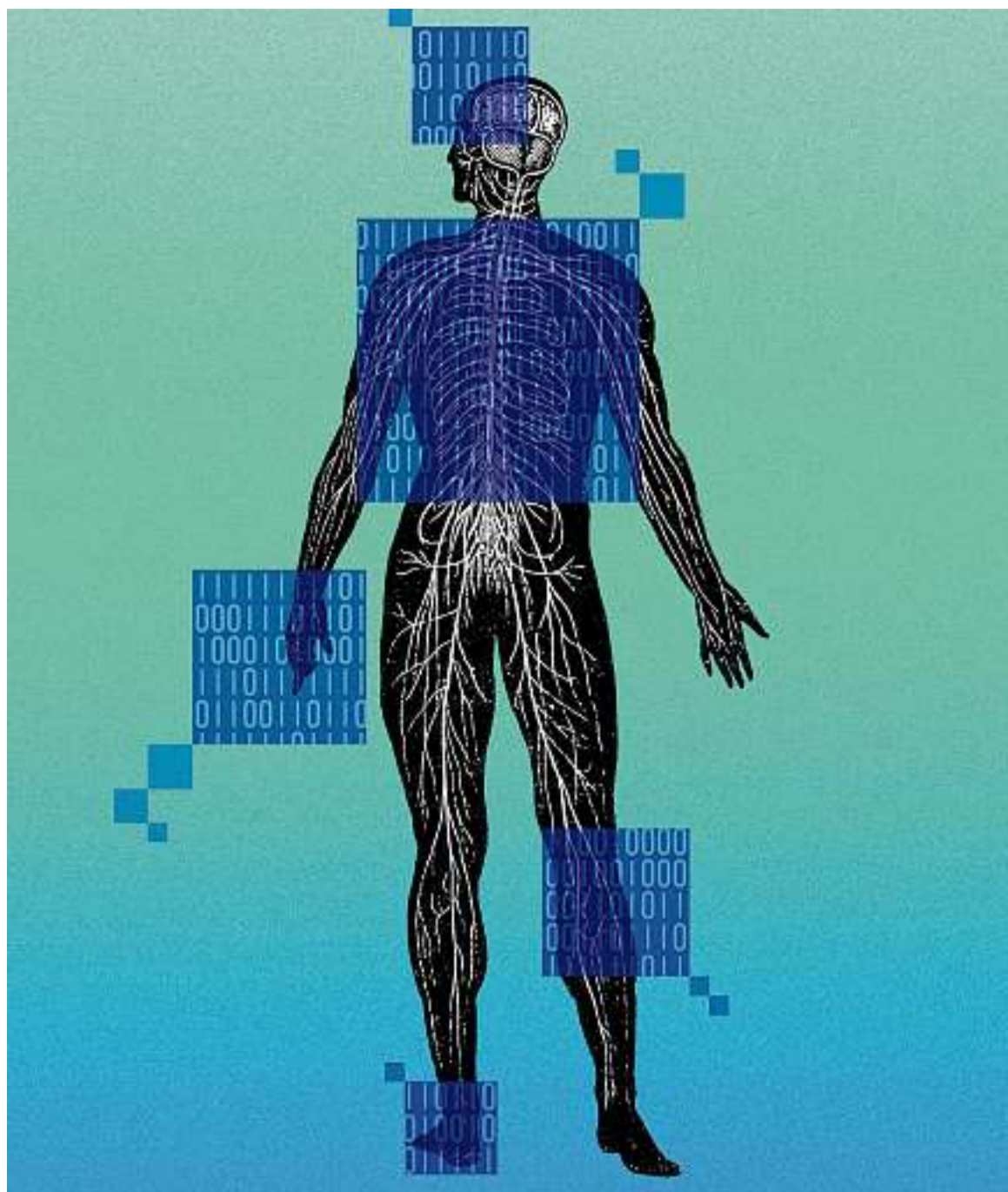
At Mayo cardiology, an AI tool has helped doctors diagnose new cases of heart failure and cases of irregular heart rhythms, or atrial fibrillation, potentially years before they might otherwise have been detected, said Dr. Paul Friedman, chair of the clinic's cardiology department in Rochester, Minn.

Doctors can't tell on their own whether someone with a normal electrocardiogram, or ECG, might have atrial fibrillation outside of the test. The AI, however, can detect red-flag patterns in the ECGs that are too subtle for humans to identify.

In a 2022 study in the journal *Lancet*, Mayo researchers ran algorithms on more than 600,000 patients' ECGs to see whether they might be at risk of silent atrial fibrillation. The AI program identified 1,000 people, who were then asked to wear a heart monitor for a month. Researchers found those patients had a fivefold-increased risk of being diagnosed with atrial fibrillation after a month of heart monitoring, compared with patients in a control group.

## Eye problems

**Cano Health**, a group of primary-care physicians in eight states and Puerto Rico, did a pilot last year using AI to analyze images from a special eye camera to identify diabetic retinopathy, a leading cause of blindness that can afflict people with diabetes. The test in four Chicago-area offices went well enough that the group now is looking to expand its use, said Robert Emmet Kenney, senior medical director at Cano Health.



Dr. Paul Friedman uses AI to look at electrocardiogram information.

moving response to an infection which is a main cause of death in hospitals.

The algorithm examines more than 250 factors, including vital signs, demographic data, health history and labs, said Suchi Saria, a professor of AI at Johns Hopkins and chief executive of the health AI company Bayesian Health, which developed the program.

The system alerts doctors if it determines a patient is septic or deteriorating. Doctors then evaluate the patient and start antibiotic treatment if they agree with the assessment. The system adjusts over time based on the doctors' feedback, said Esti Schabelman, the hospital's chief medical officer.

Studies published in the journal *Nature Medicine* last year indicated that using the algorithm in hospitals could result in patients getting sepsis treatment nearly two hours earlier on average, reducing the condition's hospital mortality rate by 18%.

"Every hour is a big deal in sepsis," Dr. Schabelman says.

the care that they need," said Dr. Kenney of the group's largely Spanish-speaking, elderly population, estimating that more than a third have diabetes and are supposed to get their eyes checked by a specialist once a year.

## Catching sepsis risk

Sinai Hospital in Baltimore is one hospital that uses an algorithm to identify hospitalized patients who are most at-risk for sepsis, a fast-

When the AI says that patients are positive for diabetic retinopathy, they must still visit an ophthalmologist to confirm the diagnosis and get a treatment plan, Dr. Kenney said. But the program helps primary-care doctors identify patients with diabetic retinopathy right in their office without having to go to a specialist first.

"For this patient population there is a lot of times they fall through the cracks and don't get

## MY RIDE | A.J. BAIME

# Red Cadillac Turns Heads As It Parades About Town

**L**eslie Zemeckis, an actor, documentarian and author living in Montecito, Calif., on her 1954 Cadillac Eldorado convertible, as told to A.J. Baime.

**I HAVE ALWAYS** been into vintage stuff. I like past eras. Years ago, I wrote a book and made a documentary about the history of burlesque, and I acquired a large collection of clothes from past burlesque stars. A friend of mine had an old Cadillac, and when I saw that car, I thought:

"I get it." It had that same vibe. This friend was the one who found my 1954 Cadillac at a dealership in Canada. It was a reputable dealer. I thought: This car is for me.

The day the Eldorado arrived on a big truck in 2017, I thought, "Oh, my God!" It was huge. And it was in such pristine condition. The paint just sparkled. The car immediately reminded me of a famous burlesque star that I had interviewed years earlier named Tempest Storm. She had red hair, and my car's paint was

Leslie Zemeckis at the wheel of her 1954 Cadillac Eldorado.

red. Tempest was brassy and bold, a real head-turner. And so was this car. I decided to name the car after her. I had a license plate made—TEMPSST. It's not the exact spelling, but it was the closest I could get.

Ever since, I have been driving this car about once a week. I live in a small town, and this is a cruise-around-town car. I drive really slowly, like a little old lady. It is not like driving a normal car. It is more like driving a boat. It floats down the street, and when I park it, it takes up two full spots.

I used to take my kids to school and pick them up in Tempest. [Ms. Zemeckis is the wife of filmmaker Robert Zemeckis.] I have driven it in the local Christmas parade and in the Fourth of July parade. I am in a local antique car club. For my next book, about the Montecito debris flow of 2018 (where 23 people died), I have interviewed a lot of firefighters in the town where I live. The car is almost the same red color as the fire engines. So I take Tempest to the station, and the firefighters appreciate the car.

What I enjoy most about it is the way it



YURI HASEGANWA FOR THE WALL STREET JOURNAL (3)



takes me back into the past. You can envision while you're driving what the town looked like in 1954, and what the traffic looked like. I always dress up when I drive Tempest—vintage gloves and a hat and a scarf.

More than anything, Tempest is a make-people-happy car. People see it and they smile and flock to it. Every time I drive it, it feels like it makes the world a little bit brighter.



The car's license plate does its best to honor the burlesque dancer Tempest Storm.

## PERSONAL JOURNAL.



OFF  
BRAND  
RORY  
SATRAN

# Exuberance, With a Lid

At Milan Fashion Week designers offer up investment-grade artistry

At the fall/winter collections in Milan, where much of the world's luxury fashion is marketed, money was on everyone's minds. Will the luxury industry contract along with the economy—or will it manage to churn out clothing that is recession-proof? And why is this tagline or that handbag so darn expensive?

But in other ways, fashion is an island. With prices at luxury brands rising in recent years—some, like Chanel, eye-poppingly so—the resilience in demand makes fashion feel a world apart from economic anxieties. “We haven’t encountered any resistance yet” said one luxury executive that I spoke with about raising prices. At shows, people still peacock for mobs of photographers in alarmingly revealing ensembles; Kim Kardashian showed up to Dolce & Gabbana wearing a reworked scarlet crystal bra top. And Prada literally raised its roof to reveal hordes of fragrant lilies on the orange columns above its runway.

So, two moods are at play: austerity and exuberance—sometimes within the same brand.

At Gucci, which is between designers, the orphaned team put on a slap-happy show of Gucci references past and present—a Pinterest board put through a blender: flashy Y2K bags, visible thongs and fluffy faux-fur coats, but also slouchy suiting. Gucci’s incoming creative director, Sabato De Sarno, who is Valentino’s former fashion director, has his work cut out for him when he arrives in May to succeed Alessandro Michele, with his first show happening in September. With Kering’s €10 billion baby on his back, what’s the best way forward during challenging times?

These four brands may offer some clues:



## PRADA: Poetry for keeps

Now three years into their co-creative direction of Prada, Miuccia Prada and Raf Simons have hit their stride with what many are saying is their best collection together yet. The brand’s slightly off-kilter heroines—Dua Lipa, Hunter Schafer and Thuso Mbedu, to name a few—crowded onto benches to watch a show full of sensory delights, from the scent of lilies in the air to the stiff floral appliques on bridal-inspired white skirts. Still, nothing looked too precious: The skirts were casualized with wool crew-neck sweaters.

The brand proposition this season is pieces that have the longevity of classics, but also that you have never seen before. That can mean: long and short duffle coats, in workaday navy with practical toggles, that are transformed by sculpted couture-ish domed backs. Or classic black leather pumps (like the ones worn by Mrs. Prada to take her bow) with an unexpected triangular shape on the toe box. Wool blazers come with button-off pointed and knitted collars. Although Prada’s prices now

rival Chanel’s as some of the more vertiginous in the luxury industry, its two legendary designers are making poetic clothing worthy of wearing and saving.

## FERRAGAMO: Fresh energy

For his second collection for the stalwart Florence- and Milan-based brand Ferragamo, 27-year-old British designer Maximilian Davis showed a confident, clean men’s and women’s collection that proved his mettle. The tailoring, one of the young designer’s specialties, was particularly strong, with looks like a men’s houndstooth coat and matching pants, and a sharp red suit for women. The colors—navies, scarlet, cream and plenty of black—will appeal to more customers than the offbeat 1980s shades offered at Burberry or Coach. Betting on tailoring is smart, as everyone needs a good suit and coat, and these are pieces that can be worn at least once a week.

The bags, too, were ultraclean and minimalist, in simple flat shapes and mostly in glossy leather. But some of the high women’s sandals and pumps with sculpted heels felt fussy and unwearable. There’s

## The Prada show sported pieces promising the longevity of classics.

still a huge opportunity for the brand to create desirable everyday shoes—especially as the creator of the classic bow flat. As the brand’s CEO Marco Gobetti said a few months back, “This brand is built on leather goods and shoes. So clearly those will be somehow the economic engine and the volume engine of the company.”

## BALLY: Enjoy the good life

Rhuigi Villaseñor, the energetic Los Angeles designer behind multimillion-dollar brand Rhude who was tapped last year to reinvigorate the snoozy Swiss house Bally, isn’t afraid of a little strategically placed drama.

His fall men’s and women’s show was delayed for over half an hour as the press team whispered anxiously into their headsets: “How many minutes?” (Everyone’s guess? That Rihanna was en route. The actual tardy guests? Adrien Brody and designer Georgina Chapman in a silk revenge dress—potent timing as news circulated

of her ex-husband Harvey Weinstein’s sentencing.)

A tabloid-inflected opening fits for a brand pitching a new kind of glamour, one that both buys into and winks at tropes of sexiness and opulence.

In an interview, Mr. Villaseñor said the collection was a “wild ride” which was ultimately about “the rich history and heritage of Bally, which I experimented with and put my own spin on.” With their thigh-high boots and miniskirts and fluffy colored faux furs, his women are characters from a 1970s Martin Scorsese film who’ve just hit it big in Vegas or Monte Carlo.

Even during an uncertain economy, some folks are winning and want the clothes to show it. Like the man in the front row wearing a baseball cap—from Bally—that read “St. Moritz.”

## BOTTEGA VENETA: Craftsmanship and chaos

A Bottega Veneta runway show, under creative director Matthieu Blazy for three seasons now, has the same aesthetic allure as a trip to a Frieze art fair. It’s all unexpected colors and fabrications, a cast of characters that ranges in age and style, and accessories that make you want to look closer and give compliments. Think: a mint-green gown patterned with rubber wavy swirls, a voluminous coat that looks like a mix of stracciatella gelato and a Dalmatian.

Mr. Blazy’s signature is trompe l’oeil clothing that appears to be one thing—jeans, or a pinstriped oxford shirt—but is actually fabricated in fine leather. It’s a gimmick, but also a feat that will make connoisseurs want to shell out \$5,000 for nubuck pants. Less gimmicky are the intrecciato bags, many of them hand-woven with a funkiness that feels new for a brand once beloved by tidy bourgeois dames. Since November 2022, Bottega bags also boast a “certificate of craft,” meaning buyers are entitled to lifetime warranty and unlimited repairs. Take that, fickle fashionistas.

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## We All Can Your Work Calendar

Continued from Page One  
who were in the dark find out.

In Minneapolis, Savannah Tracy, an administrative worker at a nonprofit, recently created an event on her Google calendar at work to remind herself about a coming medical appointment. She adjusted the permissions on her calendar to make the details private—or so she thought.

Then, on a Zoom call with her boss, he inquired if it was her first time having a colonoscopy.

Ms. Tracy went red. “I was like, oh my God,” she says. She told him that yes, it was, and apologized, saying she hadn’t realized the event details were visible to others.

Users can change their calendars’ settings to make their event details private, though Google advises that such details may remain visible to whoever administers a user’s calendar. Given how blended people’s work and personal lives have become, it’s unsurprising that some workers are putting personal notations on work calendars, says Wangui McKelvey, a Microsoft Corp. general manager. The company said it recommends that organizations inform employees about corporate policies regarding their calendars and ways to configure them.

At some companies, all event details are private. At others, they’re public, and at many organizations, employees can pick and choose how they want to manage the visibility of event details.

In Los Angeles, Elena Weinberg, who works as a content producer for a retail brand, says she keeps her calendar details public, while her husband, who works for the same employer, keeps his private. She says she doesn’t mind co-workers seeing what she’s up to, whether it’s a work meeting or drinks with

a friend. “If I’m going to snoop on other people’s calendars, I can’t be a hypocrite,” she says.

Marc McCole, chief product officer at a video-streaming platform, says having public calendars makes for a better workplace culture. Especially with more people working remotely, the ability to easily glance at colleagues’ calendars and see what meetings they are participating in helps replicate the buzzy feeling of being in an office.

As more people work from home, he mourns what he sees as a trend toward more colleagues keeping their calendar details private. “Now, when booking time with people, it’s just this wall of ‘busy,’” he says, referring to how calendar events look when details aren’t shared.

Mr. McCole doesn’t hesi-

line retailer, recalls how he and co-workers used to peek at executives’ calendars to try to figure out what was going on. “All of us were into murder-mystery podcasts. It felt like we were our investigative team,” he says.

Because Mr. Manassis uses his calendar as a running tally of work-related tasks, it often is packed.

He says he tells colleagues trying to book time with him to ignore the “busy” notations that blanket his calendar, the details of which are private, per company policy.

“I’ll be, like, three of those are fake, you can schedule over whatever,” says Mr. Manassis. “My 2-4 p.m. is not a real meeting.”

In Austin, Amina Choudhury, a program manager working in cybersecurity and data privacy, says she makes a point of keeping her calen-



Some employees are embarrassed to learn their personal entries, such as “nap,” are fully visible to their co-workers

tate to put personal items on his work calendar, including calendar blocks to watch the World Cup. He says he enjoys seeing colleagues add the same to theirs, describing them as “little breadcrumbs that give you a sense of who people are and what matters to them.”

Even when calendar events are of a more mundane work nature, their descriptions—and participants, when visible—can prove revealing. At a previous employer, Nicholas Manassis, an associate director at an on-

dar details completely transparent. As someone who manages a team of around 20 people, she says communication is essential, and that she wants her colleagues to know what she is up to.

She also wants to remind them of the importance of self-care. For that reason, she doesn’t shy away from adding things to her calendar that others might be embarrassed to share. “My naptime is important. My lunch is important,” she says. “I really do want to make a point to remind them I’m also human.”

# ARTS IN REVIEW



tones and frequencies and seem to exist outside of gender—when chest-heavy and delivered low, they can sound as if they're rumbling up from a crack in the earth; elsewhere they come across as disarmingly childlike or sharply accusatory.

The second track on "Radical Romantics," "Shiver"—like its predecessor co-produced and co-written by Olof—posits physical longing as a primal compulsion, expressing a barely controlled sensation of lust in a clattering electronic production that seems constantly on the verge of breaking apart. Karin's fierce vocals on the primary melody are framed by echoing pitch-shifted trills that sound like seagulls echoing off into the distance. It's a brilliantly seductive piece of music that ranks among Fever Ray's best.

**Hallucinatory, synth-heavy music meets writing that contains surprising vulnerability.**

Two tracks are co-produced by Trent Reznor and Atticus Ross of industrial-rock band Nine Inch Nails, and they reflect the obvious connections between the artists. "Even It Out" has squelchy synths and the gentle sway of a new-wave ballad by Gary Numan while Karin sings with a pronounced sneer. The contemptuous phrasing suits the lyrical content, which is, strangely enough, a warning to a child who tormented the singer's son. "This is for Zacharias / Who bullied my kid in high school / There's no room for you / And we know where you live." She follows this line with the chanted refrain "and then we cut, cut, cut," and it's so convincing one senses Zacharias may soon come to regret his days inflicting misery in the schoolyard. Yes, it's an odd subject for a pop song by a 47-year-old, but the result is thrilling. "North," the other collaboration with Messrs. Reznor and Ross, is almost as strong as it finds Karin purring carnal fragments—"Sex / Forward / Like a way to thrive"—over a gently pulsing synth line.

"Radical Romantics" is an intense record filled with jagged sounds and big feelings, and by the time we get to the closing track, "Bottom of the Ocean," one might feel a little worn out. Fortunately, the dreamy closer, built from Karin's wordless vocalizations and electronic drones, provides a soft landing. Though the new album hews closely to the sonic template established on earlier records, Karin Dreijer's songwriting is more varied and expansive than ever, and Fever Ray has lost none of its hypnotic power.

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

MUSIC REVIEW | MARK RICHARDSON

## Lofty Sounds, Grounded Lyrics

Swedish musician Karin Dreijer returns with a third album as Fever Ray

Between 2001 and 2006, Swedish siblings Karin and Olof Dreijer released three increasingly ambitious and successful experimental electronic records as the Knife. These albums, culminating with 2006's landmark "Silent Shout," were filled with an unlikely collision of spooky atmosphere, surreal visuals, dancefloor rhythms, heavily processed vocals, and heady lyrics that touched on politics and postmodern theory. The project excelled at making dance music with enough textural variety and emotional shading that it worked as well in the living room as it did in the club. At first glance, it didn't necessarily look like a recipe for international success, but the Knife became critical favorites who also proved exceedingly influential. Later artists like Grimes, Iamamiwhoami and Crystal Castles—and an entire indie subgenre,



the gloomy and goth-inflected brand of synthpop known as witch house—owed a great deal to the Knife's innovations.

Though the Knife would release two albums in the 2010s before disbanding in 2014, the most stirring music from a Dreijer after "Silent Shout" came from Karin's solo offering Fever Ray, which released its self-titled debut in 2009. Compared to the Knife, Fe-

ver Ray strays further from dance music and burrows deeper into brooding pop that ranges from shadowy and subtle to jarring and visceral. A second LP, "Plunge," followed in 2017, and it was harsher but almost as good. In 2019 Fever Ray collaborated on a brief remix EP with Björk, who was a clear influence on Karin's work. On March 10, Fever Ray returns with its third studio album, "Radical Romantics" (Mute/Rabbit), which expands the project's emotional range while staying true to its dark sonic vision.

While the music seems to come from deep in a hallucinatory world where every element has been twisted and transformed, the lyrics are sometimes about earthbound concerns—a domestic moment in a kitchen, the life of a working mother, the complicated relationship between love and desire. The opening cut, "What They Call Us," begins with an admission of vulner-

ability that's startling for those who remember Fever Ray's most freakish moments: "First, I'd like to say that I'm sorry," Karin sings in a low register with a guttural rasp, as if all future happiness depends on getting this apology right. A thwack of bass drum and shifting drones build tension that is never quite released and carries over to the rest of the album.

Visually, as seen on record covers and onstage, Karin's work with both the Knife and Fever Ray focuses on the instability of the body, where a face might transform into an abstract shape that is both grotesque and beautiful. The singer identifies as nonbinary, and uses they/them pronouns, and the music, too, is steeped in fluidity. Johannes Berglund is credited as "vocal producer," underscoring just how important the timbre of Karin's voice is to the sound of Fever Ray. The vocals convey a wide range of

TELEVISION REVIEW | JOHN ANDERSON

## Counterintelligence Couple Comes Back

The old James Cameron/Arnold Schwarzenegger collaboration "True Lies" has needed a reboot since, oh, about the time it was released. Its premise was close to preposterous: A long-married woman wouldn't know her husband was a globe-trotting, veteran counterterrorism agent? It made a very likable wife look like an idiot. And one needn't have been a radical feminist to think that the abduction, abuse and jealous-minded interro-

gation of said wife (Jamie Lee Curtis) by said husband (Mr. Schwarzenegger) was both appallingly dumb and politically tone-deaf, even way back in the stone age of 1994.

While it may have a few problems with what's actually possible, the new "True Lies" series, which stars Steve Howey and Ginger Gonzaga, is one of the more refreshing revivifications of a familiar title in recent times and picks up more or less



Lucas Jaye and Annabella Didion

in the last act of the Cameron movie (itself having been inspired by the French action-comedy "La Totale!"). Linguistics professor, yoga enthusiast and mother of two Helen Tasker (Ms. Gonzaga) has been married to Harry Tasker (Mr. Howey) for 17 years. Yet she has no idea that all his business travel for that job in "computer sales" really involves him and his cohort saving the world. This doesn't earn her a lot of



Steve Howey and Ginger Gonzaga in 'True Lies'

Hulk: Attorney at Law") is the spark that lights up "True Lies," which is a pretty funny show when not trying to dazzle us with car chases, gunfights and displays of computer graphics that are probably gibberish. Her comic timing is as precise as Helen's martial-arts prowess is impressive. (She claims to have learned it all through workout videos.)

The rest of Harry's crew on the show, only three episodes of which were made available for review, include Maria and Luther (Erica Hernandez and Mike O'Gorman), and Gib (Omar Miller), who is their facilitator, navigator and mother hen. No one asks Helen how she remained so clueless for so long, but she is relieved after she finds out about Harry's not-so-side hustle. "Finally," she says, "everything makes sense." She needn't go quite that far, but "True Lies" is certainly a lot more fun than one would expect from a reanimated '90s thriller.

**True Lies** Begins Wednesday, 10 p.m., CBS

*Mr. Anderson is the Journal's TV critic.*

our respect, but the show wisely dispenses with the whole façade in the first episode: Helen becomes an agent, too. Now they just have to keep it from the kids.

Harry and Helen aren't exactly Nick and Nora. As members of the "Omega Sector" of U.S. counterintelligence, they worry about their percolating kitchen sink back home in Maryland while trying to intercept a rogue nuclear device in Salzburg, Austria, or bringing down the Terrorist International Liberation

Front (kind of a funny title) in Madrid. Keeping an eye on the kids is their cat-lady neighbor and Omega colleague, Mrs. Myers (Deneen Tyler, whom one hopes to see more of). But it seems only a matter of time before the offspring get involved, too. There's much more of a "Spy Kids" vibe to this "True Lies" than anything traditionally Schwarzeneggerian.

Mr. Howey is rather colorless, but his lack of palette serves his co-star well: Ms. Gonzaga ("She-

SPORTS

NBA Rookie Finds a Fix For His Free-Throw Woes

Jeremy Sochan was one of the league’s worst shooters from the charity stripe. Then his coaches told him to try them one-handed.

By Robert O’Connell

Two months into his NBA career, San Antonio Spurs rookie Jeremy Sochan had a problem. Over his first 23 games, he’d shot 24 free throws and made just 11. Only four players in the league with at least 20 attempts had a worse percentage.

Then Sochan found a fix—in the form of one of the stranger tactics to grace a professional basketball floor recently.

The change came in a mid-December game between the Spurs and the Houston Rockets, when Sochan stepped to the line at the end of the first quarter. Instead of using his normal stroke, with his left hand supporting the ball as he launched it with his right, Sochan hoisted it up from his waist with his right hand alone. He then held it at shoulder height, in waiter-with-platter posture, and spun it up toward the rim.

There were no immediate dividends—Sochan missed that first free throw and went 1-for-4 overall from the foul line against the Rockets—but the debut was a blip in what has since proven to be an astonishing statistical turnaround. Over 26 games since the switch, Sochan has improved his free-throw percentage by more than 30 points, to 77.5%. The technique gets him sideways looks. It may also save his career.

The idea came from Gregg Popovich, the Spurs’ five-time champion head coach, and assistant Brett Brown, who approached Sochan during the pregame shoot-around and suggested he try the new routine right away. “They were smiling when they said it, so I was like, ‘Are you serious?’ ” Sochan said. When they insisted that they were, the rookie quickly got over his hesitation. “I’m already shooting 40-something percent, so I don’t think it can get any worse than that,” he said, and flashed his own gaptoothed grin. “So why not?”

Sochan’s reworked free-throw stroke mimics a practice-floor regimen Brown assigned him at the start of the season, intended to break a shot down into component parts. Taking the left hand away forced Sochan to center his right arm under the ball, and once he did, Brown noticed that every other element—balance, left-right precision, arc—clicked into place.



Jeremy Sochan’s reworked free-throw stroke mimics a practice-floor regimen he was assigned.

“The thing that was most apparent when he shot one-handed at the free-throw line, he not only made it, it looked fundamentally damn near perfect,” Brown said. Taken alone, the boost provided to San Antonio by Sochan’s higher hit rate is marginal. Sochan shot one free throw a night, on average, before the switch, and has shot 2.7 since. The accuracy uptick means that the Spurs get about a point and a half more out of his trips to the stripe than they did before. Unsurprisingly, that margin hasn’t made much difference to their present fortunes; the team is 14-47 and has lost its last 16 games.

But for a young player and rebuilding franchise, the benefits extend beyond specific box scores. Sochan—a 19-year-old whirlwind with rangy athleticism, an ever-up-

dated dye job, and the nickname “The Destroyer”—plays at full-bore, driving hard into the lane to drop off short-angled passes or launch himself through defenders for dunks. The approach is the kind that can animate an ascendant team, but is also susceptible to a scaling back, if the player carrying it out frets over trips to the foul line.

“There needs to be a mentality that you’re just dying to get there,” Brown said. “He’s been excellent at attacking. He doesn’t fear going to the free-throw line at all.”

NBA history offers warnings of what can happen when that fear creeps in. The most notorious may be Ben Simmons, who entered the NBA as the top draft pick in 2016 with a supercharged version of

Sochan’s skill set. Simmons’s free-throw percentage never rose above 62, though, and his career has been marked by a decreasing willingness to go to the basket. This year, Simmons’s first with the Brooklyn Nets, he is shooting worse than ever from the foul line. His field-goal attempts and scoring numbers—6.9 points per game—are also at career lows, and teammates have on occasion had to beg him to assert himself on the court.

Though basket-

ball players have been hampered by free-throw struggles since the first stripe was painted on hardwood, they have been willing to go only so far to solve them. The Hall-of-Fame guard Rick Barry, who made 89% of his free throws in the ABA and NBA in the 1960s and ’70s, has bemoaned the scarcity of players copying his iconic underhand form. Wilt Chamberlain made more than 60% of his free throws only once in his career, when he adopted the “granny shot” technique during the 1961-62 season. He dropped the approach shortly thereafter because, as he would later write, it made him feel “silly.”

Helpfully, Sochan has an appetite for the unorthodox. “One of his strengths is, he doesn’t care about what the outside world might think,” said Scott Drew, Sochan’s coach during his one college season at Baylor, where he shot 59% from the line. “The fact that someone would make fun of something, that it’s unique or different, would prohibit it for some players.”

Popovich has said that Sochan shows courage in being willing to try the one-hander. Even switching hands altogether is more common; the big men Tristan Thompson and Mason Plumlee have both done so in recent seasons. But Sochan himself considers the shot a mark of self-expression, as distinguishing as his green-then-pink-then-blond hair. “It just shows who I am,” he said. “I think it’s cool.”

In a game against Phoenix on January 28, Sochan offered the clearest glimpse yet of what he might eventually become as an NBA player.

He scored a career-best 30 points—by way of bruising lay-ins, a smattering of jump shots, and one thunderous jam—to go along with eight rebounds and five assists. The excellence of his all-around box score might have made one particular stat go unnoticed, were it not for how he tallied it. Sochan made all five of his free throws.



The WSJ Daily Crossword | Edited by Mike Shenk

15x15 crossword grid with numbers 1-70.

- 18 Burger joint beverage
22 Farm units
24 Downed
25 Homer’s neighbor
26 Skimpy skirt
27 Red root
29 Some sisters
33 Halloween mo.
34 Dandy
36 Malek of “Mr. Robot”
37 Pound part
38 Fragrant trees
39 Persuasive flattery
43 Tour ride
44 Crafty
45 Dogpatch creator
46 Within one’s powers
47 Concurs
49 Polio vaccine developer
50 Poll finds
52 “Kiss of the Dragon” star
53 E.M. Forster’s “\_\_\_ With a View”
54 Handle final details of
58 \_\_\_-deucey
60 Back muscle, briefly
62 Cuba or Aruba: Abbr.
63 Number before quattro
64 Embroider, e.g.

ICY CONDITIONS | By Gary Larson & Amy Enszt

- Across
1 1920s chief justice
5 Dogpatch surname
10 14-time French Open champ, familiarly
14 Declare definitively
15 Bring down
16 “Yeah, right!”
17 Vocal paralysis caused by fear of singing?
19 Temerity
20 Sporty Pontiacs
21 Galileo’s birthplace
23 Org. in many Tom Clancy books
24 Elgort of 2021’s “West Side Story”
26 Emotional disorder caused by excessive twerking?
28 Mayor Alireza Zakani, for one
30 Right, in a way
31 Dean’s email address ender
32 You say it when you’re down to a single card
34 Phone bill item
35 Nervous condition that causes one’s hands to clench when trying not to appear threatening?
40 It borders It.
41 Malleable metal
42 Dict. label on an old word
45 Final words from Rhett Butler
48 Calming
51 Mental lapses caused when confronting sound reasoning?
55 Affectedly styled
56 Vacation rental
57 Architect Saarinen
58 Brewpub selections
59 Second son
61 Stomach distress caused by bringing up a sore subject?
65 Entreaty
66 Contemptible fellow
67 Be bold
68 Flea or fly
69 Suggest
70 Unleash invectives
Down
1 Call on
2 One of Frank’s exes

Previous Puzzle’s Solution grid with crossword letters.

Lawsuit Alleges NFL Films Catalogs Lewd Shots of Women

By Louise Radnofsky and Andrew Beaton

AS THE NATIONAL Football League’s official production arm, NFL Films has long generated popular content that chronicles the history of America’s most popular sport from an up-close, behind-the-scenes perspective. A new lawsuit alleges that it also created something much different in its vast archive: a catalog of lewd shots of women—fans and cheerleaders—at games.

The existence of an index of such content in NFL Films’ archives was alleged in an employment discrimination lawsuit filed in New Jersey court earlier this year by a former temporary worker, Victoria Russell. Her complaint against NFL Films and the league says that NFL Films had a database of timestamps on its footage with descriptions including “cheerleaders buttocks,” “cheerleaders rear end,” “female fan in bikini top,” “naughty camera work,” “close up of cheerleader’s breasts; cleavage shot,” “shot of endowed woman” and “random woman, cleavage shot.” NFL spokesman Brian McCarthy said images are marked as “sensitive” to ensure they won’t be used in future content and are no longer accessible for productions. He also said that a number of the descriptions that Russell alleged are used are inaccurate. NFL Films logs every frame of footage shot by its camera people and broadcast networks, he said, and that inevitably includes images that may not be appropriate for inclusion in videos.

“Those frames are logged as ‘sensitive’ so that they can be removed from circulation, meaning they will not be accessible to employees whose job it is to locate footage for productions,” McCarthy said.

“Ms. Russell didn’t have credentials for the logging system, nor did any aspect of her responsibilities involve accessing footage.”

Russell is suing over her treatment as a Black woman who worked in human resources for the NFL between 2018 and 2022. She alleges that she was denied a dedicated workspace, pay raises and advancement opportunities that white and male employees enjoyed. She says she was abruptly fired after she complained to the league’s

persistent performance-related issues. These people said that there were numerous conversations with her managers about her productivity falling far short of her peers before her contract wasn’t renewed.

These people added that two-thirds of the league’s hires last year were women or people of color, and that figure was even higher the year before that.

The top three human resources executives at the NFL are Black, and two are



NFL Films has been behind some of football’s most popular content.

chief diversity officer, six months after she had received a promotion that she said was significantly delayed, while she was pregnant, and without having received any warnings about her performance.

The league denies discriminating or retaliating against her.

“We are committed to providing all employees a workplace that is respectful, diverse, inclusive and free from discrimination and harassment,” McCarthy said. “The NFL didn’t discriminate or retaliate against Ms. Russell during her time as a temporary staff member. We will vigorously defend against these claims.”

People familiar with the league’s thinking said her contract as a temporary employee through an agency wasn’t renewed because of

women. The league has approximately 1,100 employees, not including contractors.

The claim over the NFL Films database is sensitive because of a separate furor over the league’s response to allegations of a toxic culture at the Washington football team, where the treatment of female employees—and cheerleaders in particular—was central to the accusations of wrongdoing.

Employees of the team now known as the Washington Commanders have said that video production workers were told to create a video for Washington owner Dan Snyder of sexually suggestive footage of the team’s cheerleaders, without the women’s knowledge.

Snyder, who is exploring a sale of the team, has denied wrongdoing.

FROM TOP: SCOTT WACHTER/USA TODAY SPORTS; MICHAEL GONZALES/NBAE/GETTY IMAGES

KAMIL KRZACZYNSKI/ASSOCIATED PRESS

## OPINION

## Putin Is the West's Target



**BUSINESS WORLD**  
By Holman W. Jenkins, Jr.

It's Ukraine invasion was destined to be a geopolitical catastrophe for Russia's interests but Vladimir Putin and his circle were probably

right to see Ukraine's growing attachment to the West, its development as a democratic, market-based economy under a rule of law, as a threat to their own survival. The Putin regime has been a friend to the Russian people and their interests in about the same way the Hitler regime was a friend to German interests. The damage inflicted has been astonishing.

In fact, the war makes sense only as a play to keep Mr. Putin in power, first by delivering an easy and popular victory; when that didn't work, by using the failed war to militarize society and ban opponents.

The ironies are rich for the self-proclaimed realists, who keep insisting Western blundering forced Russia into war to defend its objective interests.

Those objective interests consisted of, until Mr. Putin invaded Ukraine, 60,000 Russian soldiers still being alive; those interests consisted of NATO being a sleepy and unaggressive alliance, without Sweden and Finland.

Those objective Russian interests consisted of Ukraine

itself being better known for corruption than a ferocious fighting spirit, and having an aging Soviet military rather than a modern Western one.

After a year of fighting, Hitler and Napoleon are still nowhere in sight. The big threat to Russia's geographical and state survival turns out to come from Mr. Putin himself. Igor Girkin, the Russian nationalist provocateur who helped start the war in 2014, is slightly redeemed by bestowing on Mr. Putin the sarcastic title of Russia's "unique strategic advantage."

**A combination of escalation and deterrence must bring Russia to the table.**

After a year of war, despite accusations to the contrary, the West actually has a strategy: It's focused on making Mr. Putin own the failure of his war until the temperature in Moscow becomes too hot for him and his allies and they change course.

Not without argument and often suboptimally, NATO has avoided visiting the war directly on Russian soil, and has limited the weapons provided to Ukraine to do so, to avoid giving substance to Mr. Putin's claim that war was forced on him or that Russia itself is under threat.

The endgame is implicitly aimed at Mr. Putin and his

relationship with his body politic. The West turns on its head last century's dubious conception of total war, in which civilian population is a target. No war aims have been stated that impinge on Russia's citizens. Mr. Putin is the one abducting their sons and sending them home three weeks later in body bags. Their family living standards are steadily eroding because of choices that began in Moscow and nowhere else.

As much as Mr. Putin, using the war, might like to recreate his regime in North Korea's image, he can't. He shrinks even from depriving his citizens of YouTube despite pressure from domestic subordinates to do so. There's a vulnerability here if we can make use of it.

Missing is only a Western propaganda campaign aimed at the Russian people, though it might be hard to improve on what the Russians can see with their own eyes. One way the U.S. might help: It has largely kept silent on the 1999 Russian apartment block bombings that the little-known Mr. Putin used to propel himself to the presidency, which killed nearly 300 Russians, many of them elderly, in their beds.

Attributed to Chechen terrorists at the time, the evidence is overwhelming that the attacks were carried out by Mr. Putin's own security services. The U.S. has never made its own intelligence findings known. Now might be the time.

To end the war on terms acceptable to NATO, Russia's internal politics are going to have to crack, as they did in the Cold War. In the age of nuclear weapons, this is how great-power struggles are fought.

Mr. Putin will never admit defeat but at some point he will grandly propose a ceasefire while his troops are still on Ukrainian territory. (The least plausible idea yet is that the war will somehow end, like a sporting event, if Ukrainian troops reach Russia's pre-2014 borders.)

Then the U.S. and its friends in Kyiv will have to hold a difficult discussion. Making it less difficult should be a recognition of just how friendly a post-hostilities world will be to the growth of Ukrainian power versus Russian power. Case in point: Already up and running is a new train line to the port of Constanta, in NATO-member Romania, to insulate Ukraine's export economy from Russian threats.

To describe today's war as a proxy war, as some U.S. critics do, is imprecise. There would be a war in Ukraine, with local and regional powers taking sides, even if the U.S. had stayed out. In the event, our piecemeal interventions have made the U.S. Ukraine's ally and committed Washington to a strategy of forcing Russia to the table with whatever combination of escalations and deterrence is required to do the job.

**BOOKSHELF** | By Peter C. Mancall

## Braving the Old World

**On Savage Shores**

By Caroline Dodds Pennock  
(Knopf, 302 pages, \$32.50)

When Christopher Columbus landed in the West Indies in October 1492, he laid claim to the islands in the name of his patrons, Ferdinand of Aragon and Isabella of Castile, even though he was aware that the islands were already occupied. The next month, his men captured some 25 of these native islanders. Columbus planned to bring them to Spain, where they could be converted to Christianity and learn Spanish, becoming bilingual interpreters to help advance Spain's imperial agenda. Only six or seven of the captives survived the journey, yet Columbus nevertheless boasted of his actions. In his mind, he hauled the indigenous away from a savage culture and into civilization.

As Caroline Dodds Pennock maintains in her imaginative and passionately argued book, savagery existed in the eye of the beholder. Columbus thought that the Western Hemisphere would be an excellent source of raw materials and enslaved bodies. Indigenous people, he believed, would benefit from receiving the Gospel, a necessary step on the path to civilization. But the West Indies' native inhabitants, known as the Tainos, did not share his views. One after another of those who went to Europe believed they had left civilization and landed, as Ms. Pennock puts it in her title, "on savage shores."

Ms. Pennock, who teaches history at the University of Sheffield, is a renowned authority on the history of the Aztecs. Here she expands her geographical focus, moving north and south from Mesoamerica to look at Native Americans as diverse as Inuit from Nunavut and Incans from the Andes, many of whom shared the unfortunate fate of being kidnapped by Europeans and taken eastward across the Atlantic. Some sailed as diplomats eager to establish relations in European courts and castles. But most, like those nabbed by Columbus, did not choose their fate.

Histories of what is commonly still called the "age of discovery" often convey the story of intercultural contact from the perspective of Europeans. That is not surprising, since the vast majority of evidence that scholars use was produced by European observers. As many historians have noted, such evidence privileges the view of these visitors. To make matters worse, many extant reports published in the 15th and 16th centuries conformed to existing literary conventions. Artists altered the look of some indigenous subjects to make them fit European ideals of human beauty or notions about "primitive" peoples. Writers dwelled on the unsavory aspects of the cultures of the Western Hemisphere to justify efforts to claim territory. Native Americans needed Europeans—so the explorers and their supporters argued—if they were to become civilized.

Ms. Pennock, drawing on sources in multiple languages, reveals that such evidence often distorts what happened. The indigenous who were captured and enslaved saw through the invaders' lies. Even those treated more fairly objected to their circumstances. Take, for example, Francisca Pizarro Yupanqui, the daughter of the Spanish explorer Francisco Pizarro and the Inca princess Quispe Sisa. Even

**Many Native Americans were brought to Europe to be civilized. What they found instead was a land of inequality and cruelty.**

though Francisca came from powerful and wealthy parents, imperial authorities in Peru dispatched her to the town of Trujillo in Spain to reduce political rivalry in the Andes. She traveled to her new home with a Spanish governess tending to her needs. When she arrived, she came to the attention of an imprisoned uncle, who soon married her. She spent the next decade confined to a fortress. She had five children there, three of whom survived to adulthood. Eventually, after her husband's death, she remarried and moved to Madrid. There she pursued a legal claim, eager to gain the wealth owed to her as the daughter of one of Spain's most illustrious—and, one could add, brutal—conquistadors.

Francisca's story makes a crucial point: Indigenous Americans in Europe, at least those who were not enslaved, often studied how their new communities operated. Some embraced their marginal status, mastering *nepantla*, the Nahuatl word for the "in-between space," to become powerful intercultural brokers. Others had less-privileged vantage points, including individuals paraded as spectacles around London, Paris and Madrid, a phenomenon so common that Shakespeare referred to it in "The Tempest." But even those who were forced to perform for audiences became shrewd observers of the Europeans in front of them. They bore witness to gross economic inequities and the cruel treatment of the powerless. Many, like the three Tupinambás that the philosopher Michel de Montaigne met in France, concluded that the real savages were those who clothed themselves in claims of moral superiority while tolerating daily abuse of the less fortunate.

Ms. Pennock's book operates on two levels: historical and ethical. Deep familiarity with the archival record allows her to tell the stories of individuals who may seem familiar to some specialists, such as Manteo and Wanchese—Algonquians who, as the author notes, were "probably convinced rather than coerced" to sail to London from Carolina's Outer Banks in 1584 and returned the following year as crucial participants in the effort to establish a colony. But many more will be unknown even though they have been hiding in plain sight in the chronicles of famous explorers like Jacques Cartier and Martin Frobisher.

There is more here than recounting tales now four to five centuries old. Throughout the book, we are told that names and words matter. We do not know the identities of countless thousands of Native Americans "who have been historically oppressed, marginalized and insulted," the author writes, because of "colonial attempts to erase Indigenous identities, and to obliterate their languages and beliefs, through deliberate cultural genocide." Through Ms. Pennock's efforts we now know more about exiles like Arnaq and Kalicho, Inuit whose bodies lay in the burial ground of St. Stephen's Church in Bristol, England, and Francisca Pizarro Yupanqui, whose sculpted face stares out at those who visit the Palace of the Conquest in Trujillo. They perished far from home, on shores they found savage.

Mr. Mancall is a professor of history and anthropology at the University of Southern California.

## Time Is on Russia's Side, Not Ukraine's



**POLITICS & IDEAS**  
By William A. Galston

President Biden's surprise appearance in Kyiv with President Volodymyr Zelensky was a master stroke of diplomatic stagecraft, rivaling Ronald Reagan's visit to the Berlin Wall. His remarks were stirring, but they raised more questions about the West's strategy for countering Russia's invasion of Ukraine.

"A natural part of the commentary surrounding the first anniversary of the start of the Russo-Ukraine War," says the noted military expert Lawrence Freedman, was "speculation about whether it will have concluded by the time of the second or even third anniversaries." To a significant extent, this depends on choices the U.S. and its allies are making (or failing to make) right now.

Vladimir Putin is betting that time is on his side. It would be risky for the Western alliance to base its strategy on the presumption that he is wrong.

While Mr. Putin isn't indifferent to public opinion, he isn't constrained by it to the extent that leaders of democracies are. He is putting his economy on a wartime footing, which will increase the production of artillery and ammunition, the essentials of his military power. After a

faltering start, he has managed nearly to double the number of Russian troops in Ukraine, enough to sustain the assaults on Ukrainian positions that have yielded incremental gains for Russia at the cost of heavy losses.

Mr. Putin's Feb. 21 speech to Russia's Federal Assembly seemed designed to prepare his people for a long conflict, which, he argued, they could endure. He said the West's effort to cripple Russia's economy has failed, the ruble has stabilized, growth is resuming, and there will be no need to choose between guns and butter. Russia will continue the war until it achieves its objectives, however long that might take.

The message from Ukrainians at the Munich Security Conference in February was very different. They weren't confident that time is on their side, and they don't want a long war. In a report from Munich, former U.S. ambassador to Russia Michael McFaul summarizes their views: "They want the war to end as soon as possible. The longer the war drags on, the more Ukrainians will die. They worry that eventually, they will not have enough soldiers to fight a long war against the more populous Russia." They want more and better weapons delivered as fast as possible so that they can achieve victory this year. Mr. Zelensky summed it up in his address to the conference: "We need to hurry up."

Leading defense experts have concluded that Mr. Zelensky is right, and veteran diplomats concur. In a recent article in Foreign Affairs, two former U.S. ambassadors to Ukraine, John Herbst and William Taylor, and a former senior State Department official, David J. Kramer, urge the West to move at the speed of war. They argue that the U.S. should work with its allies to accelerate the delivery of modern heavy tanks, which could break through entrenched Russian defenses.

**The U.S. and its allies need to act at the speed of war as they deliver arms to Kyiv.**

The authors also urge the West to expand beyond the weapons it has already pledged to deliver. The Biden administration should overcome its hesitation to give them longer-range Army Tactical Missile Systems, or ATACMS, and advanced war planes—including F-16s if necessary. ATACMS can shoot rockets as far as 185 miles, depriving Russia of the ability to establish logistical hubs behind the front lines that the Ukrainians can't reach, and the war planes would allow Ukraine to provide air support to ground forces and cut Russia's land bridge to Crimea.

Although a heroic Ukrainian

defense has forced Russia to abandon its initial aim of decapitating the Zelensky government and installing a puppet regime, Mr. Putin still claims sovereignty over four regions in eastern Ukraine. Establishing effective control over these regions is the focus of his revised military campaign. Halting this effort and then taking the offensive will be Ukraine's main task in the war's second year.

There is no way to know how much occupied territory the Ukrainian forces can regain. But the West should supply them with what they need to give their counteroffensive—now planned for the spring and summer—every opportunity to succeed.

While this conflict might end with a negotiated peace, now isn't the time to talk about negotiations. Ukraine won't attain through diplomacy what it can't regain on the battlefield this year.

Ukraine's recovering lost territory wouldn't be enough to end the war, and a frozen conflict would work to Russia's advantage. Mr. Putin must be left with no alternative except to sue for peace. The military strategists I've consulted believe that the most promising option for accomplishing this is to endanger his control of Crimea. If Ukraine can cut the land bridge to Crimea and destroy the bridge Russia has built over the Kerch Strait, Mr. Putin might be forced to stand down.

## Why Elite Schools Can't Stand U.S. News

By Eric J. Gertler

The decision by some elite law and medical schools to opt out of the U.S. News & World Report ranking surveys has ignited a national debate on meritocracy and equity. But lost in this discussion is the reason U.S. News ranks academic institutions and why our rankings are so important to aspiring students.

Choosing the right school is one of the most important decisions students will ever make. Besides being a significant investment of time and money, it is a critical first step to ensuring a student's future career opportunities, earning potential, and quality of life.

But absent U.S. News's academic rankings, it's difficult to find accurate, comprehensive information that empowers students to compare institutions and identify the factors that matter most to them. We are one of

the few places that do.

Our rankings don't capture every nuance. Academic institutions aren't monolithic or static; comparing them across a common data set can be challenging. But we reject our critics' paternalistic view

**We provide students vital, accurate data. Schools don't like to be held accountable.**

that students are somehow incapable of discerning for themselves from this information which school is the best fit.

Moreover, the perspective of elite schools doesn't fit with that of the broader law and medical-school community. Our editors held meetings with 110 law deans following the outcry over our rankings. Excepting the top

14 law schools, almost 75% of the schools that submitted surveys in 2022 did so in 2023. For medical schools, the engagement level was higher.

While we know that our rankings are important to students, we're incredulous that our critics blame our rankings for just about every issue academia confronts. Debates on campuses—whether on free speech, equity or the cost of degrees—have nothing to do with our rankings. We simply provide students with a destination for comprehensive information.

Our rankings also don't prevent any school from pursuing greater diversity or transparency. Nor do they seem to prod schools to shine light on the most opaque part of admissions: how schools decide who they accept.

Instead, elite schools object to our use of a common data set for all schools because our rankings are something they

can't control and they don't want to be held accountable by an independent third party.

There is added urgency as the Supreme Court considers a pair of cases on affirmative action that could change admission norms. Some law deans are already exploring ways to sidestep any restrictive ruling by reducing their emphasis on test scores and grades—criteria used in our rankings.

By refusing to participate, elite schools are opting out of an important discussion about what constitutes the best education for students, while implying that excellence and important goals like diversity are mutually exclusive.

Is it tolerable to leave schools unaccountable for the education they deliver to students? We think not.

Mr. Gertler is executive chairman and CEO of U.S. News & World Report.

## OPINION

## REVIEW &amp; OUTLOOK

## Biden's New Industrial Social Policy

Government subsidies are never free, and now we are learning the price U.S. semiconductor firms and others will pay for signing on to President Biden's industrial policy. They will become the indentured servants of progressive social policy.

Democrats last year snookered Republicans into passing their \$280 billion Chips Act, which includes \$39 billion in direct financial aid for chip makers and a 25% investment tax credit. Republicans hoped this would satisfy West Virginia Sen. Joe Manchin, but after Chips passed he quickly flipped and endorsed the Inflation Reduction Act.

Now the Administration is using the semiconductor subsidies to impose much of the social policy that was in the failed Build Back Better bill. On Tuesday Commerce Secretary Gina Raimondo rolled out the new rules for chip makers and summed up the politics to the *New York Times*: "If Congress wasn't going to do what they should have done, we're going to do it in implementation" of the subsidies.

\* \* \*

Start with child care, which chip makers applying for more than \$150 million in federal aid will be required to provide to their employees and construction workers. Finding workers to run child-care facilities, especially in rural areas, may prove even more challenging than finding workers to build and operate the plants. The U.S. child-care workforce is still 58,000 smaller than before the pandemic. By boosting demand for child care, Commerce's mandate will increase costs for all parents living near a chip plant.

But not any child care will do. Chip makers will have to craft their "child care plans in tandem with community stakeholders, including state and local governments and local groups with expertise administering child care"—i.e., labor unions and progressive outfits. Start the woke indoctrination early.

Chip makers will also have to pay construction workers prevailing wages set by unions and will be "strongly encouraged"—i.e., required—to use project labor agreements (PLAs), which let unions dictate pay, benefits and work rules for all workers. States restricting PLAs may have to change their laws if they want to benefit from the federal largesse.

Companies will have to comply with the Administration's "Good Jobs Principles" that guarantee "full-time and part-time workers are provided family-sustaining benefits that promote economic security and mobility," including "paid leave and caregiving supports."

## Brazil Welcomes Iranian Warships

The arrival of two Iranian warships in Brazil on Sunday is unsettling for democracies in the Western hemisphere.

Worse is that the Biden Administration seems to have been complicit in trying to bury the news.

According to press reports, on Jan. 13 the government of Brazilian President Luiz Inácio "Lula" da Silva granted permission for the ships to dock at a port in the state of Rio de Janeiro later that month. Under normal circumstances a decision to support military exercises by a sworn U.S. enemy would have sent a diplomatic chill across the two continents. But in this case President Biden's domestic political agenda trumped security in the Americas.

On Jan. 8 an anti-government mob had stormed and destroyed federal buildings in Brasilia, claiming that the October election that brought Lula back for a third term had been stolen from former President Jair Bolsonaro. Mr. Bolsonaro resembles Donald Trump in many ways and Mr. Biden spied a political opening. The next day he reached out in solidarity with Lula by inviting him to visit Wash-

In their applications, chip makers will have to describe their "wraparound services to support individuals from underserved and economically disadvantaged communities," such as "adult care, transportation assistance, or housing assistance." The Administration is imposing a cradle-to-grave welfare system via corporate subsidies.

## Raimondo uses the Chips Act to drive progressive demands.

Ms. Raimondo is no socialist, but here she is doing the bidding of the Democratic left. Does she have a promotion in mind? She justifies this gigantic intervention in the private economy by claiming that chip makers won't be successful unless they "find a way to attract, train, put to work and retain women." But companies don't need the government to tell them how to attract and retain workers. Ms. Raimondo's mandates will merely raise business costs.

The irony is rich because chip makers have shifted manufacturing to Asia to reduce costs. Producing chips in the U.S. is 40% more expensive than overseas. One reason is the U.S. permitting thicket. But chip makers that receive federal largesse will still have to comply with more regulation under the National Environmental Policy Act.

Oh, and Commerce is also demanding that companies receiving more than \$150 million share "with the U.S. government a portion of any cash flows or returns that exceed the applicant's projections above an established threshold." No buying back stock for five years either. What a wonderful life if you're a politician. First, pile on regulation that increase business costs. Then dangle subsidies to drive your social policy and demand a cut of business profits in the bargain.

Ms. Raimondo's demands weren't specified in the Chips Act, and they will do nothing to bolster national security, the ostensible purpose of the subsidies. The money may not even boost U.S. chip manufacturing by much. Goldman Sachs last autumn estimated the subsidies might increase the U.S. market share of global chip capacity by less than 1%.

\* \* \*

We took a lot of grief from the big-government right for opposing the Chips Act, but these conservatives look like chumps for voting for an industrial policy that is now an engine for progressive policy. And one subsidy is never enough. The chip subsidies are "a good first step," Semiconductor Industry Association president John Neuffer recently said.

Welcome to French industrial policy, where the government pays business to invest in what, where and how government wants. Let's hope it turns out better here.

ington sometime in February to discuss "a wide-ranging shared agenda."

## The White House keeps the visit quiet around Lula's visit to see Biden.

But the Iranian ships weren't a good fit for a Biden plan to showcase the new Brazilian government as a model of democracy. On Feb. 9 Reuters reported that Brazil had bowed to U.S. pressure to delay the ships' arrival in the South American

country—but not to stop the visit. The new authorization dates were "between Feb. 26 and March 3, Brazil's foreign ministry said," according to Reuters.

In other words, to avoid the embarrassing optics of the warships of a repressive theocracy cruising into a Brazilian port while Mr. Biden heaped praise on the guy who invited them, the two sides arranged a work-around. Put off the docking until after the D.C. tour.

During Lula's visit at the Oval Office, Mr. Biden cheerfully extolled "the rule of law, freedom and equality," which he described as "core principles we both believe in" and boasted about "our mutual agendas." Too bad those mutual agendas don't include unity of purpose to protect regional security from a rogue regime that spreads terrorism around the world.

## Major Questions in the Student Loan Case

Oral argument didn't go well Tuesday for President Biden's decree wiping out \$400 billion of student-loan debt, as most Justices were skeptical of such sweeping action without Congressional assent. But give Solicitor General Elizabeth Prelogar points for audacity in trying to diminish a Court precedent from last year.

## SG Prelogar tries to rewrite a landmark ruling from last year.

The current Court has been vigorous in enforcing the separation of powers when an administrative agency tries to hang an expansive new program on a tiny peg of legislative authorization. This has become known as the "major questions doctrine," which the Court fortified in last year's landmark *West Virginia v. EPA* ruling that struck down an Obama Administration plan to re-engineer the electric grid.

"A decision of such magnitude and consequence," Chief Justice John Roberts wrote for the majority, "rests with Congress itself, or an agency acting pursuant to a clear delegation from that representative body." Congress doesn't "hide elephants in mouseholes," Justice Antonin Scalia wrote in 2001.

Enter Ms. Prelogar, scavenger for constitutional mouseholes. She argued that the major-questions doctrine "shouldn't apply in the same way to benefits programs," since that kind of ex-

ecutive action doesn't impose any "corresponding cost to individual liberty interests."

It's a clever if desperate argument, and we assume the Justices will see through her gambit. Her implication is that if the regulatory state directly places duties or penalties on private citizens, the Justices should then be on their highest alert.

But if the White House is merely tweaking payouts from Uncle Sam, the courts should wave it through.

What other exclusions would Ms. Prelogar advocate? If the Court goes along here, it will begin the gradual erosion of the major-questions doctrine. Agencies will start to target the Prelogar exception, and many lower courts will oblige. The major-questions doctrine will soon become a minor obstacle to Presidents who want to impose by executive diktat the policies they can't get through Congress.

It's disappointing, if not surprising, that Mr. Biden's Solicitor General picked executive power over the separation of power. But there's no reason for the Court to oblige. If Congress didn't clearly authorize a major climate regulation, the White House lacks the power to impose it. If Congress didn't clearly authorize a major student loan jubilee, ditto.

## LETTERS TO THE EDITOR

## Retirees Get a Bad Deal From Social Security

Johan Norberg correctly points out the relative success of Sweden's partial privatization of Social Security ("How Sweden Saved Social Security," op-ed, Feb. 23), but he omits the more compelling case for complete privatization, namely, ownership.

Diversification, both in timing and investment vehicles, virtually eliminates the bogus dot-com crash crisis scenario. Plus, there is no 40-year period in U.S. history, including the Great Depression, during which stocks haven't outperformed money-market funds or their equivalent.

But the drafted participants in our Social Security system nevertheless have no ownership of the assets they are forced to contribute to nonexistent retirement accounts. Such assets go directly into the federal government's general revenues. How much you pay in so-called payroll taxes and how much you receive at retirement is entirely up to 535 politicians. That is another way of saying it isn't your money, which is why you can't leave these hard-earned taxes to your loved ones—no inheritance under our mandated Social Security system. It is such a bad deal.

EDWARD H. CRANE

President emeritus, *Cato Institute Falls Church, Va.*

The Republicans should be sending one message to the American people loud and clear: The Democrats want to cut your Social Security benefits by 26% in 10 years. There is no other pertinent debating point. If the GOP is going to be vilified for trying to save the program with responsible alterations, the alternative should be made clear. Should the Democrats have their way, the program will collapse, and everyone will face major cuts to their benefits. That's their Plan A. The GOP offers Plan B.

RICK WALLACE  
*Malibu, Calif.*

William Galston's "How the U.S. Can Prevent a Debt Spiral" (*Politics & Ideas*, Feb. 22) caught my attention with the idea that everything be put on the table for negotiations. But then he immediately starts taking items that would negatively affect the middle- and lower-income groups off the table, putting all the burden on the upper-income group. This entails no structural changes to Social Security like raising the retirement age. So, his bottom line is to put everything on the table but then simply soak those with higher incomes.

KENNETH J. BRUSDA  
*Oshkosh, Wis.*

## War in Ukraine and in the Republican Party

Kimberly Strassel's column "Ron DeSantis's Security Test" (*Potomac Watch*, Feb. 24) offers an accurate picture of prospective GOP presidential candidates' positions on Ukraine. I think she is also correct in arguing that a strong defense is a deterrent to autocratic adventurism. Perhaps Vladimir Putin would have limited Russia to saber rattling had he known in advance how Ukraine and the West would respond. Gov. DeSantis would be wise to use his prior military service to his advantage, arguing for a strong defense and swinging the military advantage to Ukraine before a negotiated end to the war.

THOMAS DWYER  
*Niceville, Fla.*

Ms. Strassel points to an opening to straddle the Ukraine issue against Donald Trump's hard isolationist po-

sition. The "no blank check" approach was used in 1995 by Newt Gingrich, when he famously said "I'm a hawk, but I'm a cheap hawk." If foreign policy is the salient issue in 2024, Mike Pompeo may be uniquely qualified with his military, CIA and State Department background.

WILLIAM J. DOYLE  
*Atlanta*

Ms. Strassel is right that national security remains a top voter priority. This may be why an increasing number of voters worry about a possible nuclear conflict. Don't think this is off the table for Mr. Putin if he thinks himself backed into a corner amid escalation in Ukraine. Messrs. DeSantis and Trump see where the wind is blowing on this issue.

SAM B. WATTS  
*Birmingham, Ala.*

## Slavery, Capitalism and the Color of Money

Regarding David Henderson and Phillip Magness's op-ed "'The 1619 Project' Vindicates Capitalism" (*Feb. 21*): If blame for racial inequality can be placed on the government, the request for the government to pay reparations to the descendants of slaves will have been vindicated.

EDDRICK BEDFORD  
*St. Louis*

I have never understood how chattel slavery could be considered capitalism. Liberty, Adam Smith's prerequisite for capitalism, requires

## Sexism in the Chemistry Lab And the Fight for Equality

Reading about Nancy Hopkins's experience at MIT in the 1970s (Diane Cole's review of "The Exceptions," *Books*, Feb. 25) took me back to my university chemistry lab in 1973. One of only two women in the lab, I had a front-row seat to misogyny in science. Not once in four months when I raised my hand for assistance did the TAs even acknowledge me, much less help me. It was by the grace of my fellow students that I got through that lab. Remarkably, I didn't immediately connect this to sexism—at the time I just found it exceedingly strange and rude. The courage and tenacity of women like Ms. Hopkins moved us forward, as did the support of men like the students in my chem lab.

BETH WHITE  
*Rochester, N.Y.*

## Theories of the Human Brain

Near the end of her review of "The Once and Future Sex" (*Bookshelf*, Feb. 17), the novelist Elizabeth Lowry takes a swipe at the "discredited neurosexist theories" of Simon Baron-Cohen, a Cambridge professor who is among the world's most distinguished developmental psychologists. Mr. Baron-Cohen has found, based on considerable scientific evidence, that biology plays a role in sex differences in the human mind and brain. His "discredited" findings haven't been withdrawn or even harshly criticized except by extreme social determinists, who believe what they would like to be true regardless of the weight of evidence.

JON JEWETT  
*Ashland, Va.*

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## Pepper ... And Salt

THE WALL STREET JOURNAL



"Tonight it's 'from can to table' cuisine."



## OPINION

## Republicans Ought to Be All for ESG

By **Chuck Schumer**

Investing in a free-market economy involves choice. There are 8,000 securities listed on U.S. stock exchanges alone. Investors take many different factors into account when evaluating their investment decisions. Three such factors—environmental, social and governance, also known as ESG—have recently gotten a lot of attention from some more conservative Republicans, including Florida Gov. Ron DeSantis.

**It's up to asset managers whether to consider such factors or not. That's the free market at work.**

In the House, Republicans just passed a bill that would reverse a Labor Department rule recognizing that retirement fiduciaries may use ESG when evaluating investments. That bill will soon come before the Senate. I will strongly oppose this ill-considered proposal.

ESG opponents are trying to turn it into a dirty acronym, deploying attacks they have long used for elements of a so-called woke agenda. They call ESG wokeness. They call it a cult. They call it an incursion into free markets. We've heard it all before. I say ESG is just common sense.

Republicans conveniently ignore something very important: America's most successful asset managers and financial institutions have used ESG factors to minimize risk and maximize their clients' returns. In fact, according to McKinsey, more than 90% of S&P 500 companies publish ESG reports today.

This isn't about ideological preference. Investors and asset managers increasingly recognize that maximizing returns requires looking at the full range of risks to any investment—including the financial risks presented by increasingly volatile natural disasters, aging populations and other threats that the public doesn't normally associate with financial modeling.

Nothing in the Labor Department rule imposes a mandate. It simply states that if fiduciaries wish to consider ESG factors—and if their methods are shown to be prudent—they are free to do so. Nothing more, nothing less.

The present rule gives investment managers an option. The Republican rule, on the other hand, ties investors' hands.

Sen. Rick Scott (R., Fla.) asserted that the Labor Department rule “allows Wall Street fund managers to make choices on behalf of Americans based on their own beliefs and social agenda.” Yet his Republican colleagues have introduced bills requiring fiduciaries to consider factors that don't strictly relate to financial returns, including whether a particular investment has ties to Russia or the Chinese Communist Party.

For some Republicans, these are all perfectly fine extra-financial considerations. But when it comes to investing in workers, or hedging against the dangers of a changing climate, or guarding against risks of corporate malfeasance—suddenly that's a bridge too far. You can't have it both ways.

Republicans talk about their love of the free market, small government and letting the private sector do its work. But their obsession with eliminating ESG would do the opposite, forcing their own views down the throats of every company and investor. Republicans would prevent investors from adapting to the future, for their own good and the good of the country.

I say let the market work. If that naturally leads to consideration of ESG factors, then Republicans should practice what they've long preached and get out of the way.

*Mr. Schumer, a New York Democrat, is U.S. Senate majority leader.*

By **Ron DeSantis**

On Monday, I signed the law ending the Walt Disney Co.'s self-governing status over 43 square miles in central Florida, an area almost as big as Miami. Disney no longer has its own government. It has to live under the same laws as Universal Studios, SeaWorld and every other company in our state and is still on the hook for the old district's municipal debt.

Disney's special arrangement, which dates to 1967, was an indefensible example of corporate welfare. It provided the company with favorable tax treatment, including the ability to assess its own property valuations and to enjoy the benefits of regional infrastructure improvements without paying taxes toward the projects. It exempted Disney from Florida's building and fire-prevention codes. It even allowed Disney to build a nuclear power plant and to use eminent domain to seize private property outside the district's boundaries. While special districts are common in Florida, Disney's deal was conspicuous in the massive benefits it conferred. Disney's self-governing status endured because the company's unrivaled political power in Florida made its arrangement virtually untouchable.

For more than 50 years, the state of Florida put Disney on a pedestal. That all changed last year, when left-wing activists working at the company's headquarters in Burbank, Calif., pressured Disney to oppose Florida's Parental Rights in Education Act. The legislation bans classroom instruction on sexuality and gender ideology in kindergarten through third grade and requires that sex instruction in other grades be age-appropriate. Disney executives were seen on videos boasting about the company's plans to inject sexuality into its programming for children.

Democrats often rail about corporations' nefarious influence over politics and oppose favorable exceptions for big companies. Yet they supported keeping Disney's special self-governing status. This confirms

## Why I Stood Up to Disney



Magic Kingdom Park at Walt Disney World Resort in Lake Buena Vista, Fla.

how much the modern left has jettisoned principle in favor of power. As long as large corporations help advance the left's woke agenda, the left is willing to do their bidding.

The question many people asked me after the Disney face-off was: Why would a company like Disney tarnish its family-friendly brand, built up over almost 100 years, by publicly aligning itself with the fringe left's agenda to limit the

**Old-fashioned corporate Republicanism won't do in a world where the left has hijacked big business.**

rights of parents to have a say in what is taught to very young children? The answer lies in how the left has pressured big companies like Disney to use their power to advance the woke political agenda.

As a basic matter, the fiduciary duty that the CEO and board of a publicly traded corporation owe to shareholders is inconsistent with allowing the company to be turned into a partisan political fighting machine. Fiduciary duty aside, most CEOs and directors understand that as a matter of prudence, big companies seldom benefit from taking

positions on contentious political issues, particularly those unrelated to their businesses.

In recent years, two factors have altered this calculation. First, groups of employees at some corporations want their employer to reflect their own political values. Such employees aren't a majority, but they are loud and militant. Executives often try to placate these employees, without success. Instead, such gestures embolden the entitled employees to presume that their employer will fall into line in the next political battle. The inmates soon run the asylum.

The second factor is power. A traditional corporate executive may have power within the company, but a woke CEO can use the corporate bully pulpit to exert influence over society. This is especially true amid the push for environmental, social, and governance responsibility in corporate America. ESG provides a pretext for CEOs to use shareholder assets on issues like reducing the use of fossil fuels. ESG is a way for the left to achieve through corporate power what it can't get at the ballot box.

In Florida, we understand the implications of the ESG movement. We prohibited the state's pension fund managers from using ESG criteria when making investment decisions. Florida has recovered its shareholder

voting rights from large asset managers and is seeking to pool its votes with other states to create a potent anti-ESG voting bloc. In its coming session, the Florida Legislature will codify anti-ESG initiatives into law and protect Floridians from discrimination by large financial institutions on the basis of political or religious beliefs.

The regrettable upshot of the woke ascendancy is that publicly traded corporations have become combatants in battles over American politics and culture, almost invariably siding with leftist causes. It is unthinkable that large companies would side with conservative Americans on the Second Amendment, the right to life, election integrity or religious liberty.

In this environment, old-guard corporate Republicanism isn't up to the task at hand. For decades, GOP elected officials have campaigned on free-market principles but governed as corporatists—supporting subsidies, tax breaks and legislative carve-outs to confer special benefits on entrenched corporate interests. But policies that benefit corporate America don't necessarily serve the interests of America's people and economy.

When corporations try to use their economic power to advance a woke agenda, they become political, and not merely economic, actors. In such an environment, reflexively deferring to big business effectively surrenders the political battlefield to the militant left. Having private companies wield de facto public power isn't in the best interests of most Americans.

Woke ideology is a form of cultural Marxism. Leaders must stand up and fight back when big corporations make the mistake, as Disney did, of using their economic might to advance a political agenda. We are making Florida the state where the economy flourishes because we are the state where woke goes to die.

*Mr. DeSantis, a Republican, is governor of Florida and author of "The Courage to Be Free: Florida's Blueprint for America's Revival."*

## It Doesn't Make Sense to Blame Crime on Poverty

UPWARD MOBILITY  
By **Jason L. Riley**

Being mayor of New York comes with lots of media attention, but anyone who has held the job can tell you that the real power is in Albany, the state capital, where the governor and Legislature hold major sway over everything from the subways to the public schools.

Mayor Eric Adams was back in Albany this month asking his state overlords to rethink bail-reform measures passed in 2019 that protect crime suspects from pretrial detention. The number of shoplifting complaints in New York City rose by 45% in 2022 to more than 63,000, according to New York City Police Department data. The mayor sees an obvious connection that too many of his fellow liberal Democrats willfully ignore.

In his testimony, Mr. Adams argued that soft-on-crime policies hit poor communities the hardest, not only in terms of public safety but also economically. “When you do a real analysis in our pursuit of making sure people who commit crimes are receiving the justice they deserve, we can't forget the people who are the victims of crimes,” he said.

The mayor also pushed back at the common argument made by social-justice advocates that arresting and prosecuting lawbreakers is tantamount to “criminalizing” poverty. “People who state that we're criminalizing the poor,” he said, are wrong. Moreover, crime is costing the city jobs and businesses. New Yorkers are “unemployed because we're losing those businesses in our city. We can't allow repeated offenders to make a mockery of the criminal justice system.”

The belief that poverty is the

root cause of crime may be popular, but it doesn't hold up to scrutiny. For starters, most poor people aren't criminals. In a previous era, when Americans were significantly poorer than they are today, crime rates were significantly lower. Crime during the Great Depression was lower than during the 1960s, a decade of tremendous economic growth and prosperity. In 1960 the black male homicide rate was 45 per 100,000. By 1990 it had climbed by more than 200% to 140 per 100,000, even though black average incomes by then were much higher, and the black poverty rate much lower, than 30 years earlier.

In a recently published book about criminal-justice reform, “Criminal (In)justice,” Rafael Mangual notes that this disconnect between crime and poverty continues today. Mr. Mangual writes that between 1990 and 2018, murders in New York City declined by 87%, a period during which the city's poverty rate increased slightly. Black residents today “experience poverty at a lower rate (19.2 percent) than their Hispanic (23.9 percent) and Asian (24.1 percent) counterparts, who account for much smaller shares of the city's gun violence.”

Last month the local Fox station in New York did a story on how local bodegas are trying to combat the

rise in customers looking for five-finger discounts. It featured footage of laundry detergent and other items that had to be kept behind the counter or chained to shelves in the aisles to deter thieves. The piece perfectly illustrated the concerns of Mr. Adams, a former police officer who understands that crime victims shouldn't be an afterthought.

**New York's homicide rate dropped sharply after 1990 even as the poor share of population rose slightly.**

New businesses are less likely to open in unsafe neighborhoods where the police can't be counted on to protect private property. Existing businesses are more likely to flee the community and take employment opportunities with them when they leave. Worse, those establishments that remain must take more costly measures to stay open—costs that invariably are passed on to paying customers.

Liberals have long alleged that merchants in ghetto neighborhoods are exploiting their low-income shoppers by charging higher prices. Those prices, however, reflect the

cost of doing business in high-crime neighborhoods. Decriminalizing theft significantly increases the cost of opening and operating a business, especially a mom-and-pop shop relying on small profit margins to begin with. Lenders are more reluctant to extend credit. Insurance premiums are higher. Security is more expensive. What the left derides as exploitation is more accurately described as a rational economic response to misguided public policies.

In his testimony, Mr. Adams called public safety “the prerequisite to our prosperity” and stressed that the problem isn't previously law-abiding New Yorkers turning to crime but career criminals running rampant with no fear of being prosecuted. “This is critical because a disproportionate share of the serious crime in New York City is being driven by a limited number of extreme recidivists,” he said. “Approximately 2,000 people who commit crime after crime while out on the street on bail.”

Mr. Adams is fighting the good fight, but he's outnumbered by progressive Democrats who are more concerned with racial parity in punishment than with safe streets. Cities such as New York and Philadelphia and Chicago have essentially manufactured a crime wave, and no one knows when it will crest.

## Bring Taiwan's President to Capitol Hill

By **Craig Singleton**

Speaker Kevin McCarthy is weighing a trip to Taiwan. Instead, he should invite Taiwanese President Tsai Ing-wen to address a joint session of Congress at the end of her term early next year.

Mr. McCarthy's predecessor, Nancy Pelosi, visited Taiwan last summer, and while the trip was well-intentioned, the consequences were regrettable. Beijing seized on Mrs. Pelosi's trip to establish a “new normal” in the Taiwan Strait, with China now regularly conducting military maneuvers much closer to the island. China more than doubled its fighter jet incursions into Taiwan's air-defense zone, from 538 in 2021 to 1,241 in 2022.

Meanwhile, Taiwan remains a sitting duck. Its dilemma has been compounded by Congress's inability to clear a multiyear \$19 billion arms sale. U.S. lawmakers' lack of urgency appears to be partially due to their limited contact with Taiwanese officials. Last year, only four congressional delegations, consisting of some two dozen members, visited the self-governed island nation.

Most members similarly hadn't

traveled to Ukraine or met President Volodymyr Zelensky until he addressed Congress in December and argued that arming Kyiv was in America's interest. Hosting Ms. Tsai in Washington could accomplish the same for Taiwan.

Inviting Ms. Tsai to speak before Congress would be historic, but it wouldn't signal formal recognition of Taiwan's government. Congress has

**Rather than visit the island, Kevin McCarthy should invite Tsai Ing-wen to address a joint session.**

hosted other prominent democratic leaders who weren't heads of state, including Lech Walesa, head of Poland's Solidarity movement, in 1989. Ms. Tsai visited the U.S. in 2018 and 2019, eliciting only mild recriminations from Beijing.

Provided she steers clear of the White House, the Biden administration can confidently assert her visit is consistent with America's one-China policy and the Taiwan Relations Act,

which affirms that Taiwan be treated the same under U.S. law as other “foreign countries, nations, states, governments, or similar entities.”

If Mr. McCarthy traveled to Taipei this year, it could have unintended consequences for Taiwan's upcoming 2024 election. Beijing would conclude its recent short-of-war displays have failed to achieve their desired deterrent effect, which would only increase China's appetite for risk in future disputes. Meanwhile, the all but certain show of Chinese force following Mr. McCarthy's visit could further erode the Democratic Progressive Party's popular support following its local election losses to the Beijing-backed Kuomintang last November.

China would protest Ms. Tsai's trip to Washington and could conduct limited drills in response. Yet split-screen images of Ms. Tsai speaking at the U.S. Capitol and Chinese bombers circling the island would do wonders for the 535 members of Congress as they grapple with the urgent case for aiding Taiwan's self-defense.

*Mr. Singleton is senior China fellow at the Foundation for Defense of Democracies and a former U.S. diplomat.*

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## Bankman-Fried Ally Pleads Guilty Apollo In Talks To Buy Arconic

A third member of FTX founder Sam Bankman-Fried's inner circle pleaded guilty to fraud charges and agreed to assist federal prosecutors, ex-

By James Fanelli, Corinne Ramey and Alexander Osipovich

panding the pool of cooperating witnesses against the former head of the failed crypto exchange.

Nishad Singh, the company's former director of engineering, pleaded guilty to six criminal counts, including conspiring to commit securities and commodities fraud, during

a hearing Tuesday in federal court in Manhattan.

"I'm unbelievably sorry for my role in all of this and the harm that it has caused," Mr. Singh, 27 years old, told U.S. District Judge Lewis Kaplan.

Mr. Singh said that in mid-2022 he learned that Mr. Bankman-Fried's crypto hedge fund, Alameda Research, was borrowing FTX customer funds. By September 2022, Alameda could no longer repay the billions of dollars that it had taken from FTX, Mr. Singh said. He said that, at the direction of Mr. Bankman-Fried, he falsified FTX's revenue to make the company

more appealing to investors.

"I had a strong belief that he would not share FTX's full financial condition," Mr. Singh said of Mr. Bankman-Fried.

Mr. Singh also pleaded guilty to defrauding the U.S. in a campaign-finance scheme. He admitted in court that he made illegal donations to political-action committees and candidates using Alameda funds. The contributions were to enhance Mr. Bankman-Fried and FTX's political influence, he said.

A spokesman for Mr. Bankman-Fried declined to comment. The FTX founder's trial is

scheduled for October. Mr. Bankman-Fried in December was arrested and extradited from the Bahamas on fraud and conspiracy charges related to the implosion of FTX. Last week, prosecutors unveiled a new indictment charging him with additional crimes. Prosecutors said Mr. Bankman-Fried stole billions of dollars of FTX customer funds and misled investors and lenders.

Mr. Bankman-Fried has pleaded not guilty and denied committing fraud and stealing customer funds.

Under the terms of Mr. Singh's plea agreement, he is required to testify at any trial

if federal prosecutors request that he do so.

In parallel actions, the Securities and Exchange Commission and Commodity Futures Trading Commission on Tuesday filed civil fraud lawsuits against Mr. Singh.

Mr. Singh created software code that allowed FTX customer funds to be diverted to Alameda, and he knew Mr. Bankman-Fried was improperly using such funds for venture investments and other purposes, according to the SEC. In September and October, despite knowing about the shakiness of FTX and Please turn to page B13

## Apollo In Talks To Buy Arconic

By Lauren Thomas and Laura Cooper

Private-equity firm Apollo Global Management Inc. is in talks to acquire industrial-parts maker Arconic Corp., according to people familiar with the matter.

Apollo submitted a bid in February and has debt financing in place, the people said.

Arconic's advisers at Goldman Sachs Group Inc. and Evercore Inc. have also reached out to other potential acquirers, the people said. There is no guarantee there will be a deal with any of them.

Arconic stock leaped 19.5% Tuesday to close at \$26.44 after The Wall Street Journal reported on the bid, giving the company a market value of about \$2.6 billion. It also has a hefty debt load of more than \$1.5 billion. Should there be a deal, it would be expected to carry a significant premium to where the stock traded before Tuesday, the people said.

Pittsburgh-based Arconic, which makes parts for the aerospace, automotive, building and energy industries, has had a bumpy history. After being separated in 2016 from the aluminum business that is now called Alcoa, it faced a campaign from activist investor Elliott Investment Management LP that resulted in the Please turn to page B2

## Target's Profit Suffers as Sales Grow Slowly

By Sarah Nassauer and Dean Seal

Target Corp. said slower sales growth and rising operating costs hurt its profit in the most recent quarter as shoppers continued to spend cautiously with inflation hitting their budgets.

The retail chain's comparable sales, or those from stores or digital channels operating for the past 12 months, rose 0.7% in the quarter ended Jan. 28 compared with the same period a year earlier. More shoppers visited Target stores in the fourth quarter but spent differently than last year, the company said Tuesday.

Strong sales in food, beauty and essentials such as paper towels are offsetting weaker consumer spending in other categories, according to Chief Executive Brian Cornell.

Target's shares rose 1% to \$168.50 on Tuesday, as investors welcomed quarterly sales and earnings that came in higher than analysts had forecast. Shares of the company are down about 23% over the past year, compared with an 8% decline in the S&P 500.

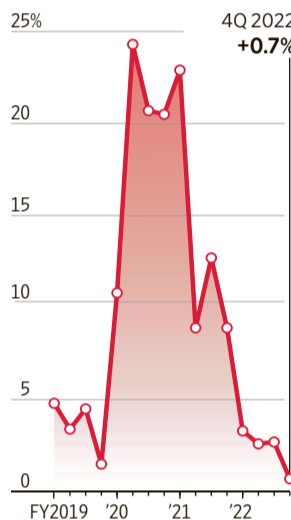
The quarter capped off a tumultuous year when tailwinds that spurred the company's strong performance earlier in the Covid-19 pandemic ended abruptly. Sales climbed starting in the second half of 2020 as spending surged on home goods, electronics and health-and-wellness products.

Target and other retailers stepped up product orders to avoid supply-chain delays, anticipating demand would be present. But with inflation last year reaching the highest level in decades, U.S. shoppers began to shift spending and pulled back on some discretionary purchases.

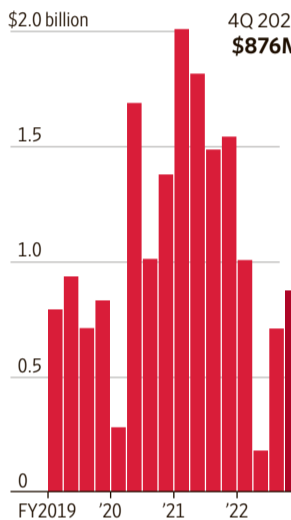
"Our growth in 2022 didn't come easily. It wasn't nearly as profitable as we expect to be over time," Mr. Cornell said during a Tuesday meeting with investment analysts.

Target executives said Tuesday that they aren't expecting a steep improvement in business soon. The company predicted sales this year could rise or fall by a low-single-digit percentage from 2022. Returning to its prepandemic rate of profitability could take nearly Please turn to page B2

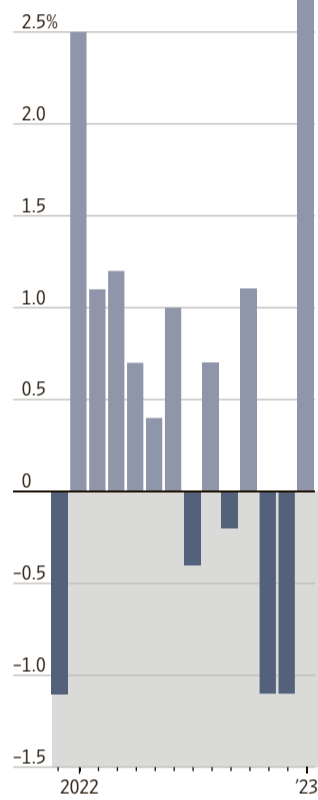
Target's same-store sales, change from a year earlier



Target's net profit



U.S. retail sales, monthly change\*



\*Seasonally adjusted. Note: Target's fiscal year ended Jan 28. Sources: U.S. Census Bureau (retail sales); S&P Capital IQ (profit); FactSet (share price); the company (comparable sales)

## As Black-Owned Banks Fade, Group of Investors Steps Up

By Dion Rabouin

Black-owned banks are disappearing. But a group of investors led by a former Trump administration policy adviser and a daughter of the late Rev. Martin Luther King Jr. is creating one.

Working through a public-benefit corporation called Redemption Holding Co., the group said Tuesday that it plans to buy a Utah bank named Holiday Bank & Trust. It expects

to call the new bank Redemption Bank.

If the deal goes through, Redemption officials said it would mark the first time that Black investors have bought a non-minority-owned bank.

Bernice King will be senior vice president. She and venture capitalist Dhani Jones, a former National Football League player, will sit on an advisory board.

Ashley Bell, a White House policy adviser on entrepreneurship and innovation in the

Trump administration, will be chief executive. Additional investors include New York Community Bank and Ryan Smith, the billionaire owner of the National Basketball Association's Utah Jazz. The deal doesn't yet have regulatory approval.

Public-benefit corporations are required to balance a firm's stated purpose with the financial interests of shareholders, extending the business's benefits to stakeholders such as communities and employees. Online insurance provider Lemonade Inc.; footwear and apparel company AllBirds Inc.; and online education provider Coursera Inc. have all structured themselves as PBCs. Redemption said it is seeking regulatory approval to become a registered bank holding company.

"We think Redemption can be a platform by which we can build something special that cannot only be the first Black-owned bank in the Rocky Mountains, but can be a bank that can reach the entire country," Mr. Bell said.

The number of Black-owned banks has declined sharply this century, falling to 16 in 2022 from 47 in 2002, according to the Federal Deposit Insurance Corp. As of the third quarter, Please turn to page B12

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#### MEDIA

Paramount rejected a \$3 billion-plus offer to buy Showtime.

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#### PROPERTY REPORT

Pimco is saddled with a \$1.7 billion default as interest rates bite.

B6

## Instacart Earnings Climb Before Listing

Instacart Inc. generated sharply higher sales and profit in the fourth quarter, according to people familiar with the

By Jaewon Kang, Berber Jin and Corrie Driebusch

matter and an internal memo, as the company prepares for its highly anticipated initial public offering of stock.

The grocery-delivery company told employees on Tuesday that its revenue increased more than 50% in the fourth quarter, compared with the

same period a year earlier, while gross profit rose more than 80%, according to a memo viewed by The Wall Street Journal.

Instacart's full-year revenue increased 39% to about \$2.5 billion for 2022, people familiar with the matter said, as the company reaped the benefits of a push into advertising while it has struggled to increase order volume at the same pace it did during the height of the Covid-19 pandemic.

Instacart in 2022 processed \$29 billion in overall sales Please turn to page B2



Bernice King, a daughter of the late Rev. Martin Luther King Jr.

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## Instacart Earnings Climb

*Continued from page B1*

across the platform, a measure known as gross transaction volume, up about 16% from the previous year, the people said. The company in the fourth quarter reported positive net income and generated more than \$100 million in adjusted earnings before interest, taxes, depreciation and amortization, the people said.

Instacart shared those numbers Tuesday during a call with investors. During the call, executives said the company was waiting for more cooperative markets to go public.

Instacart, which grew to be one of the most valuable private U.S. startups since its founding in 2012, in 2022 filed confidentially for an IPO with the Securities and Exchange Commission. The company planned to launch its listing late last year before pushing back its plans, citing turbulent market conditions. Instacart told employees then that going public in 2022 had been a priority and that it was waiting for an open market window.

Since its initial filing, Instacart has provided updated financial information to regulators, meaning it is prepared to

launch an IPO at any time, ideally in the next several months, according to people familiar with the matter.

Instacart and other delivery companies got a boost to their business when Covid-19 spread and people stayed at home. That growth cooled as people resumed in-person shopping and dining out at restaurants, but consumers continue to buy more groceries online than they did before the pandemic.

Instacart added more stores to its platform and introduced food-stamp payments last year and its Instacart+ membership grew, according to the memo. The company's advertising products generate a more than 15% increase in sales for brands and are resonating with companies, according to the memo.

The memo said that Instacart is on track to generate more profitable growth and will focus on expanding its core business while investing in newer areas such as Instacart Health.

Shares of competitors such as DoorDash Inc. have fallen over the past year, partly as fears of a possible recession grow and their pandemic-driven boom winds down. The food-delivery company said recently its revenue for the three months ended Dec. 31 rose 40% from the same period a year earlier, which it attributed to strong consumer demand. DoorDash said it benefited from having more DashPass subscribers.

# Paramount Declined an Offer to Buy Showtime for \$3 Billion-Plus

By JESSICA TOONKEL

Former Paramount Global executive David Nevins offered to buy Showtime for more than \$3 billion in recent weeks but was turned down by Paramount executives, according to people familiar with the situation.

Mr. Nevins's approach, which was backed by private-equity firm General Atlantic, was the latest in a number of offers Paramount has received over the past few years for Showtime, people familiar with the matter said. Other suitors included Mark Greenberg, another former Showtime executive who most recently ran the premium network Epix, and Lions Gate Entertainment Corp., some of the people said.

Paramount has decided to hold on to the premium channel and streaming service while it seeks cost savings and revenue from folding the Showtime streaming service into Paramount+ this year, as The Wall Street Journal first reported. As part of that change, Paramount Global—home to the Paramount movie studio, the Paramount+ streaming service and cable channels including Nickelodeon and Comedy Central—will increase the price of the ad-free premium tier of Paramount+, which will include the Showtime programming, to \$11.99 from \$9.99.

Paramount's decision not to sell Showtime indicates the tough calls entertainment com-



A scene from Showtime's 'Billions.' Paramount has rejected a string of offers to acquire the network.

panies are making as they decide what scale and portfolio they need to compete in the quickly changing media landscape. Paramount is betting the plan will result in cost savings and revenue generation that exceed what the company could get by selling Showtime, whose shows include hits like "Billions" and "Yellowjackets."

Paramount, like many of its peers, is struggling with declines in pay-television subscribers and a volatile advertising market. The company has said it would have negative cash flow this year as it hits peak spending, but will hit positive cash flow and earnings growth in 2024.

Mr. Nevins offered to buy Showtime shortly after leaving Paramount Global, where he was chairman and chief executive of the Paramount Premium Group and chief creative officer of scripted content for Paramount+. He also oversaw Showtime, Paramount Television Studios and Black Entertainment Television.

Mr. Greenberg expressed interest in buying Showtime recently but discussions didn't advance, according to some of the people. Lions Gate Entertainment in recent years also has approached Paramount about merging Showtime with Starz, according to other peo-

ple familiar with the situation.

Last month on Paramount's earnings call, executives were asked by an analyst why the company chose to fold Showtime into Paramount+ instead of selling it for cash, in light of "credible multibillion-dollar offers for Showtime."

"We think there's enormous value to unlock with the integration of Showtime and Paramount+," Paramount CEO Bob Bakish said in response. The company reviewed the offers and concluded that its operating plan would create more value for shareholders, Mr. Bakish said.

—Miriam Gottfried contributed to this article.

## Target's Results Take a Hit

*Continued from page B1*

two years, depending on economic conditions and consumer demand, the company said.

Target reported progress in paring back its inventory levels from last year's peak, particularly for products that were big sellers during the pandemic, such as televisions and kitchen appliances, while seeking ways to wring costs out of its business.

Over the next few years, Target's goal is to achieve \$2 billion to \$3 billion in cost savings, it said. Capital-spending priorities for the next year include expanding services such as next-day delivery and drive-up product returns, in addition to making the company more efficient.

The company also is bracing for retailers across the industry to amp up their deals and promotions as they compete for a dwindling number of con-

## Sam's Club to Add Fulfillment Centers

Sam's Club is expanding its supply-chain network as it looks to build on recent e-commerce sales growth by speeding up order fulfillment while cutting shipping costs.

The Bentonville, Ark.-based warehouse-club chain, owned by Walmart Inc., said it would open five new highly automated fulfillment centers this year, and about 14 to 16 warehouses in total over the next five years, as well as upgrade its existing warehouses.

The retailer also plans to open 30 more stores that will include space to handle more e-commerce orders.

Sam's Club said its plan is to shrink the average distance between its supply-chain facilities

and its stores and members. "We really need to evolve the supply chain to match that future growth and continue to double down in creating that fantastic experience for our members," said Joseph Godsey, chief supply-chain officer for Sam's Club.

The new supply-chain facilities will add to the retailer's network of about 55 warehouses. The fulfillment centers will be able to ship orders directly to customers, while other new facilities will also stow what the retailer calls ambient items, which have a long shelf life at room temperature, as well as replenishing stores.

Sam's Club reported its net e-commerce sales grew 21% for the quarter ended Jan. 27 compared with the year-ago period, driven by curbside pickup and orders shipped to customers' homes. —Liz Young

said after releasing quarterly earnings reports last week.

Walmart relies on groceries for the majority of its sales and has benefited from a larger share of consumer budgets being spent in the category and gaining higher-income customers looking to save money. Target relies more heavily on non-food sales, and its business faces more pressure when sales slow for things such as apparel and other discretionary items that carry higher profit margins.

"Customers are still spending money," Walmart Chief Executive Doug McMillon said last week. "It's obviously not as clear to us what the back half of the year looks like."

Overall, 2022 U.S. holiday sales rose 5.3% to \$936.3 billion, falling short of the forecast the National Retail Federation issued last year.

On Tuesday, Target said total revenue for the most recent quarter hit \$31.4 billion, up 1.3% from the same period the previous year.

Net earnings fell 43% to \$876 million, in part because of higher worker wages and more product promotions to unload inventory.

—Kathryn Hardison contributed to this article.

## Arconic in Play After Apollo Bid

*Continued from page B1*

resignation of Arconic's then-CEO, Klaus Kleinfeld, and an overhaul of its board.

Arconic is now run by Timothy Myers, who took the CEO role in 2020.

The Journal reported in 2018 that Apollo had expressed interest in Arconic. Apollo came close to an agreement to pay upward of \$10 billion for the company, but the deal never happened. Arconic instead further divided into two independent, publicly traded businesses in 2020.

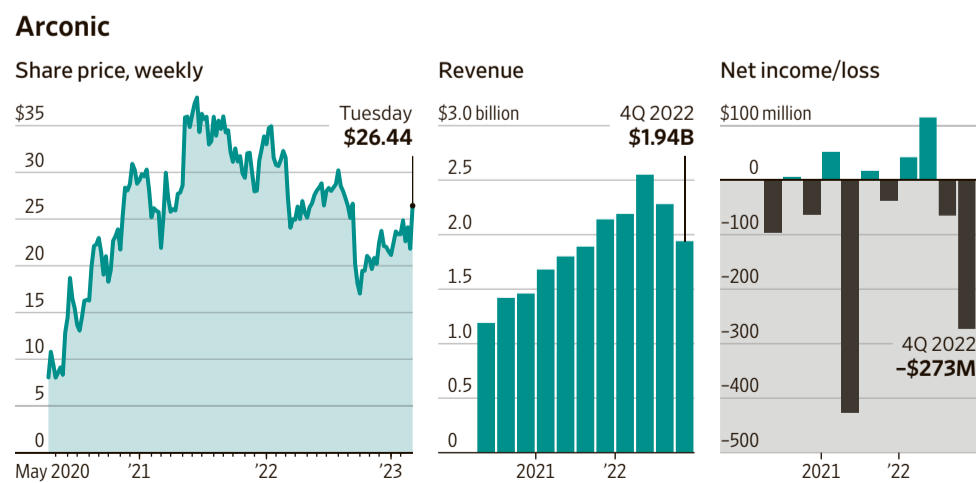
Arconic's Engineered Products and Forgings businesses remained in the existing company, which was renamed Howmet Aerospace Inc. Its Global Rolled Products group became part of a new company now known as Arconic.

Arconic recently reported fourth-quarter revenue of \$1.9 billion, down 9% from the prior year as higher interest rates fanned anxiety about the economy. Its net loss widened to \$273 million, or \$2.70 a share, from \$38 million, or 36 cents a share, a year earlier.

The deal would come at a muted time for private-equity buyouts. A tough financing market—coupled with a disconnect between buyers and sell-



A worker loads aluminum coil onto a truck at the Arconic manufacturing facility in Alcoa, Tenn.



ers on price after equity values plummeted last year—has created roadblocks to deals.

Private-equity firms have turned more to private lenders, while some have opted to put more of their cash to work in new investments. Apollo, which has a large credit arm, has the ability to be creative in the structuring of its deals.

The firm, which has over \$500 billion in assets under management, recently led the purchase of \$900 million in convertible preferred stock of Western Digital Corp., along with Elliott.

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BUSINESS NEWS

# McDonald's Draws Franchisees' Pique On Celebrity Meals

By HEATHER HADDON

McDonald's Corp.'s celebrity-sponsored meals, which have generated strong sales for the chain, are drawing criticism from franchisees who say some of the artists don't reflect the company's values.

Some U.S. McDonald's restaurant owners have raised concerns over the chain's collaborations with celebrities including rappers Cardi B and Offset, according to franchisees and email messages to other owners and the company that were reviewed by The Wall Street Journal. Some owners said a number of McDonald's locations have declined to promote the current Cardi B and Offset meal, because of concerns about being associated with the artists.

In messages sent to the U.S. division in recent weeks, several McDonald's franchisees said that the artists' lyrics and lifestyles aren't aligned with the company's brand. Some owners wrote that the chosen celebrities could erode McDonald's family-friendly image, and urged other franchisees to remove advertising and merchandise associated with the Cardi B and Offset meal in their stores.

It couldn't be determined how many of McDonald's more-than-1,000 franchise owners were declining to promote the meal, or agreed that they were unsuitable for the brand. Franchisees raising concerns over the meals include some operating restaurants in southeastern and Mid-Atlantic states, according to the messages reviewed by the Journal.

McDonald's on Tuesday said the chain has received widespread support and excitement from owners and their restaurant employees regarding the Cardi B and Offset meal. The

company said the couple's promotion was meant to focus on love and celebrating special moments.

"Across our marketing, we're focused on putting McDonald's at the center of culture," McDonald's U.S. Chief Marketing Officer Tariq Hassan said.

Representatives for Cardi B and Offset didn't respond to requests for comment.

McDonald's "Famous Orders" meals, which typically combine a handful of celebrity-handpicked menu items in promotional packaging, have been among the burger chain's most successful marketing endeavors in recent years, executives have said.

The meals' introduction in 2020 helped the company recover U.S. sales lost at the Covid-19 pandemic's outset, and capture business from other burger chains, Wall Street analysts and the company have said.

The celebrity-backed meals largely draw on McDonald's existing menu, adding sales without increasing complexity in restaurants, McDonald's said. They also helped the chain drive more online orders and app downloads, one of the company's priorities, executives have said.

Cardi B, a Grammy-winning rapper, has stirred controversy over the explicit content of some of her lyrics and videos, particularly her 2020 hit "WAP," and she and Offset have collaborated on several songs. After the meal's announcement, some U.S. McDonald's operators relayed their concerns to the company, according to messages viewed by the Journal.

Some operators have questioned whether the celebrity tie-ins could conflict with the company's brand standards and franchisee rules.

# Norwegian Cruise Line Issues Soft 2023 Earnings Guidance

By WILL FEUER

Norwegian Cruise Line Holdings Ltd. issued soft earnings guidance for the year as it works to contain surging costs and mount a comeback from pandemic-constrained operations.

The Miami-based cruise operator said Tuesday that it expects to be profitable this year for the first time since the pandemic halted U.S. cruising in 2020. However, the company's 2023 earnings guidance fell below Wall Street expectations amid rising costs tied to food, fuel and labor.

Shares sank 10% to \$14.82 Tuesday. The downbeat outlook also weighed on shares of Royal Caribbean Cruises Ltd. and Carnival Corp. Both fell 2%.

Norwegian and rivals such as Carnival and Royal Caribbean are grappling with surging costs for fuel, food, labor and more after three years of pandemic constraints. Higher interest rates are also weighing on the companies, which issued billions of dollars in debt to make it through the pandemic.

Norwegian said it has taken steps in recent months to cut costs and boost margins. Adjusted nonfuel cruising costs per capacity day are expected to drop almost 15% this year, compared with the second half of last year.

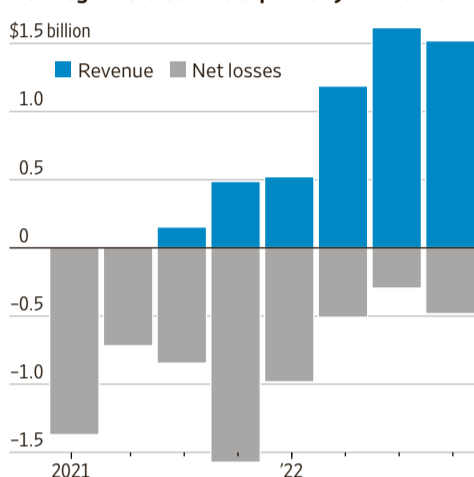
"We are now squarely focused on the future and are taking deliberate and strategic actions to best position the company for its next chapter," Chief Executive Frank Del Rio said.

The company said it expects to post an annual adjusted profit of 70 cents a share this year, below the \$1.04 a share expected by Wall Street analysts, according to FactSet.



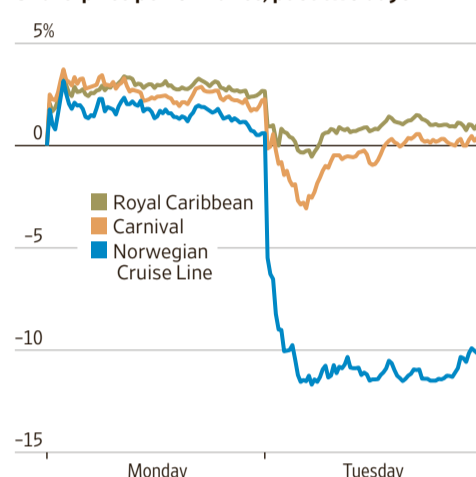
The company said it has taken steps in recent months to cut costs and boost margins.

Norwegian Cruise Line's quarterly financials



Sources: S&P Capital IQ; the company (financials); FactSet (share price)

Share-price performance, past two days



For the three months ended Dec. 31, Norwegian's revenue more than tripled to \$1.52 billion, topping the \$1.50 billion expected by analysts, according to FactSet. At the same time, cruise operating costs surged 70%.

The company posted a loss of \$482.5 million, or \$1.14 a share, compared with \$1.57

billion, or \$4.01 a share, in the same period a year earlier. Adjusted loss came to \$1.04 a share, wider than the 86 cents a share expected by analysts, according to FactSet.

For 2023, the company said it expects occupancy, a measure of how full a ship is, to return to historical levels this

spring. The company also expects to sail more than it did in 2019, with capacity expected to be 19% above 2019 levels, boosted by the introduction of new ships. Carnival and Royal Caribbean have said they expect to sail 3.3% and 14% more than they did in 2019, respectively.



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## Who's Who of Distinguished Leaders: 2023 Honorees

Since 1898, Marquis Who's Who has remained the standard for reliable and comprehensive biographical reference material. We are proud to highlight hand-selected listees who have been recognized as *Distinguished Leaders* in their fields of endeavor.

Of 1.5 million listees, only a small percentage is recognized with the *Distinguished Leaders* honor. We laud these individuals for their ambition, professional fortitude, industry contributions, and career accomplishments.



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 <b>Andrea Darnell Hoke, DDS</b> Dentist Hoke Family Dentistry, PLLC	 <b>George Jabren, MD, FACS</b> Urologist Urology of Greater Atlanta	 <b>Albert Lee Jones</b> OSD Exhibits Curator & Mgr. DOD/OSD Graphics, Pentagon	 <b>Edward U. Maduh, PhD</b> Toxicologist, Pharmacist DCVA Medical Center
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 <b>Nancy Reynolds</b> Dancer, Writer The George Balanchine Fdn.	 <b>Cynthia Schechter, OTR/L</b> Owner, Pres. SchechterCare Breast CA/Lymph Rehab.	 <b>Lynn R. Smith</b> State Representative Georgia House District 70	 <b>Angelene M. Vinson, BS</b> Owner, Operations Manager AA&G Group Home, LLC

TECHNOLOGY

# Rivian Issues Recall For Trucks, SUVs

### Campaign comes as company's cash burn accelerates and its net losses continue

By SEAN McLAIN

Rivian Automotive Inc.'s continued troubles on the manufacturing floor led it to report mixed quarterly results in the fourth quarter and a new safety recall as pressure mounts for EV startup to prove it can overcome its initial growing pains.

On Tuesday, Rivian said it was recalling 12,716 vehicles to fix a faulty sensor in the front passenger seat, its second major recall in less than six months. The recall covers nearly 89% of the vehicles it produced through September, after which it fixed the problem on subsequently built sport-utility vehicles and trucks.

The car maker said it was unaware of any accidents or injuries related to the issue.

The Irvine, Calif., automotive startup also released fi-

nanacial results Tuesday, reporting a net loss of \$1.72 billion for the fourth quarter, compared with \$2.46 billion in the year-ago period.

The startup its per-share loss was \$1.87. That was narrower than the loss of \$2.06 a share analysts had expected, according to FactSet.

Rivian depleted its cash reserves at a faster rate than in previous quarters, reporting that it had \$11.6 billion in cash and cash equivalents as of Dec. 31, about \$2.2 billion less than at the end of the previous three-month period.

The startup also fell short of Wall Street's expectations on revenue, reporting sales of \$663 million for the October-December period.

Rivian shares fell 9.5% in after hours trading.

The auto industry is confronting rising interest rates that threaten to soften demand for new cars and trucks. Rivian took an additional hit this past year when the U.S. changed the rules on federal tax credits for EV purchases, setting both local manufacturing requirements and price

caps on qualifying vehicles. As a result, many Rivian customers do not qualify for the tax credit.

"What we're seeing in terms of interest rates is, across the industry, having an impact on moderating demand," said Rivian Chief Executive RJ Scaringe. The company no longer reports how many reservations it has for its vehicles, but Mr. Scaringe said the backlog of orders will last until 2024. The company reported it had 114,000 reservation holders in September.

For this year, Rivian said it aimed to produce 50,000 vehicles this year, below what several analysts had predicted ahead of earnings. In a note to clients sent to clients last week, Wells Fargo analyst Colin Langan reduced its production expectations from 79,000 to 63,000 to reflect production halts during the current quarter as Rivian prepares to produce vehicles with a new battery and electric motor.

Rivian said production this year would be hit by supply-chain issues and planned factory shutdowns to boost ca-

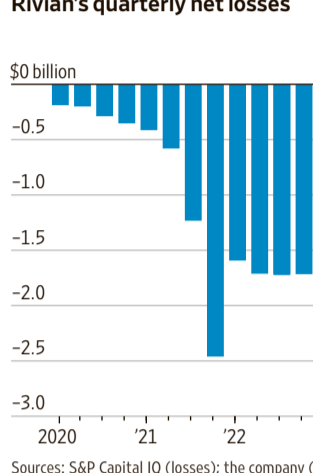


The recall covers nearly 89% of the vehicles Rivian has produced through September of last year.

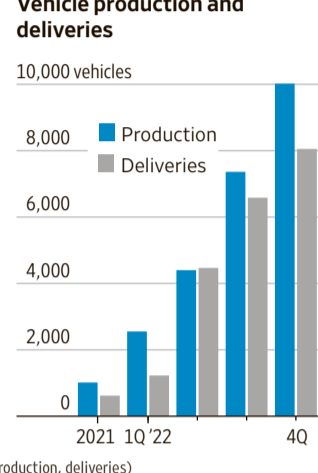
capacity for consumer vehicles at its plant in Normal, Ill.

The company produces pickup trucks and SUVs in one half of the factory and commercial vans in the other half. While the plant has the potential to produce as many as 150,000 vehicles a year, Rivian said it could make only 65,000 R1T pickups or R1S SUVs.

Rivian's quarterly net losses



Vehicle production and deliveries



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# Tesla to Build a Monterrey Plant, Mexican Official Says

By ANTHONY HARRUP

Electric-car maker Tesla Inc. plans to build a plant in the northern Mexican industrial hub of Monterrey, President Andrés Manuel López Obrador said Tuesday.

Mr. López Obrador, who spoke several times in recent days with Tesla Chief Executive Elon Musk, added at his morning news conference that details of the investment would be made known on Wednesday. "This will mean a considerable investment, and many jobs," he said.

Mr. López Obrador said Tesla agreed to a series of commitments to address water-shortage problems in Monterrey, including the use of recycled water in the manufacture of electric vehicles.

"They are going to help," he said.

Tesla didn't respond to a request for comment.

Mr. López Obrador had thrown into question the possibility of the electric-car maker building a plant in Monterrey, arguing the city suffers water shortages be-

cause of its rapid urban growth in recent years. His administration had hoped to persuade Tesla to build elsewhere in Mexico, in central Hidalgo state close to the new Mexico City airport, or in the southeast of the country.

Growing demand for electric vehicles has set off a frenzy in the U.S. for building new car plants, with foreign-owned car companies targeting the U.S. for expansion and EV startups building out their manufacturing capabilities.

Mr. Musk said last year that the electric-vehicle maker

would likely need about a dozen factories to reach its goal of selling 20 million vehicles annually by 2030. Tesla produced over 1.3 million vehicles last year and has been steadily adding production capacity at its plants in the U.S., China and Germany.

The car maker said in January it would spend more than \$3.6 billion to expand its plant near Reno, Nev., where it assembles batteries and produces car parts. Tesla also filed paperwork for a potential \$775 million expansion at its electric-vehicle plant near

Austin, Texas.

Mexico, the world's seventh-largest auto maker and fifth-largest exporter of cars and light trucks, has stepped up its efforts to advance production of electric vehicles. Vehicles and auto parts account for around 3.5% of Mexico's gross domestic product and a third of its manufactured goods exports.

German luxury car maker BMW AG said in early February that it is investing €800 million, equivalent to about \$848 million, to produce fully electric cars at its plant in the

Mexican state of San Luis Potosí.

The shift toward electric vehicles was among topics at January's North American Leaders Summit.

Mexico has starting seeing the benefits of companies moving production and supplies closer to the U.S. market in a trend known as nearshoring, which gathered pace after the global supply-chain disruptions suffered by manufacturers during the Covid pandemic.

—Rebecca Elliott contributed to this article.



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MEDIA

BAE Fighter Drone Can Take Off Vertically EU Limits Charges Vs. Apple

By MIKE CHERNEY

AVALON, Australia—BAE Systems PLC unveiled a design for a large drone that can take off vertically and fly alongside manned helicopters, the latest bet on autonomous warfare as countries seek to upgrade their militaries.

The new system, called Strix, aims to be affordable and easy to deploy, while still offering substantial range and firepower. A video animation played by BAE at the Avalon Airshow in Australia, where it announced the new aircraft and displayed a model, showed Strix taking off from the back of boats. Another video showed the drone, with wings folded, being stored in a shipping container and then driven away on a truck.

Unmanned aerial systems have become a key focus for militaries worldwide, as a force multiplier and a way to project power over long ranges while minimizing human losses. But many of those drones, such as Turkey's Bayraktar TB2 drone that has been used effectively by



MIKE CHERNEY/THE WALL STREET JOURNAL

The drone has a range of nearly 500 miles with a 350-pound payload.

Ukraine, and the longer-range MQ-9 Reaper operated by the U.S., require runways to take off and land.

"The unique capability of Strix is that it combines all the benefits of helicopters in terms of vertical takeoff and landing, but with the speed, range and payload characteristics of conventional aircraft," said Ben Hudson, the chief executive of BAE Systems Australia, the BAE unit that designed the drone.

The conflict between Ukraine and Russia has illustrated how lightweight and precise weaponry can lead to successes on the battlefield. At the center of this shift are weapons that are highly mobile, meaning that they can be loaded and launched from vehicles that are able to move before an enemy can fix upon their location. Such weapons offer an alternative to traditional artillery, which can be cumbersome to move and re-

quires significant logistical support.

BAE said the drone, which has a range of nearly 500 miles with a 350-pound payload, could be used for a variety of missions, including an air-to-ground strike against a hostile target, surveillance and reconnaissance, and as a wingman for manned helicopters.

Mr. Hudson said the drone could fly alongside manned helicopters but then accelerate as it enters an area of operations—thus drawing fire away from the helicopters. He said the target customer for the system would be armies and navies, rather than air forces.

Many drones of this caliber require large runways and lots of support infrastructure, Mr. Hudson said. "With our vertical takeoff and landing, none of that's required anymore, so we can get close to the front line and provide intimate support to troops on the battlefield," he said.

Australia, a key ally for the U.S., has been interested in other long-range unmanned platforms, and Australian officials have stressed the need

for its military to be able to hold potential adversaries far from its shores as strategic competition between the U.S. and China increases. BAE has also worked with Boeing Co. on the fixed-wing MQ-28 Ghost Bat, which was designed and built in Australia and is aimed at flying autonomously and operating alongside jet fighters.

Whether BAE's Strix will ever enter military service remains uncertain. BAE said it is still working on a prototype of the drone, though it could be operational by 2026. Mr. Hudson said two international customers had expressed interest in the system so far, though the company didn't say if there had been any firm commitments from Australia or other countries. The drone, co-developed with Perth-based Inovaero, would be manufactured in Australia.

With air defenses more able to take out conventional aircraft, Mr. Hudson said militaries are more interested in affordable, unmanned systems that won't stretch the budget if they are shot down.

EU Limits Charges Vs. Apple

By KIM MACKRAEL

The European Union sent a revised charge sheet to Apple Inc., narrowing the scope of its allegations that the company abused its position in the market for distributing music-streaming apps.

The European Commission, the bloc's antitrust watchdog, said Tuesday its concerns now focus on contractual restrictions that Apple imposed on app developers, which the commission said prevented them from informing iPhone and iPad users about other ways to subscribe to music-streaming services.

The regulator said it no longer takes a position on Apple imposing its own in-app payment technology on streaming app developers, dropping earlier allegations as part of an antitrust action announced nearly two years ago. Apple said it was pleased the commission had narrowed its case.

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# THE PROPERTY REPORT

# Pimco Saddled With \$1.7 Billion Default

Columbia Property Trust feels the fallout of rising interest rates in office real estate

By Peter Grant and Konrad Putzier

In 2021, the asset-management firm known as Pimco banked on an office-market comeback. Interest rates were near historic lows and the economy was humming. Cities were expecting a surge in newly vaccinated workers returning to the office.

In September of that year, Pacific Investment Management Co. said it was acquiring Columbia Property Trust Inc., which owned 19 office buildings in New York, San Francisco, Washington, D.C., and other cities. The deal valued Columbia at \$3.9 billion.

Columbia has now defaulted on more than \$1.7 billion of debt backed by seven of its buildings, according to people familiar with the matter, which makes it one of the biggest office defaults during the pandemic period.

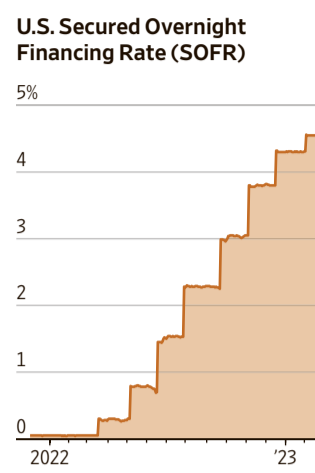
The company suffered from the rise in borrowing costs and plateauing return-to-office rates in big cities. But Columbia also faced unusual circumstances, such as when Twitter Inc. stopped making rent payments in New York and San Francisco, say people familiar with the matter.

The default marks the latest sign that a meltdown is unfolding in the office market as more high-profile landlords default on debt or engage lenders in restructuring discussions.

High interest rates and the glut of vacant space aggravated by remote and hybrid-work strategies are threatening to send shock waves through the economy while upending one of the mainstay investments of the commercial property world.



Columbia was stung by a plateau in return-to-office rates and Twitter's nonpayment of rent in San Francisco, above, and New York.



annual cash flow at the time the loan was issued, according to the documents. And the interest rate could rise even higher at the end of 2023, when a derivative contract Columbia bought to cap the rate at around 6% expires, according to the documents. The occupancy rate of the portfolio, meanwhile, dropped to 84% as of Dec. 31, according to people familiar with the matter.

Columbia also started having trouble with the biggest tenant in the portfolio: Twitter, which leases most of one of the company's Manhattan buildings and a small space in a San Francisco building. In late December, an affiliate of Columbia sued Twitter for \$136,260 in unpaid rent at the San Francisco office, according to court records. Twitter didn't respond to requests for comment.

With the debt in default, Pimco's choices include giving up the buildings to creditors or reaching a deal with creditors to restructure the debt. Relief might also come if the office market strengthens greatly or interest rates fall. But neither seems likely very soon. The Federal Reserve's preferred inflation gauge rose 5.4% in January, which could prompt the Fed to raise rates further.

"We, like most office owners, are addressing the unique and unprecedented challenges currently facing our asset class and customer base. We have engaged with our lenders on a restructuring of our loan on seven properties within our larger national portfolio," said a Columbia spokeswoman.

Pimco, a unit of German insurer Allianz SE, was one of the most active buyers of commercial real estate during the pandemic. The firm, which had \$1.74 trillion of assets under management as of Dec. 31, was buying office, hotels and other property types that offered higher yields than investment-grade corporate bonds.

The Columbia sale coincided

with signs of a rebound. Government stimulus checks, low interest rates and hiring by technology companies stoked the economy. In the summer of 2021, when the deal was negotiated, companies were telling employees who had been working at home since the pandemic hit to return to offices after Labor Day. But by the time the acquisition was complete, the Delta variant of Covid-19 had dashed hopes of a robust post-Labor Day return to office.

Even with the job growth of the past two years, vacancy has soared as businesses have adopted hybrid and remote workplace strategies.

Pimco's acquisition of Columbia also turned out to be a

bad call on interest rates. Instead of taking out a fixed-rate mortgage, the company in December 2021 took out a roughly \$1.7 billion floating-rate loan backed by seven of the office buildings. Floating-rate loans tend to be cheaper and make it easier to sell property, brokers say, but come with the risk of a sudden rise in debt payments.

On top of the senior debt, Columbia put a \$125 million mezzanine loan on the seven buildings, according to bond documents. The total \$1.842 billion of debt on the portfolio was equal to about 81% of the buildings' appraised value, the documents said, a steep loan-to-value ratio compared with other office building deals in

recent years. At the time, the risk didn't look unreasonable. Most investors expected rates to remain low, and the yield on 10-year Treasury notes hovered around 1.5%. The floating interest rate on the debt was around 3% at the time of the deal. The seven buildings were 87% leased to blue-chip tenants including Verizon Communications Inc., Snap Inc. and Twitter, according to people familiar with the matter. In 2022, interest rates started rising amid persistent inflation, pushing up the portfolio's debt cost to around 6% today. At that interest rate, annual debt payments are higher than the buildings' most recent

# New Home Sales in China Pick Up After Long Slump

By Cao Li

New home sales at China's largest property developers rose on a yearly basis in February after a long downturn, as the country's reopening and lower mortgage rates helped draw home buyers back to its moribund housing market.

Monthly sales at the country's top 100 real-estate developers increased 14.9% from February 2022 to the equivalent of \$66.5 billion, according to private data released Tuesday by China Real Estate Information Corp., which tracks the industry. It was the first time this measure of sales grew annually since the sector began slumping in July 2021, when China Evergrande Group began to struggle with liquidity problems.

China's property sector, a major engine for the world's second-largest economy, has been mired in a long slump that followed a government campaign to curb excessive borrowing by developers. The deleveraging push caused Evergrande and dozens of its peers to run short of cash and

default on their international debt, leaving investors with huge losses, contractors and suppliers with unpaid bills and many homeowners with unfinished and undelivered homes.

In November 2022, after monthly new home sales declined in double-digit percentage terms for more than a year, Chinese authorities dialed back some of their property-sector curbs. State-owned commercial banks began showing stronger developers with credit, immediately alleviating their financial pressures and giving potential home buyers confidence that the companies would be able to finish building apartments they presold.

The Chinese government, on central and local levels, rolled out measures to encourage people to buy homes. Many cities scrapped restrictions on how many properties each person can purchase and how much a homeowner can borrow.

Chinese commercial banks also lowered benchmark lending rates that mortgages are pegged to, taking the country's average mortgage rate to its lowest since 2019. The average



China's housing market—a major growth engine for the world's second-largest economy—is showing signs of bottoming out.

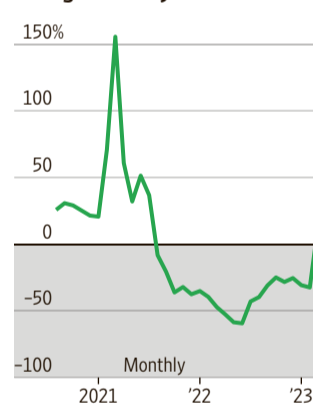
mortgage rate for first-time home buyers is currently 4.04%, according to Beike Research Institute.

The new-home-sales growth in February was partly because of a low comparison base. Last year's Lunar New Year holiday, which is usually a slower period for home sales, took place in February. Later that month, Covid-19 infections started to pick up across China, and restrictions on movement were

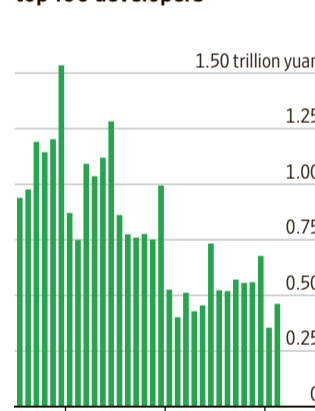
applied in some cities that limit people's ability to visit properties and showrooms.

Still, the year-over-year increase was noteworthy and signaled that China's housing market could be starting to bottom out. There have been other signs of a nascent recovery; Country Garden Holdings Co., a large private developer, is planning to buy residential land in government auctions again after a long hi-

Total sales at China's 100 largest residential developers, change from a year earlier



Monthly sales at China's top 100 developers



When the broader housing market will recover remains uncertain, said Song Hongwei, a research director at Tongce Research Institute, which tracks and analyzes China's real-estate market. Developers have been acquiring far less land, and consumer confidence hasn't yet returned, he notes. "Our forecast is that the market won't touch bottom and rebound until the second half of this year," said Mr. Song.

# Amazon Workers Get Perk

Continued from page B1

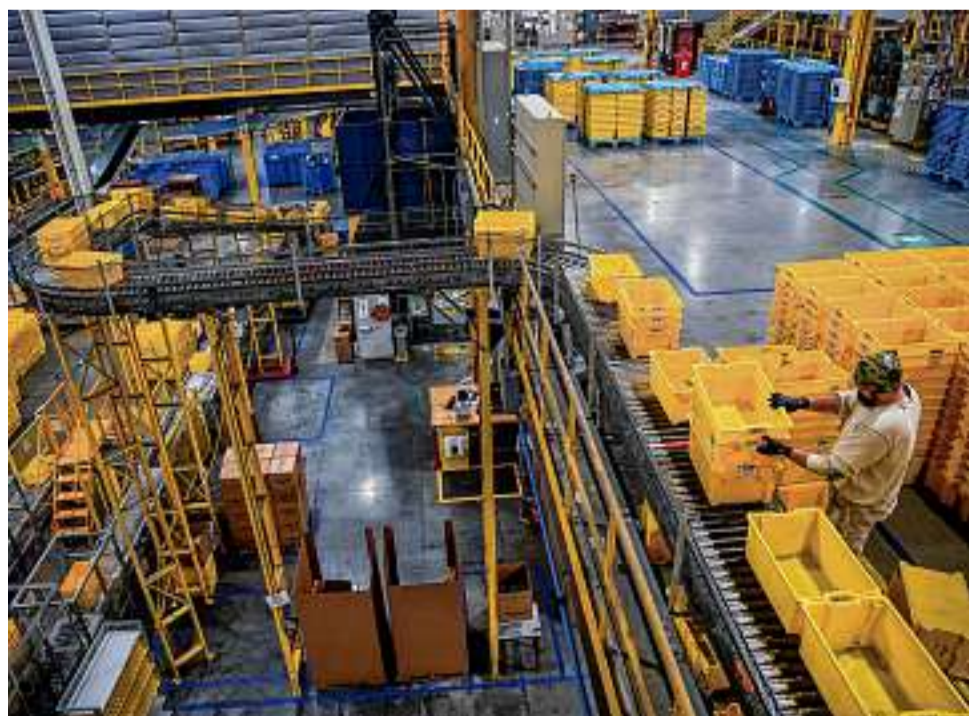
peers, and tried to make up the difference with restricted stock units—shares given to employees that vest over several years.

The longer employees stay with Amazon, the more their compensation can depend on these stock awards, with shares making up more than half of total income for some executives.

Last year, amid a tight labor market and a slumping stock price, Amazon raised the cap for the cash component of salaries to \$350,000 from \$160,000.

The stock-based compensation was predicated on the assumption that Amazon's stock would rise at least 15% each year, a mark it had been beating until recently.

But over the past year, Am-



Better.com's Equity Unlocker will let Amazon staff pledge stock for home loans for down payments.

azon's share price is down more than 35%, dropping compensation below internal targets, The Wall Street Journal has reported.

As a result, Amazon is guid-

ing its employees to "think like owners" and hold the stock longer to experience an increase in the price, according to statements from spokespeople and training

documents viewed by the Journal.

The Better.com arrangement is similar to a service that banks offer high-net-worth clients, issuing loans

backed by their portfolios of stocks and bonds. Such securities-backed loans can be risky for the banks when asset prices fall sharply.

The partnership between Amazon and Better.com would allow Amazon employees to hold stock longer if they want to wait for the price to recover, while still participating in buying a home.

"Any company that wants to maintain an RSU-centric strategy is going to have to be creative about figuring out ways that the RSUs can be valuable to employees when those employees don't want to sell them when stock prices are going down," Better.com's Mr. Garg said, referring to restricted stock units.

An Amazon spokesman said the new service aligns with Amazon's benefits program that seeks to care for the financial wellness, mental wellness and physical wellness of its employees.

The program, which launched Tuesday in states including Washington, New York and Florida, will also be available to laid-off Amazon employees who still retain re-

stricted stock units. Over the past few months, Amazon has laid off around 18,000 employees, joining other tech companies in cutting the workforce to reduce costs as demand weakens.

Better.com is a customer of Amazon's cloud-computing business, Amazon Web Services. The company pitched the partnership to Amazon's innovation team as a result of that relationship, said Mr. Garg. He hopes to work with other companies with Better.com's Equity Unlocker product.

Better.com was launched in 2014. The company benefited from the boom in housing prices and wave of mortgage refinancing that accompanied the pandemic and low interest rates.

It has since been rocked by the rise in interest rates and resulting sharp pullback in refinancings, as well as a controversy when Mr. Garg laid off 900 workers via a Zoom call in late 2021.

He apologized for his handling of the layoffs. The company has since cut thousands more jobs.



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BUSINESS NEWS

# Dish Network Reports Cyber Breach

Company is trying to determine whether personal information was affected

By WILL FEUER

Dish Network Corp. said Tuesday it was hit by a cybersecurity incident and that certain data was taken from internal systems.

The company said in a securities filing it was working to determine whether personal information was affected. The company has notified law-enforcement authorities and is working with third-party experts and advisers to investigate the incident.

Last week, company executives said on a conference call to discuss the quarterly results that Dish had experienced a network outage that affected internal servers and IT telephony.

## The company has notified law-enforcement authorities.

The company said its Sling TV service and its wireless and data networks are still operational, but internal communications, customer call centers and some websites have been affected.

On Tuesday, Dish's website had a notice that it was facing problems. "We are experiencing a system issue that our teams are working hard to resolve," the notice read.

Separately, Bank of America analysts on Tuesday downgraded Dish shares to underperform from buy, saying that opportunities for the company to leverage its growing 5G wireless infrastructure could be fading. They said that established players are chasing the same partnerships that Dish would need for its 5G network once it is at scale.

"Imagine you built a better mousetrap, but there were no mice," the analysts wrote in a research note. "A once-exciting and seemingly-clear set of opportunities to leverage its 5G wireless infrastructure now feels further away, in our view."

Dish shares fell 6.5% on Tuesday to \$11.41. They are down by nearly two-thirds over the past 12 months.

# Axel Springer to Shift Focus to U.S. Market

By BOJAN PANCEVSKI

BERLIN—The German owner of Politico and other U.S. outlets announced a restructuring of its domestic operation, floated potential disposals and unveiled plans for a new headquarters in New York City as it shifts its focus to the U.S.

Axel Springer SE, one of Europe's largest news organizations and the only one with a major U.S. presence, said it would slim down its corporate structure in Germany and phase out the print editions of its publications as it seeks to become a leading digital-only publisher.

The company aims to boost earnings in its German media business by around 100 million euros, equivalent to \$106.1 million, in part through cost cuts over the next three years, Chief Executive Matthias Döpfner said.

The cuts will mainly affect the company's German dailies Bild—Europe's biggest-selling



The publisher of Bild plans to phase out its print operations.

tabloid—and Welt. Springer will focus on developing its U.S. assets, which include Washington politics portal Politico, general news outlet Insider and business-focused website Morning Brew, Mr. Döpfner said in an interview.

Mr. Döpfner said that the print editions of the company's newspapers would be phased

out in the coming years and that artificial intelligence will replace humans for some news coverage. Journalists will focus on scoops, investigations and long-form features.

He said media companies must take ChatGPT, the popular language module that can generate well-written—though often factually inaccurate—es-

says, and other AI developments seriously as a challenge to their business.

"Only those who create the best original content will survive, and the only way forward is to invest in original journalism," Mr. Döpfner said.

Springer has acquired several U.S. businesses in recent years and the company's U.S. expansion could include another major acquisition, Mr. Döpfner said, "if a super-brand with extremely big journalistic quality and proven digital strategy were to come to market."

The expected job cuts in Germany will hit middle management and supporting functions such as layout and production, but some journalists could also be affected, according to the company. Employees will initially be offered buyouts, but layoffs can't be ruled out, Mr. Döpfner said.

Mr. Döpfner wants to keep expanding Springer's U.S. presence and plans to make Politico the company's global

flagship publication, with the goal of ultimately overtaking the New York Times and The Wall Street Journal in audience numbers and advertising revenue.

Springer is now setting up a new American headquarters in New York's SoHo district, in a futuristic building designed by award-winning Japanese architect Toshiko Mori, Mr. Döpfner said.

"The biggest growth chances for our digital assets are in the U.S.—the biggest media market and largest democratic market in the world," he said.

Politico is expanding in the U.S., notably in California, and in parts of Europe such as France and Britain. In just over a year, the group hired 400 journalists across its U.S. newsrooms, and it will continue to hire in the coming years, Mr. Döpfner said.

—Alexandra Bruell in New York contributed to this article.

# China Data Law Strains Multinationals

By RAFFAELE HUANG

SINGAPORE—Multinational companies doing business in China raced to submit their data practices for Beijing's review ahead of a Wednesday deadline as the country seeks to identify national security and cybersecurity risks from the increasingly global flow of data.

In September, Beijing gave companies operating in China six months to seek approval before allowing some locally-generated data to be exported outside its borders, part of a broader tightening of data security as geopolitical tensions rise between China and the West.

That mandate set off a costly rush among companies to scrutinize their data-handling methods.

Beijing's internet regulator said last week that 48 foreign and domestic entities, including Amazon.com Inc., JPMorgan Chase & Co. and Volkswagen AG, have filed for government reviews. Some 140 companies including Apple Inc. and Siemens AG were preparing documents, the agency said.

JPMorgan declined to comment, while the others didn't respond to requests for com-



Volkswagen is among 48 entities to have filed for Chinese government reviews as of last week.

ments.

Over the past six years, Beijing has built up a data-governance system to shore up controls over how it handles the increasing reams of information made available by technology, especially those that it considers critical to national security. The regulatory regime has increased compliance costs for businesses and is pushing more multinationals to store data locally and adjust business practices, legal experts say.

The country's main internet regulator, the Cyberspace Administration of China, didn't respond to a request to comment.

According to the September rule, "critical information infrastructure operators"—companies processing data for industries such as telecom, defense, energy and finance—must pass a security review by the internet regulator before they can transfer users' personal data abroad.

Entities that are required to go through such reviews also include those handling the data of one million people or more, as well as those that have been transferring personal data abroad of at least 100,000 people or sensitive personal information of 10,000 people or more.

The broad scope of the regulations means that whole industries, such as airlines and banks, both Chinese and foreign, are affected by the rules.

# Stellantis Weighs Expanding Ram Brand Outside U.S.

By RYAN FELTON

Global auto maker Stellantis NV is looking to expand its highly profitable Ram truck brand globally, bolstering its presence in overseas regions that are well outside its home

U.S. market, Chief Executive Carlos Tavares said on Tuesday.

Ram, a name well known in the U.S. for its brawny pickup trucks and commercial vans, has long concentrated its sales in North America.

Mr. Tavares said he sees potential for it to appeal to consumers in other regions.

"The potential to go global on Ram is very, very high, and you will have some news on that front very soon," Mr. Tavares told reporters during an

event in New York City.

He added that the opportunity is similar to the company's rollout of Jeep, an American SUV brand that was once mostly focused on the U.S. but has since expanded to Europe and Asia.

# DeSantis's Book Hits No. 1 on Amazon

By JEFFREY A. TRACHTENBERG AND ALEX LEARY

Ron DeSantis says he sees his record as Florida governor as a model for the rest of the country, in a new book that comes out ahead of a widely expected campaign for president in 2024.

His book, "The Courage to Be Free: Florida's Blueprint for America's Revival," which went on sale Tuesday, has already hit No. 1 on the Top 100 list of Amazon.com Inc.

"Florida has stood as an antidote to America's failed ruling class," Mr. DeSantis writes. He describes his battles against Covid-19 restrictions, corporations and the education system that "strike at the heart of what it means to be a Floridian and an American." He rails against the left but criticizes the Republican establishment as well, portraying himself as a common-sense leader.

Mr. DeSantis, 44 years old, has sustained plenty of political heat since first being elected as governor in 2018, a narrow victory followed by a blowout re-election in November.

But a presidential campaign, which people familiar with his plans expect him to announce after the Florida legislative session ends in May, would subject him to an unprecedented level of scrutiny.

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14 911 Carrera S Coupe PDK	Basalt Black/Black & Grey 22K mi CPO \$139,900
06 911 Carrera 4S Coupe Manual, 1 Owner	Black/Beige 7K mi \$99,900
06 911 Carrera S Coupe Manual	Guards Red/Black 29K mi \$64,900
05 911 GT3 Manual	Black/Black 11K mi \$155,900
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23 Cayenne S	Mahogany Metallic/Black & Mojave 1K mi \$109,900
22 Panamera GTS	Papaya Metallic/Black 7K mi \$149,900
22 Taycan 4S	Neptune Blue/Truffle Brown 6K mi \$134,900
21 Cayenne Turbo S	Jet Black/Truffle Brown & Cohiba 5K mi CPO \$169,900
21 Taycan 4 Cross Turismo	Black/Black 6K mi \$109,900
20 Cayenne Turbo Coupe	Quartzite/Red & Black 27K mi CPO \$124,900
<b>&gt; CAYMAN/BOXSTER</b>	
22 718 Cayman S PDK	Shark Blue/Black 2K mi CPO \$94,900
10 Cayman S PDK	Meteor Grey/Black 41K mi \$46,900
<b>&gt; SPECIALTY/EXOTICS</b>	
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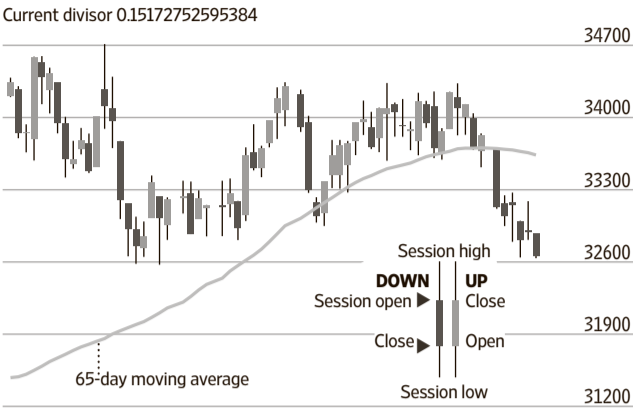
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

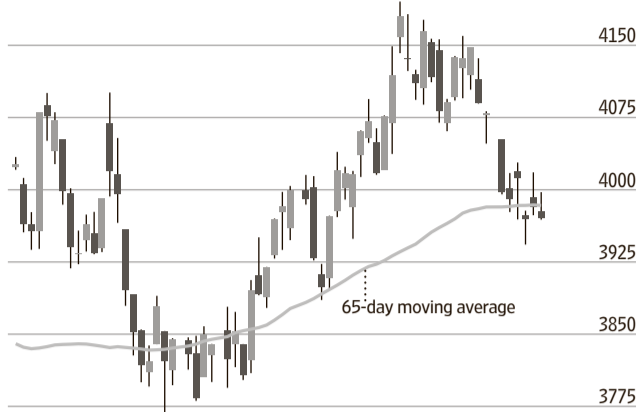
32656.70 ▼232.39, or 0.71%
High, low, open and close for each trading day of the past three months.



Current divisor 0.15172752595384
Bars measure the point change from session's open

S&P 500 Index

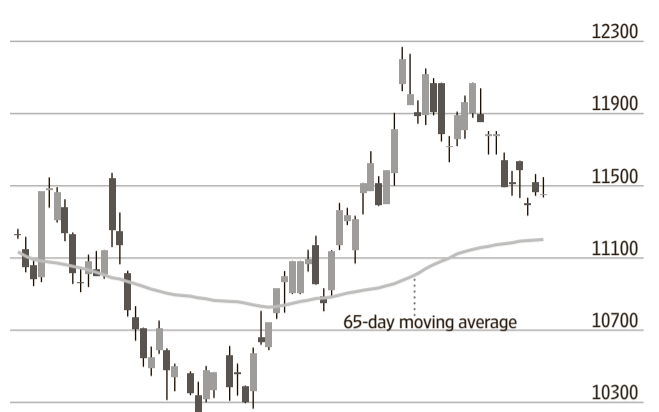
3970.15 ▼12.09, or 0.30%
High, low, open and close for each trading day of the past three months.



Current divisor 0.15172752595384
Bars measure the point change from session's open

Nasdaq Composite Index

11455.54 ▼11.44, or 0.10%
High, low, open and close for each trading day of the past three months.



Current divisor 0.15172752595384
Bars measure the point change from session's open

Major U.S. Stock-Market Indexes

Table with columns: Index Name, High, Low, Close, Net chg, % chg, 52-Week High, Low, % chg, YTD % chg, 3-yr. ann. % chg. Includes Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table of most-active issues in late trading with columns: Company, Symbol, Volume, Last, Net chg, After Hours % chg, High, Low.

Percentage gainers...

Table of percentage gainers with columns: Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Trading Diary

Volume, Advancers, Decliners

Table of trading diary statistics including 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 with columns: Region/Country, Index, Close, Net chg, Latest % chg, YTD % chg.

Percentage Gainers...

Table of percentage gainers with columns: Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Most Active Stocks

Table of most active stocks with columns: Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

Percentage Losers

Table of percentage losers with columns: Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Volume Movers

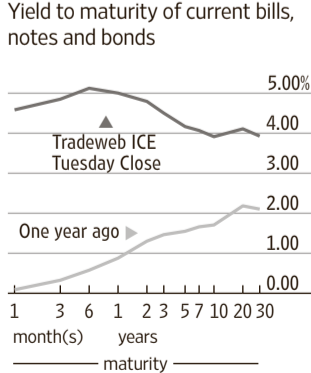
Table of volume movers with columns: Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Table of consumer rates and returns to investor including U.S. consumer rates, Selected rates, and Interest rate trends.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields with columns: Bond total return index, Close, Yield (%), 52-Week High, Low, Total Return (%).

CURRENCIES & COMMODITIES

Currencies

Table of currencies with columns: Country/currency, U.S. vs. In US\$, U.S. vs. YTD chg (%), U.S. vs. per US\$, U.S. vs. YTD chg (%).

Commodities

Table of commodities with columns: Commodity, Close, Tuesday Net chg, % Chg, High, 52-Week Low, % Chg, YTD % chg.

COMMODITIES

Futures Contracts

Table with columns: Metal & Petroleum Futures, Open, High, Low, Settle, Chg, Open interest. Includes Copper-High, Gold, Platinum, Silver, Crude Oil, NY Harbor ULS, Gasoline, Natural Gas, Agriculture Futures, Corn, Oats, Soybeans, Soybean Meal, Soybean Oil, Rough Rice.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Wheat, Wheat (CBT), Wheat (KC), Cattle-Feeder, Cattle-Live, Hogs-Lean, Lumber, Milk, Cocoa, Coffee, Sugar-World, Sugar-Domestic, Cotton, Orange Juice, Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, 5 Yr. Treasury Notes, 2 Yr. Treasury Notes, 30 Day Federal Funds, 10 Yr. Del. Int. Rate Swaps.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Three-Month SOFR, Euro, Eurodollar, Japanese Yen, Canadian Dollar, British Pound, Swiss Franc, Australian Dollar, Mexican Peso, Currency Futures.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Index Futures, Mini DJ Industrial Average, Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 2000, Mini Russell 1000, U.S. Dollar Index.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table with columns: Total return, YTD total return, Index, Yield, Total return, YTD total return, Index, Yield. Includes Broad Market, U.S. Corporate Indexes, Mortgage-Backed, U.S. Agency, Global Government.

Table with columns: Agriculture Futures, Corn, Oats, Soybeans, Soybean Meal, Soybean Oil, Rough Rice.

Table with columns: Interest Rate Futures, Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, 5 Yr. Treasury Notes, 2 Yr. Treasury Notes, 30 Day Federal Funds, 10 Yr. Del. Int. Rate Swaps.

Cash Prices | wsj.com/market-data/commodities

Tuesday, February 28, 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.

Table with columns: Tuesday, Tuesday, Tuesday. Includes Energy, Metals, 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,Tordella & 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=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. \*Data as of 2/27

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

February 28, 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.

Table with columns: Inflation, U.S. consumer price index, Core, International rates, Prime rates, Policy Rates, Overnight repurchase, U.S. government rates, Discount.

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Table with columns: Largest 100 exchange-traded funds, latest session, Tuesday, February 28, 2023, Symbol, Price, Chg, YTD, ETF, Symbol, Closing Price, Chg, YTD.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table with columns: Total return, YTD total return, Index, Yield, Total return, YTD total return, Index, Yield. Includes Broad Market, U.S. Corporate Indexes, Mortgage-Backed, U.S. Agency, Global Government.

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

Table with columns: Coupon, Maturity, Country, Latest, Yield, Previous, Month ago, Year ago, Spread Under/Over U.S. Treasuries, Latest, Prev, Year ago.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table with columns: Issuer, Symbol, Coupon, Yield, Maturity, Spread, Current, One-day change, Last week.

...And spreads that widened the most

Table with columns: Issuer, Symbol, Coupon, Yield, Maturity, Spread, Current, One-day change, Last week.

High-yield issues with the biggest price increases...

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

Table with columns: Issuer, Symbol, Coupon, Yield, Maturity, Bond Price as % of face value, Current, One-day change, Last week.

\*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities.

Footnotes:
New 52-week high.
New 52-week low.
dd-Indicates loss in the most recent four quarters.

Stock Stock Stock Stock Stock
SYM Close Chg SYM Close Chg SYM Close Chg SYM Close Chg SYM Close Chg

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Temporary exemption from Nasdaq requirements.

NYSE bankruptcy.

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 trading day.

Table with columns: Stock, SYM, Close, Chg. Includes ABB, ADT, AECOM, AES, AFAC, etc.

Table with columns: Stock, SYM, Close, Chg. Includes BoozAllen, BorgWarner, BostonPros, etc.

Table with columns: Stock, SYM, Close, Chg. Includes MidAmApt, Middleby, RoperTech, etc.

Table with columns: Stock, SYM, Close, Chg. Includes ABB, ADT, AECOM, AES, AFAC, etc.

Table with columns: Stock, SYM, Close, Chg. Includes BoozAllen, BorgWarner, BostonPros, etc.

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Table with columns: Stock, SYM, Close, Chg. Includes BoozAllen, BorgWarner, BostonPros, etc.

Table with columns: Stock, SYM, Close, Chg. Includes MidAmApt, Middleby, RoperTech, etc.

Table with columns: Stock, SYM, Close, Chg. Includes ROKU, ROL, ROP, etc.

Table with columns: Stock, SYM, Close, Chg. Includes Verizon, VetrusPharm, Vertis, etc.

W X Y Z

WEC Energy, WEX, WFP, Wabtec, etc.

Table with columns: Stock, SYM, Close, Chg. Includes Heico, HewlettPackard, Hilton, etc.

Table with columns: Stock, SYM, Close, Chg. Includes WasteMgt, Waters, Watsco, etc.

Table with columns: Stock, SYM, Close, Chg. Includes Heico, HewlettPackard, Hilton, etc.

Table with columns: Stock, SYM, Close, Chg. Includes WasteMgt, Waters, Watsco, etc.

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Table with columns: Stock, SYM, Close, Chg. Includes WasteMgt, Waters, Watsco, etc.

Table with columns: Stock, SYM, Close, Chg. Includes Heico, HewlettPackard, Hilton, etc.

Table with columns: Stock, SYM, Close, Chg. Includes WasteMgt, Waters, Watsco, etc.

Table with columns: Stock, SYM, Close, Chg. Includes WoodsideEnergy, WoorFin, WDF, etc.

W X Y Z

WEC Energy, WEX, WFP, Wabtec, etc.

Table with columns: Stock, SYM, Close, Chg. Includes Heico, HewlettPackard, Hilton, etc.

Table with columns: Stock, SYM, Close, Chg. Includes Heico, HewlettPackard, Hilton, etc.

Table with columns: Stock, SYM, Close, Chg. Includes Heico, HewlettPackard, Hilton, etc.

Table with columns: Stock, SYM, Close, Chg. Includes Heico, HewlettPackard, Hilton, etc.

Table with columns: Stock, SYM, Close, Chg. Includes Heico, HewlettPackard, Hilton, etc.

Table with columns: Stock, SYM, Close, Chg. Includes Heico, HewlettPackard, Hilton, etc.

Dividend Changes

Table with columns: Company, Symbol, Yld%, Amount New/Old, Frq, Payable/Record. Includes Fed Agr Mtrg Cl A, Fed Agr Mtrg Cl C, etc.

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S21: stock split and ratio; SO: spin-off.

BANKRATE.COM MMA, Savings and CDs

Average Yields of Major Banks

Table with columns: Type, MMA, 1-MO, 2-MO, 3-MO, 6-MO, 1-YR, 2-YR, 25YR, 5YR. Includes National average, Savings, etc.

Consumer Savings Rates

Below are the top federally insured offers available nationwide according to Bankrate.com's weekly survey of highest yields. For rates offers and reviews of these financial institutions, please visit bankrate.com/banking/reviews. Information is believed to be reliable, but not guaranteed.

High yield savings

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, etc.

Money market and savings account

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, etc.

One-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, etc.

Two-year CD

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, etc.

Three-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, etc.

High yield jumbos - Minimum is \$100,000

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, etc.

Money market and savings account

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, etc.

One-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, etc.

Two-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, etc.

Three-month CD

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Money market and savings account

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One-month CD

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Two-month CD

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Three-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, etc.

Money market and savings account

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, etc.

One-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, etc.

Two-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, etc.

Three-month CD

Table with columns: Bank, Phone number, Minimum, Yield (%). Includes UFB Direct, 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.

Source: Bankrate.com, a publication of Bankrate, Inc., Palm Beach Gardens, FL 33410. Internet: www.bankrate.com

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

e-Ex-Dividend; f-Previous day's quotation; g-Footnotes x and s apply; f-Footnotes x and s apply; k-Reallocated by Lipper, using updated data; p-Distribution checks apply.

12b-1-R-Redemption charge may apply; s-Stock split or dividend; f-Footnotes x and s apply; v-Footnotes x and e apply; x-Ex-dividend; f-Footnote x, y and s apply; NA-Not available due to incomplete price, performance or cost data; NE-Not released by Lipper; data under review; NN-Fund not tracked; NS-Fund didn't exist at start of period.

Table with columns: Fund, NAV, Chg % \$Ret, Fund, NAV, Chg % \$Ret, Fund, NAV, Chg % \$Ret, Fund, NAV, Chg % \$Ret. Includes American Century Int, American Funds Cl A, etc.

Table with columns: Fund, NAV, Chg % \$Ret, Fund, NAV, Chg % \$Ret, Fund, NAV, Chg % \$Ret, Fund, NAV, Chg % \$Ret. Includes Fidelity, Fidelity, Fidelity, Fidelity, etc.

Table with columns: Fund, NAV, Chg % \$Ret, Fund, NAV, Chg % \$Ret, Fund, NAV, Chg % \$Ret, Fund, NAV, Chg % \$Ret. Includes Fidelity, Fidelity, Fidelity, Fidelity, etc.

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Table with columns: Fund, NAV, Chg % \$Ret, Fund, NAV, Chg % \$Ret, Fund, NAV, Chg % \$Ret, Fund, NAV, Chg % \$Ret. Includes Fidelity, Fidelity, Fidelity, Fidelity, etc.

BANKING & FINANCE

SEC Scrutinizes Profit Metrics

Some companies are being questioned about adjustments that go beyond GAAP standard

By MARK MAURER

The Securities and Exchange Commission is expected to ask more companies to explain how they calculate performance measures that go beyond U.S. generally accepted accounting principles, a move to gauge whether these metrics could potentially mislead investors.

The U.S. securities regulator for years has monitored companies' use of so-called non-GAAP earnings measures in their financial statements, such as earnings before interest, taxes, depreciation and amortization, or Ebitda, and adjusted revenue. Such measures are commonly used and typically exclude abnormal, nonrecurring items.

The SEC in 2016 warned companies that non-GAAP measures that replace GAAP-

based methods with individually tailored disclosure could violate its rules. These activities include moving the timing of recognition of an expense or revenue from one period to another and depreciating operating leases instead of recording rent expenses.

In December, the regulator expanded the guidance with more details on what constitutes a possible violation. For example, companies that change their accounting for revenue or expenses from an accrual basis under GAAP to a cash basis might mislead investors, as the latter is an unofficial accounting practice, the SEC said.

Companies rely increasingly on these measures, often to present an overly optimistic picture of profitability, accounting researchers said. Executives usually say that focusing on core operating earnings is the most accurate way to depict financial performance to investors, but their approach may vary.

Investors might assume that non-GAAP measures represent a company's earnings minus abnormal, nonrecurring items and then be fooled when the measures mean something different, said Nick Guest, an assistant professor of accounting at Cornell University. "That's what the SEC doesn't want and why they're not allowing each company to come up with their own definition of a non-GAAP measure," Mr. Guest said.

The SEC in a series of recent letters to businesses focused on companies' presentations of non-GAAP metrics that seem tailored to the specific firm. It has asked many of them to make changes for future filings so that investors can adequately assess the business. The agency's corporate-finance division regularly sends letters to public companies to inquire about their disclosures or accounting practices tied to filings such as quarterly or annual reports.

Ride-hailing firm Lyft Inc., mattress maker Sleep Number

Corp., and media and education business Graham Holdings Co. were among the companies the SEC sent such letters to in exchanges the regulator made public in recent weeks.

SEC letters released in January and February showed a total of 20 companies were questioned about their compliance with Question 100.04, a section in its guidance focused on calculations of non-GAAP measures, according to MyLogIQ, a data provider. That is up from 11 companies in letters released in January and February 2022. SEC questions on the topic totaled 161 in 2022, down from 206 a year earlier and up from 124 two years earlier, MyLogIQ said.

That number will likely grow in the coming months due to the SEC's apparent focus and some companies' lack of awareness of the new guidance, accountants and academics said. The SEC typically makes correspondences public 20 business days after resolving matters, meaning inquiries



Mattress maker Sleep Number is among the companies that was queried by the SEC on its nonstandard accounting.

following the December guidance could be released starting in early spring, said Olga Usvyatsky, a former vice president of research at research firm Ideagen Audit Analytics and a Ph.D. accounting student at Boston College.

The SEC has long expressed concerns about companies placing too much emphasis on their non-GAAP disclosures compared with GAAP disclosures. But its scrutiny on non-GAAP calculations could push companies to overhaul how they compute measures of fi-

nancial performance. Changing how certain non-GAAP measures are calculated can be embarrassing and even costly for companies, accountants said. The SEC declined to comment.

In letters released recently, the SEC asked Lyft to explain how it considered agency rules in excluding insurance reserve costs, or funds allocated by a company for future insurance claims, in its adjusted Ebitda. The SEC also inquired about Sleep Number's use of a non-GAAP measure known as return on invested capital.

Investors Plan New Bank

Continued from page B1

The 16 institutions held just over \$5.2 billion in total assets, less than 0.03% of the assets at all FDIC-insured banking institutions and 1.6% of the assets at minority depository institutions tracked by the FDIC.

In the summer of 2020, after the murder of George Floyd at the hands of Minneapolis Police officers, companies such as Netflix Inc., PayPal Holdings Inc. and others made efforts to move capital to Black-owned banks as a way to counter the U.S. racial wealth gap.

Those efforts aligned with similar pushes from the likes of former Atlanta Mayor and United Nations Ambassador Andrew Young and hip-hop artist and activist Michael Render, known as Killer Mike; the MDI Keeper's Fund, sponsored by the National Bankers Association; Mr. Bell's Black Bank Fund; and the FDIC's Mission-Driven Bank Fund. Despite such efforts, there are fewer Black-owned banks and they hold fewer assets than they did at the start of 2020.

The racial wealth gap also remains stubbornly high. As of the second quarter of 2022, Black families had 25 cents for every dollar of white family wealth, on average, according to data from the St. Louis Fed. Mr. Bell, Dr. Bernice King and



Ashley Bell, ex-Trump administration adviser, will be chief executive of the new bank.

Mr. Jones came together over a shared belief that "racial and economic justice are inseparable twins," Mr. Bell said.

Black-owned banks flourished in the late 19th and early 20th century, according to a study by Lila Ammons, a Howard University African-American studies professor. They were often the only banks that would lend to people in Black neighborhoods.

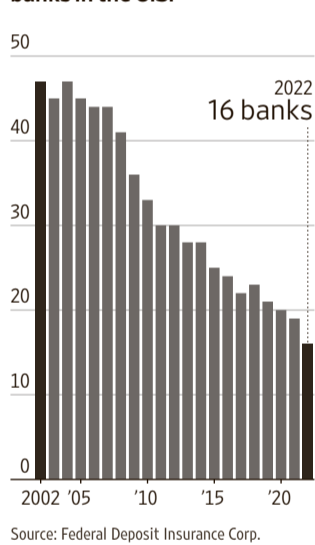
The decline of Black bank ownership has worried some analysts who argue the trend will expand what are known as financial deserts—communities with few or no banking institutions—and increase the likelihood of redlining, a discriminatory practice that excludes neighborhoods with large num-

bers of racial and ethnic minorities and low-income residents from financial services.

A study by the FDIC found that if all U.S. banks had behaved in a manner consistent with minority-owned banks through the 2008 global financial crisis, "at least 1.9 million more minority jobs would have been maintained and at least \$50 billion more in credit would have been available to small businesses on an annual basis."

Holladay Bank & Trust, with a branch in the suburbs of Salt Lake City, held roughly \$68 million in total assets and \$56 million in total deposits at the end of 2022. That would make the newly formed bank the fifth-smallest of the current Black-owned banks.

Number of Black-owned banks in the U.S.



Source: Federal Deposit Insurance Corp.

Investcorp Raises \$1.2 Billion for Fund

By MARIA ARMENTAL

Alternative assets manager Investcorp Holdings has closed on more than \$1.2 billion in commitments for its debut North America private-equity fund to make control investments in middle-market services businesses.

While Bahrain-based Investcorp has long backed North American midsize businesses, the new fund's structure lets the firm broaden its investor base and take on larger deals in the region, said Dave Tayeh, head of private equity for North America.

"Fundraising has gotten more challenging, for sure, given some of the allocation and the denominator effect

challenges that some institutional investors have," he said, referring to the misalignment of asset values and goals that can occur when prices of listed securities decline broadly. "It just took a little longer than we'd hoped, but we effectively got to our targeted amount."

Backers of the vehicle, Investcorp North American Private Equity Fund I LP, include Canadian investment manager Public Sector Pension Investment Board and Carlyle Group Inc.'s Alpinvest Partners, Mr. Tayeh said.

Investcorp initially followed a merchant banking approach and focused on deal-by-deal investments, linking wealthy families in the Middle East with opportunities outside the

region. Over time, the firm sought to expand its institutional investor base and by December it managed more than \$50 billion, according to a news release.

In 2016, Investcorp sold a 20% stake in itself to Abu Dhabi's Mubadala Investment Co. to support the "institutionalization" of its shareholder structure and improve its capital base.

In 2018, the firm began pursuing a strategy of making minority investments in midmarket-focused private fund managers. A year later, it acquired private-equity placement agent and advisory firm Mercury Capital Advisors.

The firm started raising money for its new North

American fund in the fall of 2020, said Mr. Tayeh, who works from the firm's New York office. Some of the fund's backers invested alongside Investcorp in recent years.

"Having an [investor] who's committed to your fund who also has the desire to co-invest allows us to upsized deals in a more effective, more consistent way," said Mr. Tayeh.

Investcorp has employed nearly half of the new fund across seven deals. Among the transactions are the acquisitions of technology services consulting firm Resultant LLC.

Typically, the fund looks for family- and founder-owned businesses with enterprise values from \$200 million to about \$1 billion, Mr. Tayeh said.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Table with columns for Stock, 52-Wk % High/Low, and % Change. Lists various stocks like AAO, AGN, AIG, etc.

Table with columns for Stock, 52-Wk % High/Low, and % Change. Lists various stocks like IngersollRand, InsightAcqA, etc.

Credit Suisse Group Faulted for Greensill

By MARGOT PATRICK

Credit Suisse Group AG failed in its duties as an asset manager and violated Swiss supervisory law in its operation of \$10 billion in investment funds with now-bankrupt financing partner Greensill Capital Management.

Switzerland's financial regulator, Finma, outlined a range of measures the bank must take to improve governance and comply with Swiss rules. It said it opened enforcement proceedings against four former Credit Suisse managers.

Finma doesn't have any powers to impose direct financial penalties or to prosecute companies. Its main enforcement tool is to require remedial work at deficient companies. It also can censure companies and individuals and impose bans, and it can order the disgorgement of illicit profit.

In this case, it didn't impose profit penalties on Credit Suisse. Finma previously directed Credit Suisse to hold additional capital against the matter.

The moves represent the culmination of Switzerland's regulatory actions against the bank over the Greensill implosion.

The end to Finma's work on Greensill without major penalties will provide some relief to Credit Suisse, but it comes at a critical juncture for the 166-year-old bank. Greensill's collapse in 2021 was followed two weeks later by Credit Suisse losing \$5 billion from the default of another client, Archegos Capital Management.

The two events precipitated the exit of many of the bank's top executives and triggered strategy changes that are still fluctuating. Credit Suisse's share price hit a low last week because of uncertainty about its future. Its latest restructuring plan includes spinning off its investment bank and cutting 9,000 jobs, but analysts fear that recent large outflows from customers will hinder a recovery.

A separate probe by Zurich's public prosecutor into the Greensill funds is continuing.

Credit Suisse said Finma's review reinforced many of its own findings and that it had made a raft of improvements.

Credit Suisse shares edged down around 1% on Tuesday.

Between 2017 and 2021, Credit Suisse joined with Greensill Capital to offer funds that invested in company supply-chain finance deals. Greensill made the loans to companies and then packaged them up into notes backed by the loan repayments and insurance protection against defaults. Credit Suisse's asset-management unit sold the notes as low-risk investments. Greensill abruptly went bankrupt two years ago when the insurance on the funds expired and couldn't be renewed.

Finma said Credit Suisse didn't fulfill its supervisory duties as an asset manager, and more broadly breached its supervisory duty to identify, limit and monitor risks in the relationship over years with Greensill. Credit Suisse also lent money to Greensill. The regulator said it found serious deficiencies in the bank's organizational structures that allowed the lapses.

Credit Suisse has said it didn't know until the last minute in February 2021 that Greensill's business was at risk and insurance on debtors in the funds was expiring, precipitating Greensill's bankruptcy. So far, Credit Suisse has recovered \$7.4 billion, or 74%, of the funds for investors. The matter hit the bank's revenue after it agreed to waive some fees for affected clients. Negative revenue from the waived fees was around \$94 million in 2022.

Last year, Credit Suisse said it could have averted the reputational damage and economic failure from Greensill if individual managers and employees had conducted themselves "more appropriately."



Lex Greensill in 2019

IAN TUTTLE/SHUTTERSTOCK

## MARKETS

# Stocks Closed February With Declines

10-year Treasurys see largest one-month yield rise since September

By Caitlin McCabe  
and Alexander Osipovich

Stock indexes dropped in a relatively quiet session, ending a down month on a disappointing note.

The Dow Jones Industrial Average slid 232.39 points, or 0.7%, to 32656.70. The S&P 500 tumbled 12.09 points, or 0.3%, to 3970.15, while the technology-focused Nasdaq Composite slipped 11.44 points, or 0.1%, to 11455.54.

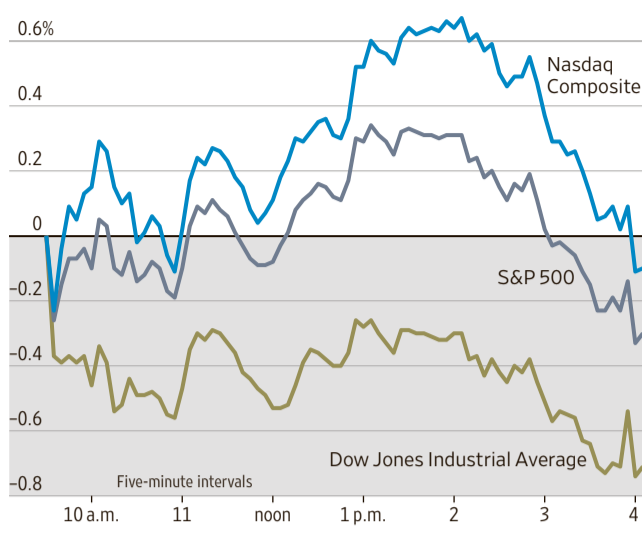
The indexes were in the red for the month of February, after charging higher to kick off 2023. The S&P 500 and Nasdaq Composite peaked for the year on Feb. 2.

But the gains unraveled as hotter-than-expected economic releases, including data on the labor market and consumer spending, spurred investors to reassess their expectations for inflation and monetary policy.

The Dow dropped 4.2% in February and is down 1.5% in 2023. The S&P 500 and Nasdaq declined 2.6% and 1.1%, respectively, for the month. They are hanging on to gains of 3.4% and 9.4% this year.

Derivatives markets show

Index performance Tuesday



Source: FactSet

traders now expect the Federal Reserve to lift interest rates well above 5% this year and then hold them there, as officials try to bring inflation under control.

Earlier this year, traders had anticipated the central bank would cut rates in 2023. That change spurred many investors to reshuffle their portfolios throughout February. Some investors pulled money out of equity funds and scooped up hedges to protect against a downturn.

"The growing realization through February was that actually the U.S. economy is not responding sufficiently to the Fed hikes" so far, said Seema Shah, chief global

strategist at Principal Asset Management. "And that has meant that the labor market has continued to tighten and that, as a result, inflation pressures are still hot and heavy and simply not likely to decelerate."

Ms. Shah added that while the Fed had early success in bringing year-over-year inflation down from its peak of 9.1% in June to 6.4% in January, the next leg lower may be a harder battle. She said she remains pessimistic about U.S. stocks.

Government-bond yields, meanwhile, rose in February, another sign of investors' shifting interest-rate expectations. Yields climb when bond



Shares of Zoom Video Communications gained 1.2%, boosted by higher sales in the fourth quarter.

prices fall.

In recent weeks, the yield on the benchmark 10-year U.S. Treasury note has advanced back toward 4%. On Tuesday, it traded at 3.914%, down from 3.921% Monday. Despite the daily decline, the one-month climb in the yield was the biggest since September.

The S&P CoreLogic Case-Shiller National Home Price Index showed U.S. home-price growth decelerated in 2022. Other data showed that consumer confidence declined in February, while a gauge of regional business activity fell further into contractionary territory.

Among individual stocks,

Target climbed \$1.69, or 1%, to \$168.50 after the retailer said its same-store sales rose 0.7% in its most recent quarter from a year earlier.

Shares of Zoom Video Communications gained 87 cents, or 1.2%, to \$74.59, boosted by higher sales in the fourth quarter and a stronger profit forecast than Wall Street expected. The video-conferencing company was a pandemic-era market darling whose shares have suffered over the past half-year as many Americans have returned to the office.

Front-month futures on Brent crude, the international benchmark for oil prices, rose 1.7% to \$83.89 a barrel.

Overseas, the pan-continental Stoxx Europe 600 fell 0.3%. Data showing that inflation accelerated in France and Spain sent European government bond yields higher, and investors raised bets that the European Central Bank will raise interest rates to a record later this year.

In February, Hong Kong's Hang Seng Index fell 9.4%, but Japan's Nikkei 225 and the Shanghai Composite finished the month in the black.

Early Wednesday, the Hang Seng was up 2.4%, the Shanghai Composite was up 0.5%, South Korea's Kospi was up 0.4% and the Nikkei was unchanged. S&P 500 futures fell 0.1%.

## Ex-FTX Official Enters Plea

Continued from page B1  
Alameda's finances, Mr. Singh withdrew about \$6 million from FTX for personal use, including the purchase of a house and charitable dona-

tions, the SEC alleged.

The SEC said that Mr. Singh had agreed to a settlement, subject to court approval, under which he would be barred from serving as an officer or director of a public company and pay a penalty, the size of which has yet to be determined. Similarly, the CFTC said Mr. Singh wasn't contesting its claims.

Mr. Singh's lawyers said that their client would do everything he could to make things right for FTX victims.

Mr. Singh's plea follows similar admissions in December by former Alameda Chief Executive Caroline Ellison and Gary Wang, FTX's former chief technology officer. Both pleaded guilty to fraud offenses and are cooperating with prosecutors.

Mr. Singh attended the same elite Silicon Valley prep school as Mr. Bankman-Fried and was close friends with his younger brother, Gabriel Bankman-Fried.

He joined Alameda in late

## Nishad Singh withdrew about \$6 million from FTX for personal use.

2017 and became one of the technical architects of FTX when the exchange launched in 2019.

As FTX was unraveling in November, Ms. Ellison told

Alameda employees that four executives knew about the diversion of customer funds: herself, Mr. Bankman-Fried, Mr. Singh and Mr. Wang, according to a lawsuit filed by the SEC in December and previous reporting by The Wall Street Journal.

Like Mr. Bankman-Fried, Mr. Singh used his crypto wealth to become a political megadonor, showering millions of dollars last year on candidates, political-action committees and branches of

the Democratic Party.

Last week's new indictment of Mr. Bankman-Fried, while not identifying Mr. Singh by name, alleged he took part in a straw-donor scheme to funnel money to left-leaning candidates and causes that Mr. Bankman-Fried didn't want connected to his own name. Another FTX executive backed conservative candidates as part of the scheme, aimed at winning influence in Washington, according to the indictment.

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