

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

**JPMorgan's Dimon** is leading discussions with the chiefs of other big banks about fresh efforts to stabilize First Republic Bank, which is facing intense pressure to reassure investors that it is viable. **A1**

◆ **Credit Suisse's** emergency merger with UBS will wipe out the bank's riskiest bonds, rattling investors in the quarter-trillion-dollar market for similar bank debt. **A1, B10**

◆ **Powell and his** Fed colleagues face a tough call this week on whether to raise rates again to fight stubbornly high inflation or take a timeout amid the most intense banking crisis since 2008. **A1**

◆ **U.S. stocks rose** on hopes for stability in the banking sector, with the S&P 500, Dow industrials and Nasdaq gaining 0.9%, 1.2% and 0.4%, respectively. **B1, B11**

◆ **Starbucks said** it handed the reins of the world's largest coffee chain to its incoming chief executive officer, Laxman Narashimhan. **B1**

◆ **Fleetcor struck** an agreement with activist shareholder D.E. Shaw to refresh the payments company's board and consider separating parts of its business. **B3**

◆ **China's top antigrift** watchdog leveled corruption allegations against the former chairman of computer-chip conglomerate Tsinghua Unigroup and referred his case to prosecutors. **B4**

◆ **Foot Locker forecast** another year of declining sales and a 30% drop in profit at the sneaker and athletic-wear retailer. **B3**

### World-Wide

◆ **Chinese leader Xi's** visit to Russia this week is aimed in part at positioning Beijing as a potential mediator between Moscow and Kyiv, but with both sides gearing up for spring combat operations, neither is ready now to talk about peace. **A6**

◆ **Russia launched** an assault on the eastern city of Avdiivka, seeking to kick-start its spring offensive that Ukraine said was on the verge of fizzling. **A7**

◆ **Macron's government** narrowly survived a no-confidence vote in France's parliament, fending off an effort to kill his contentious pension overhaul and topple his administration. **A16**

◆ **A U.N. panel said** there is a "feasible, but narrow pathway" to avoid the worst effects of climate change, which would require a massive and rapid shift in the world's energy supply. **A3**

◆ **Biden issued** the first veto of his presidency, rejecting a Republican-led measure that would overturn a regulation allowing retirement-plan managers to consider climate change in their investment decisions. **A3**

◆ **The Manhattan grand jury** investigating Trump's role in a hush-money payment to a porn star heard from what is likely to be its last witness, as law-enforcement officials planned for a potential indictment of the ex-president. **A5**

◆ **A jury convicted** four people affiliated with the Oath Keepers of conspiring to disrupt the peaceful transfer of power on Jan. 6, 2021. **A5**

**CONTENTS** Markets..... B11  
Arts in Review... A11 Opinion..... A13-15  
Banking & Finance B9-10 Personal Journal A9-10  
Business News... B3-5 Sports..... A12  
Crossword..... A11 Technology..... B4  
Equities..... B6 U.S. News..... A2-5  
Heard on Street. B12 World News. A6-7,16



## Drought Exacts Toll of Death and Misery in Somalia



**DISTRESS:** An estimated 43,000 Somalis, around half of them children under the age of 5, died from the effects of a regional drought in 2022, a study published Monday said. Above, families at a camp for displaced people near Mogadishu last year. **A16**

## Credit Suisse Bond Wipeout Threatens \$250 Billion Market

Credit Suisse Group AG's emergency merger with UBS Group AG will wipe out the bank's riskiest bonds, rattling

*By Matt Wirz, Caitlin McCabe and Anna Hirtenstein*

investors in the quarter-trillion-dollar market for similar bank debt.

About 16 billion Swiss francs, or about \$17.3 billion, of the

bank's additional-tier-1 bonds will be completely written down, Switzerland's financial regulator, Finma, said Sunday. Credit Suisse also said it was informed by Finma that the bonds would be "written off to zero."

European and Asian AT1s fell Monday, with one of the bonds issued by HSBC Holdings PLC dropping 8% to 88 cents on the dollar in heavy trading. A roughly \$1 billion AT1 exchange-traded fund

from Invesco dropped 6%, while a similar ETF from WisdomTree slid 4%.

UBS AT1s with a 2025 call fell on Monday to around 86 cents on the dollar, compared with 97 cents on Friday, according to MarketAxess.

AT1 bonds—also known as contingent convertible bonds, or CoCos—were introduced after the financial crisis as a way to transfer banking risk away from taxpayers and onto

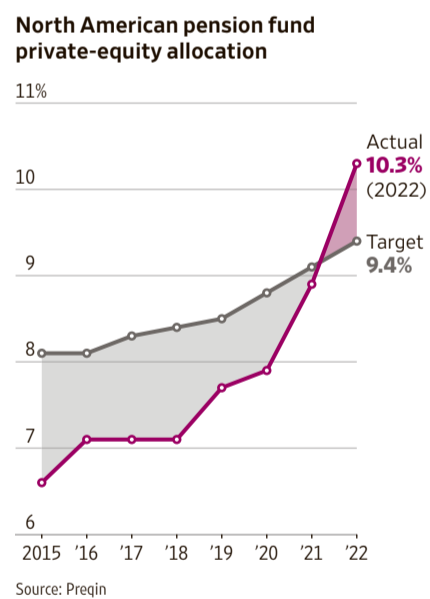
bondholders. They also became a popular investment product that money managers and banks, including Credit Suisse, marketed to clients as a relatively safe way to boost

*Please turn to page A4*

- ◆ Stocks gain on hopes for banks..... B1
- ◆ UBS changes strategy for complex megadeal..... B10
- ◆ Heard on the Street: A new type of bank crisis..... B12

## Pensions Reassess Private Equity

Some U.S. public pension and investment funds are looking to pull back from private equity after years of state and local retirement systems aggressively pursuing the expensive, risky and hard-to-trade asset class. **B9**



Source: Preqin

## Fed's Interest-Rate Decision Gets Extra Tricky This Week

By NICK TIMIRAOS

Federal Reserve Chair Jerome Powell and his colleagues face this week one of their toughest calls in years: whether to raise interest rates again to fight stubbornly high inflation or take a timeout amid the most intense banking crisis since 2008.

The decision over whether to raise interest rates by a quarter-percentage point is likely to hinge in part on how markets digest the forced marriage Sunday of two Swiss

banking giants, UBS Group AG and Credit Suisse Group AG, and other steps to calm fears of contagion in the banking system. Fed officials' two-day meeting concludes Wednesday.

The Fed has tried over the past year to telegraph its rate moves to avoid surprises and minimize volatility. Until now, it hasn't confronted an abrupt and fluid crisis on the eve of a policy meeting. On Monday, investors anticipated the Fed would likely proceed with a rate rise, with interest-rate futures markets indicating a

roughly 3 in 4 chance of a quarter-point increase, according to CME Group.

Central-bank officials who think lending and other financial conditions are at greater risk of tightening abruptly because of the banking shock could favor forgoing an increase. Those who see the effects as more likely to be temporary, contained or modest could argue for pressing ahead with the next increase, aimed at cooling the economy amid still-high inflation.

*Please turn to page A4*

## Do Your Neighbors Paint Their Lawns Green? Increasingly, Yes

Niche business is growing like weeds, as people try to save money and water

By ELIZA COLLINS

GILBERT, Ariz.—Mike Landers enjoys taking his dog, Luci, for walks along the lush communal grass in the Islands, the master-planned neighborhood where he lives. This year, the grass looks particularly verdant. It's been painted.

"Could you tell? It looks like green grass," said Mr. Landers, who is 69, and came from Minnesota, adding that Luci doesn't seem to mind.

Creating a green lawn has long been considered artistry, and perhaps now more than ever: More people are turning to paint.

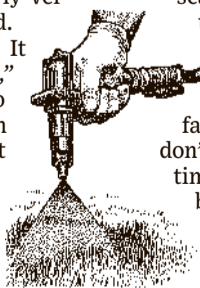
In just moments, wilting, yellowing grass suddenly looks like it belongs on the fairways of St. Andrews. Painted lawns are becoming more popular as inflation-strained households

try to save money, drought complicates water usage and severe storms have brought ice and freezing rain to swaths of the South, turning lawns a blah brown. This niche business sector has grown, well, like weeds, with lots of landscapers, professional training and an array of shades to choose from.

Not everyone is a fan of painted grass. "I don't like it. It's wintertime, it should be brown," said Don Ossian, 65, another resident of the Islands community, who is originally from Iowa. He said his dog, Jeremiah, got green paint on his paws.

Mr. Ossian's dog's walk could have been poorly timed. Tim Gavelek, who sells the turf colorant to the landscaping company that works at the Is-

*Please turn to page A8*



Cut and color

## Ukraine's Energy Grid Survives Winter Blitz

Ukrainians blocked many missile attacks on power plants, quickly fixed those struck

By MARCUS WALKER AND YAROSLAV TROFIMOV

KYIV, Ukraine—Before dawn on March 9, a Russian Kinzhal hypersonic missile smashed into a power station. The explosion woke people across the capital city as black smoke rose above the sky.

The night of missile and drone strikes across Ukraine was the latest massive salvo in Russia's campaign to destroy Ukraine's electricity, heating, communications and water infrastructure, thereby rendering its cities uninhabitable and forcing capitulation to the invasion.

But by 8:30 a.m., less than an hour after a follow-up barrage of cruise missiles that air defenses largely intercepted, Kyiv's streets were busy with people going to work. Coffee bars opened

to serve croissants and cappuccinos. Most of Ukraine still had power. Local disruptions were fixed quickly.

Temperatures now are warming, days are getting longer and demand for heating and lighting is falling. Ukraine has stopped the rolling blackouts it adopted to save electricity when strikes began pummeling the power infrastructure. The Russian attempt to engineer a humanitarian crisis has failed.

Instead, Russia's expenditure of most of its precision-guided missiles brought about a strengthening of Ukraine's air defenses. Today, U.S. and European governments, outraged by the attacks on civilian infrastructure, are sending Ukraine so-

*Please turn to page A8*

- ◆ Russia kicks off spring offensive..... A6

## INSIDE



### SPORTS

From top seeds to underdogs, the NCAA men's Sweet 16 teams share key traits. **A12**



### BUSINESS & FINANCE

Amazon is cutting 9,000 more corporate jobs, including at its cloud business. **B1**

# U.S. NEWS



## In New York, Towns Balk at Housing Plan

Governor proposes more state influence in some cases over adding affordable units

By JIMMY VIELKIND

HUNTINGTON, N.Y.—Backhoes are finally clearing the earth for the development of Matinecock Court, an affordable-housing complex in this Long Island suburb that was first proposed 45 years ago.

To housing advocates, that this multifamily project was first floated when Jimmy Carter was president is the ultimate example of unreasonably restrictive suburban zoning

and the reason for a push by Democratic Gov. Kathy Hochul to change the rules. To Long Island officials, who have long been concerned about traffic and school crowding, Matinecock Court was a challenge to the inviolate need for local control over land-use decisions.

New York lawmakers are debating Ms. Hochul's proposal to let developers of multifamily projects similar to Matinecock Court bypass municipalities to get approval from the state in certain circumstances. It would also require denser development around train stations.

The governor's aides said that suburban counties have lagged behind New York City in

constructing new units. They said she modeled her proposal on laws in Massachusetts and California, which have sparked more housing.

As part of her proposed state budget, she included a mandate for downstate municipalities to increase their housing stock by 3% over three years. If they aren't found to be compliant, a new state board would approve multifamily developments that don't pose a risk to health and safety.

Proponents and opponents of the governor's plan held dueling rallies Monday at the state Capitol ahead of the March 31 state budget deadline. Dozens of officials representing suburban areas of New York pushed back on Ms. Hochul's plan, saying the state would erode local control and upset the character of towns.

"We're planning with a gun to our head. It's like, do it or else," Huntington Supervisor Ed Smyth, a Republican, said during a recent interview. "We do want to maintain a suburban way of life out here. People moved to Huntington for that."

Traffic and access to sewers are major concerns for development, officials said, that

can't be easily solved without significant funding. "What would we do for schools? What would we do for sewage? What would we do for water?" said Steve Rhoads, a Republican senator representing parts of Nassau County.

At times, supporters of Ms. Hochul's proposal chanted, "local control is segregation." At their own rally minutes earlier, advocates of more housing said it was infeasible to move into parts of Long Island because most of the housing options were single-family homes.

Ms. Hochul's plan also faces opposition from her own party. Democratic leaders in counter-proposals removed the housing override process but doubled the amount of incentive funding to \$500 million. Ms. Hochul requested \$250 million that she said would be a down payment on road, sewer and other infrastructure upgrades needed for housing.

"We believe that there can be a more collaborative and inclusive way to get there," said Senate Majority Leader Andrea Stewart-Cousins, a Democrat from Yonkers.

Pilar Moya-Mancera, executive director of nonprofit Housing Help Inc. that is behind Matinecock Court, called the property's decadeslong holdup the poster child of restrictive zoning. She said she supports the governor's plan "because the local politicians from Long Island continue to ignore the housing needs of their own constituents."

The \$93 million project will eventually include 146 units. Its supporters sued the town in the 1980s over officials' initial refusal to grant a required zoning change, and the case reached the U.S. Supreme Court. The justices sided with the project.

The governor pitched her proposal to let the state override municipalities as "a tool to be able to say: This is what we're going to do because we're going to be part of a statewide solution."

"You get some Nimbys in a certain part of your community—people who don't want to see your community prosper," Ms. Hochul said Wednesday, addressing a business group that backs her plan in Westchester County north of New York City. Nimby is a term for "not in my backyard."

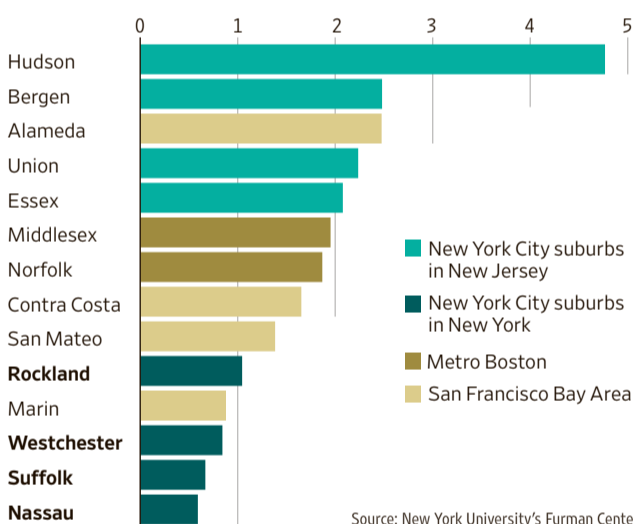
The New York City metro

area added around 891,000 jobs and 457,000 housing units between 2009 and 2018, according to the New York City Department of City Planning. Long Island lagged behind the five boroughs of the city and areas of northern New Jersey in permitting new housing units, the planning department study said.

This imbalance contributed to rising home costs and rents in the region, according to a study by New York University's Furman Center. Counties near San Francisco and in metropolitan Boston have authorized more units per capita than Long Island, the study said. "We know that New York is at the very low end," said Vicki Been, the center's faculty director.

Ms. Hochul would also mandate that areas around train stops, such as the New York City subway or Long Island Rail Road, must be zoned to allow denser development. In Huntington, several apartment complexes are near the LIRR stop just south of the village, but detached, single-family homes about the Northport train station near Matinecock Court.

Building permits per 100 people in select U.S. suburban counties, 2018



Source: New York University's Furman Center

## CORRECTIONS & AMPLIFICATIONS

The Federal Reserve raised concerns about risk management at Silicon Valley Bank as early as in 2019. The headline on a Banking Turmoil article about SVB on Monday incorrectly gave the date as 2009.

The current record for any Norman Rockwell work on paper is \$1.7 million for a 1948 oil-on-paper study of "Tough Call," the artist's homage to baseball umpires. A U.S. News article on Thursday about a dispute over some of Rockwell's art incorrectly said the record is \$854,500 for a 1964 oil-on-paper study of "The Problem We All Live With."

Readers can alert The Wall Street Journal to any errors in news articles by emailing [wsjcontact@wsj.com](mailto:wsjcontact@wsj.com) or by calling 888-410-2667.

**THE WALL STREET JOURNAL**  
 (USPS 664-800) (Eastern Edition ISSN 0099-9660)  
 (Central Edition ISSN 1092-0935)  
 (Western Edition ISSN 0193-2241)  
 Editorial and publication headquarters: 1211 Avenue of the Americas, New York, N.Y. 10036  
 Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, N.Y., and other mailing offices.  
 Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.  
 All Advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, N.Y. 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.  
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## U.S. WATCH

### PANDEMIC

#### Law Will Declassify Covid Origin Data

President Biden on Monday signed into law a measure requiring his administration to declassify intelligence related to potential links between China's Wuhan Institute of Virology and the Covid-19 pandemic, amid continued questions about the virus's origins.

The Covid-19 Origin Act of 2023 gives the director of national intelligence 90 days to declassify the information about the lab's research and activities related to the Covid-19 outbreak including details about any researchers who fell ill in the fall of 2019. It allows the director to make redactions necessary to protect sources and methods.

"We need to get to the bottom of Covid-19's origins to help ensure we can better prevent future pandemics," Mr. Biden said in a statement.

The origins of the virus have been the subject of intense debate since the virus began circulating widely in Wuhan, China, in early 2020, with a focus on a possible laboratory leak or animal origins.

The Wall Street Journal recently reported that the Energy Department had concluded with "low confidence" that the Covid-19 pandemic most likely arose from a laboratory leak.

The FBI in 2021 came to a similar conclusion, with "moderate confidence," that the pandemic likely resulted from a lab leak. Four other agencies, along with a national intelligence panel, still judge that it was likely the result of a natural transmission from animals to humans, and two are undecided.

—Annie Linskey



Jason Sudeikis, who plays the title character in the Apple TV+ series 'Ted Lasso,' spoke about mental-health issues during a White House press briefing on Monday. He was flanked by White House press secretary Karine Jean-Pierre, third from left, and by members of the cast.

### WASHINGTON, D.C.

#### 'Ted Lasso' Gives White House Pep Talk

Jason Sudeikis and other cast members from the hit show "Ted Lasso" met with President Biden and first lady Jill Biden at the White House on Monday to discuss the importance of mental health.

The Biden administration has made mental health a priority, the White House said. The president's "strategy is focused on training more providers, making care more affordable and accessible and creating healthier and safer communities," it said.

The administration has expanded access to programs for young people exposed to violence and provided funds for states to adopt the new 988 Suicide and Crisis Lifeline.

Mr. Sudeikis plays the role of Ted Lasso, an American college football coach who was tapped

### TEXAS

#### Shooting Claims Two High-School Victims

One student was fatally shot and another injured when a third student opened fire outside a Dallas-area high school before being arrested Monday, police said.

The shooting began on a high-school campus in the suburb of Arlington around 6:55 a.m., before many students arrived for the first day back to classes after the spring break, according to police and school-district officials.

One student was hit by gunfire and another was hurt by "debris from the shooting," said Arlington Independent School District spokeswoman Anita Foster. Arlington Police Chief Al Jones said that the student who was shot had died at a hospital and that the other victim was receiving care for injuries that weren't life threatening.

Mr. Biden on Sunday tweeted a photo of the Oval Office with the word "Believe" taped above an entryway, in a nod to Ted Lasso's office in the team's locker room on the Apple TV+ show.

—Joseph De Avila

Arlington police said the suspected shooter never entered the Lamar High School building and was arrested soon after officers arrived on the scene.

The suspected shooter is a minor and will therefore not be publicly identified, said police spokesman Tim Ciesco.

—Associated Press

### IDAHO

#### Firing-Squad Option On Executions Passes

Idaho is poised to allow firing squads to execute condemned inmates when the state can't get lethal-injection drugs, under a bill the Legislature passed with a veto-proof majority.

Firing squads will be used only if the state can't obtain the drugs needed for lethal injections, and one death row inmate has already had his scheduled execution postponed multiple times because of drug scarcity.

Idaho previously had a firing-squad option on the books but never used it. The option was removed from state law in 2009 after the U.S. Supreme Court upheld a method of lethal injection that was commonly used at the time.

Only Mississippi, Utah, Oklahoma and South Carolina currently have laws allowing firing squads if other execution methods are unavailable, according to the Death Penalty Information Center. A judge has put South Carolina's law on hold until a lawsuit challenging the method is resolved.

Idaho Gov. Brad Little, a Republican, has voiced his support for the death penalty but generally doesn't comment on legislation before he signs or vetoes it.

—Associated Press

## U.S. NEWS

## U.N. Panel Urges Fast Action On Global Warming

By ERIC NILER

A United Nations panel of scientists said there is a “feasible, but narrow pathway” to avoid the worst effects of climate change. However, to do so, the world’s nations must together cut greenhouse-gas emissions 60% by 2035 to limit warming to 1.5 degrees Celsius over preindustrial levels.

That level of cuts would require a massive and rapid shift in the world’s energy supply that is under way in some countries, but has been stifled by the war in Ukraine, the global energy crisis and thirst for economic growth in countries such as China and India. Global greenhouse-gas emissions reached record levels in 2022 and are projected to continue their upward trajectory, according to scientists.

The U.N.’s Intergovernmental Panel on Climate Change on Monday released a synthesis of the Sixth Assessment Report, which combines three working-group studies on climate science, adaptation and mitigation, as well as special reports on the oceans, land and reaching 1.5 degrees Celsius, the number that nations

### The world must cut greenhouse-gas emissions 60% by 2035 to achieve goal.

agreed to limit warming at the 2015 Paris climate summit to avoid the worst effects of climate change.

The authors said the climate-related effects are worse than had been projected in the IPCC’s Fifth Assessment, released in 2014, and that future effects will include more heat waves, droughts, extreme rainfall, sea level rise and flooding across the globe. These effects are the result of more than a century of burning of fossil fuels, which has led global temperatures to rise 1.1 degrees Celsius since 1900, the panel said.

“We are seeing the science and the projections now starting to come true,” said Benjamin Poulter, an earth scientist at the NASA Goddard Space Flight Center, in Greenbelt, Md., who is an author on this IPCC report and the previous one. “The impacts are accelerating in a much quicker way, but at the same time, society has done absolutely nothing to stop the growth of greenhouse gas emissions.”

Dr. Poulter said the report does have some good news. If nations are able to balance emissions and removals of carbon dioxide and other greenhouse gases to achieve a “net-zero” state sometime around the middle of the century, the Earth’s temperature could begin stabilizing a decade or so later, according to projections released today in the IPCC synthesis report. That’s a more positive outcome than in previous studies, according to Dr. Poulter.

Other IPCC authors note that climate solutions—from switching to electric vehicles to changing farming practices—are becoming cheaper and more available.

Climate solutions also may have side benefits, according to Francis X. Johnson, a senior research fellow at the Stockholm Environment Institute and an IPCC report author. “Focusing on those benefits could be a more promising strategy,” he said, noting that cutting industrial carbon emissions can reduce air pollution, and adding green space to cities can improve quality of life while absorbing rainfall and cooling the air at the same time.

The IPCC report said that greenhouse-gas emissions will have to be counterbalanced by carbon dioxide removal methods, such as capturing carbon emissions from factories and storing them safely underground, using filters to scrub carbon dioxide directly from the air, or convincing farmers to capture more carbon in their fields.

# Deadly Fungus Detected in Most States

By DOMINIQUE MOSBERGEN

A rare and often deadly fungus is spreading rapidly across the U.S., federal researchers said, raising pressure to find new treatments for severe fungal disease.

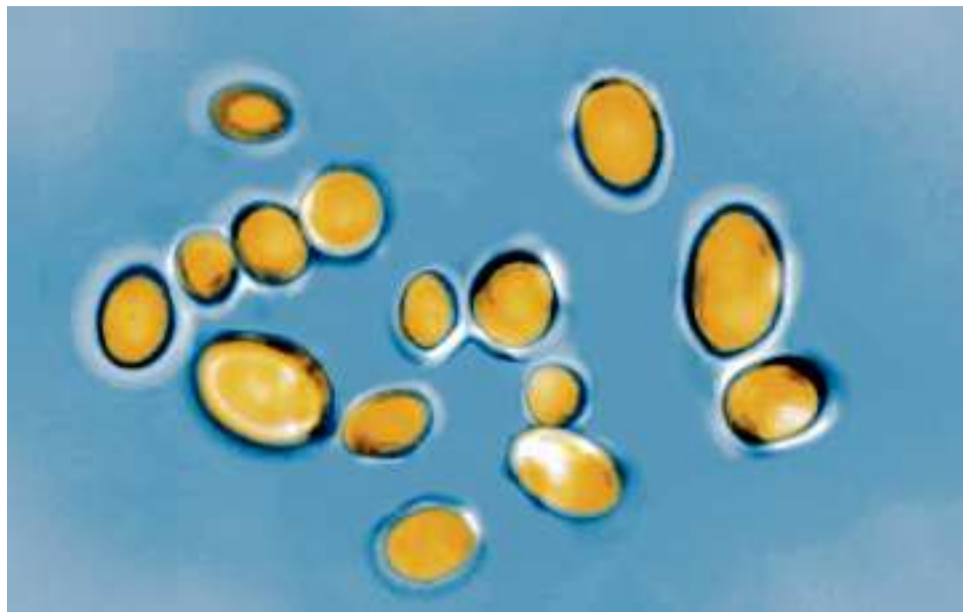
*Candida auris*, a fungus discovered about 15 years ago in Japan, infected at least 2,377 people in the U.S. in 2022, up from 53 in 2016, said the Centers for Disease Control and Prevention. Its swift spread into most states and more than 40 countries has prompted the CDC and World Health Organization to label it a growing threat to public health. *Candida auris* has a mortality rate of up to 60% and is particularly risky for people who are older or have compromised immune systems, the CDC said.

“To see a new species arrive on the scene and then suddenly emerge as a global pathogen less than 15 years later—that’s really remarkable,” said Dr. Peter Pappas, an infectious-disease specialist at the University of Alabama at Birmingham.

The first documented *Candida auris* infection in the U.S. was in 2013, CDC researchers said in a study published Monday in the *Annals of Internal Medicine*. Cases of the fungus—once mostly limited to the New York City and Chicago areas—have since been reported in at least 35 states and Washington, D.C., said the CDC.

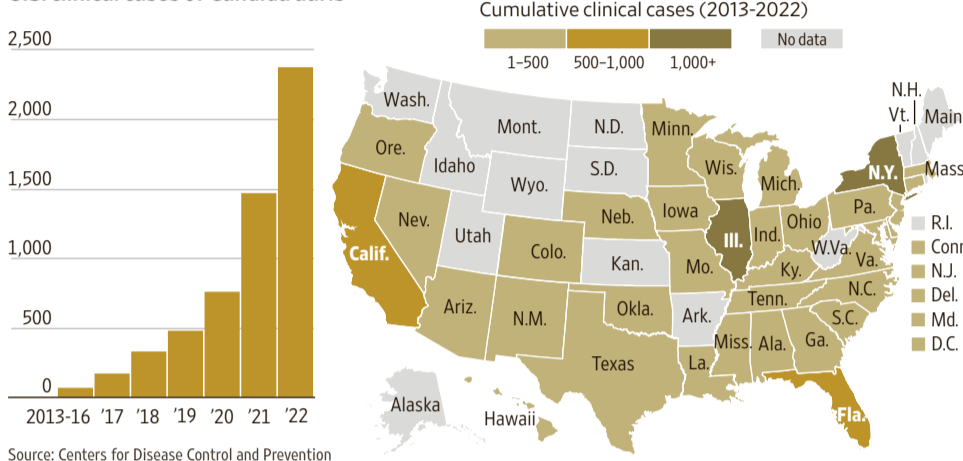
“Seeing the number of cases was alarming,” said Dr. Meghan Lyman, a CDC epidemiologist and lead author of the paper.

Most *Candida auris* transmission has occurred in healthcare facilities that provide long-term care to very sick patients, the paper said. Select Specialty Hospital-Northwest Detroit, a rehabilitation center for the critically ill, temporarily stopped admitting patients



An optical microscope view of *Candida auris*, a fungus discovered about 15 years ago in Japan.

### U.S. clinical cases of *Candida auris*



Source: Centers for Disease Control and Prevention

last year after an outbreak of *Candida auris*. All healthcare facilities need to be aware of the threat, said Buddy Hammerman, chief medical officer of Select Medical Holdings Corp., the hospital’s operator.

“Patients are becoming colonized with this organism and it’s becoming smarter than we are,” Dr. Hammerman said.

*Candida auris* is a yeast of mysterious origins. It was identified in 2009 after it was

discovered in the ear of a patient in Japan. Microbiologists have scoured genomic databases and natural environments for clues into its origins and evolution. Outside of people, it has only been detected in two sites: a salt marsh and a sandy beach in the Andaman Islands, a remote archipelago in the Indian Ocean.

*Candida auris* might have lived in the environment or animals for a long time before a

change spurred its spread in people, said infectious-disease experts. Rising global temperatures might have encouraged *Candida auris* to evolve more tolerance to heat, making it more adept at infecting people, whose body temperatures have long served as an effective barrier against invasive fungal disease, they said.

Widespread use of disinfectants and antifungals on crops might have allowed *Candida*

*auris* to thrive by killing off microbial competitors, they said.

Common disinfectants including bleach and alcohol aren’t always effective against *Candida auris*, which can colonize a person’s skin, said Andrej Spec, an associate professor of medicine at Washington University School of Medicine in St. Louis. Deep cleaning and special disinfectants that destroy spores are needed to limit its spread, he said.

“If someone is found to have *Candida auris* on their skin, you need to isolate them to try to prevent new people from being colonized,” Dr. Spec said.

Not everyone who encounters *Candida auris* is sickened, but if it infects the bloodstream, wounds or organs, the effects can be severe.

The most common symptoms of *Candida* infection are fever and chills, the CDC said.

Fungal infections are estimated to kill at least 1.6 million people a year, according to Global Action for Fungal Infections, a research and fundraising nonprofit.

There are only three classes of antifungal drugs commonly used for severe fungal disease, Dr. Spec said, all of which can cause toxic side effects.

Fungi are also developing resistance to these drugs, Dr. Spec said. At least seven *Candida auris* infections were resistant to available antifungals in 2021, the CDC said, up from four in the years before 2020.

Scynexis Inc. and Pfizer Inc. are developing drugs that have been shown in clinical trials to be effective against *Candida auris*. Cidara Therapeutics Inc. said it has submitted its drug rezafungin to the Food and Drug Administration for approval to treat *Candida* infections, including *Candida auris*.

Rezafungin would be the first new drug for the treatment of invasive *Candida* infections in more than a decade, the company said.



Crowds gather along Ocean Drive on Saturday night in Miami Beach. Florida beaches have long been a hot spot for spring breakers who come in March and April.

## Chaotic Miami Beach Sours on Spring Break

By ALYSSA LUKPAT AND GARETH VIPERS

Florida’s seaside communities endure spring break chaos every year, but this weekend the disorder reached another level after visitors were involved in two fatal shootings in Miami Beach.

Two people were killed in separate shootings near the beachfront on Friday and Sunday, Miami Beach police said. Both shootings were iso-

lated events and suspects have been arrested or taken into custody, police said.

Authorities in Miami Beach, which is in South Florida, are fed up. In addition to the usual disorder, with visitors crowding the beachfront and chugging alcohol on the sand, locals say some of this year’s revelers have instigated violence. In response, city officials imposed a curfew.

“We haven’t asked for spring break in our city. We

don’t want spring break in our city. It’s too rowdy, brings too much disorder and is simply too difficult to police,” Miami Beach Mayor Dan Gelber said in a video on Facebook Sunday.

Florida beaches have long been a hot spot for spring breakers who come in March and April to party in the sunshine. Residents and local authorities have grown frustrated with some of the visitors and say they dread

this time of year.

The overnight curfew restricted travel in the city’s busiest areas from just before midnight Monday to 6 a.m. Monday. Residents needing to travel to or from work were still able to do so, Mr. Gelber said. Officials said they planned to impose another curfew next weekend.

This was at least the fourth year in a row that Miami Beach has had a curfew during spring break. The city set restrictions

in 2020, 2021 and 2022. Last year, five people were injured in shootings in the city.

Alejandra Vega, who lives in Miami Beach, said every spring-break season gets crazy. Ms. Vega, a 37-year-old marketing compliance analyst, said visitors jam the city with traffic, get into fights and litter the beaches with broken glass. “They just come and destroy the city,” she said. “It’s just so obnoxious to hear all the noise.”

## Biden, in First Veto, Preserves ESG Investment Rule

By KEN THOMAS

WASHINGTON—President Biden issued the first veto of his presidency Monday, rejecting a Republican-led measure that would overturn a regulation allowing retirement-plan managers to consider climate change in their investment decisions.

The bill would have overturned a Biden administration regulation on environmental, social and corporate governance guidelines, or ESG.

The bill passed the GOP-led House Feb. 28 on a vote of 216-204, with one Democrat joining with Republicans in support. The Senate on March 1 approved a companion measure on a vote of 50-46, helped by the support of two moderate Democrats from Re-

publican-leaning states, West Virginia Sen. Joe Manchin and Montana Sen. Jon Tester.

Republican lawmakers targeted the Labor Department rule in question with a legislative tool known as the Congressional Review Act. It allows lawmakers to overturn a newly issued regulation on an expedited schedule with a simple majority vote in both houses of Congress.

Guidelines regarding ESG have been targeted by conservatives, who have been arguing they are part of an effort by progressives to promote “woke capitalism.” Defenders of the regulation say ESG simply adds another factor for managers to consider when making investments.

“This bill would risk your retirement savings by making

it illegal to consider risk factors that MAGA House Republicans don’t like,” Mr. Biden said.

The veto is unlikely to be overridden in the narrowly divided Congress because that would require a two-thirds majority in both chambers. Democrats control 51 seats in the Senate.

Mr. Biden’s first veto came at a similar point in his presidency as that of former President Donald Trump, who issued his first veto in March 2019 over a resolution that would have prevented him from funding a wall along the U.S. southern border without congressional approval.

Presidential vetoes have become less common in recent administrations. Former Presidents George W. Bush, Barack Obama and Mr. Trump each is-

sued a dozen or fewer vetoes during their administrations, according to the American Presidency Project at the University of California, Santa Barbara. In contrast, former Presidents Bill Clinton and George H.W. Bush each issued more than three dozen vetoes.

Mr. Biden has said he is prepared to deploy his veto pen if Republicans seek cuts to Medicare or Social Security or attempt to raise the cost of prescription drugs.

His first veto stemmed from a more obscure issue. The Labor Department drafted a rule in November under the Employee Retirement Income Security Act allowing fiduciaries the right to consider climate change and ESG factors as they invested in privately held retirement plans. Considering

ESG factors has become common in the finance world as hedge funds and investment firms have sought to address climate change and environmental impacts.

Republicans in recent years have targeted such investments, calling them irresponsible and part of a progressive agenda. Proponents of the bill said fund managers should be focused on investment returns rather than be driven by factors they term political.

Sen. Mike Braun (R., Ind.) said the ESG rule allows investment managers to push a political agenda at the expense of retirement savers receiving the best rate of return.

Democrats characterized the matter as a question of empowering Americans to make investment decisions.



## U.S. NEWS

## Four Oath Keepers Convicted Of Jan. 6 Charges

By C. RYAN BARBER  
AND JAN WOLFE

WASHINGTON—A jury on Monday convicted four people affiliated with the Oath Keepers of conspiring to disrupt the peaceful transfer of power on Jan. 6, 2021, capping a more than monthlong trial that highlighted the far-right militia group's role in the Capitol attack.

The trial was the third to feature the Oath Keepers and allegations that the group plotted to forcibly keep former President Donald Trump in power. In a previous trial, Oath Keepers founder Stewart Rhodes and another top member of the group were convicted in November of seditious conspiracy and other charges related to the Capitol assault.

Another jury in January found four lower-level Oath Keepers members guilty of seditious conspiracy—the gravest charge the Justice Department has brought in the more than 1,000 prosecutions stemming from the Jan. 6 attack.

Of six defendants currently on trial, four—Sandra Parker, Laura Steele, William Isaacs, and Connie Meggs—were found guilty of conspiracy to obstruct an official proceeding. They face the prospect of years in prison but will remain free until sentencing.

The jury remained deadlocked Monday on whether another defendant, Bennie Parker, is guilty of the conspiracy charge. The jury was set to continue deliberating on Tuesday. Mr. Parker was convicted of entering and remaining in a restricted area, a misdemeanor offense.

The sixth defendant in the case, Michael Greene, was acquitted on the conspiracy charge. Like Mr. Parker, Mr. Greene was found guilty of the misdemeanor charge of entering and remaining in a re-

**The trial was the third for members of the Oath Keepers in the Capitol riot.**

stricted area. The jury continued to deliberate on one further felony count against Mr. Greene.

The jury verdict on Monday came as members of another far-right group, the Proud Boys, are standing trial in the same courthouse, just blocks from the Capitol, on seditious-conspiracy charges tied to their actions on or around Jan. 6, 2021.

Connie Meggs is the wife of Oath Keepers member Kelly Meggs, who was convicted of seditious conspiracy in November alongside Mr. Rhodes.

In closing arguments, federal prosecutors said Mrs. Meggs and five others tied to the Oath Keepers “hated the outcome of the election” and responded by storming the Capitol grounds, in defiance of the will of the American people and the tradition of peacefully transferring power.

During the trial, federal prosecutors showed video of Oath Keepers members marching up the steps to the Capitol in a military-style stack formation, with some wearing tactical gear.

In his closing argument, Mrs. Meggs's defense lawyer, Stanley Woodward, said the Justice Department had presented “no Signal messages from Connie Meggs, no audio of Connie Meggs” showing her role in the alleged conspiracy. Mr. Woodward also sought to separate Mrs. Meggs's conduct from the actions of her husband.

Mr. Greene's defense lawyer, Britt Redden, argued that he was on the Capitol grounds only for “a security job he was hired to perform.” As a military veteran, Mr. Greene would have come to the Capitol with a more detailed plan if he “had wanted to hunt down members of Congress on January 6,” Ms. Redden said.

# Trump Grand Jury Hears New Witness

By CORINNE RAMEY  
AND JOE PALAZZOLO

The Manhattan grand jury investigating Donald Trump's role in a hush-money payment to a porn star heard Monday from what is likely to be its last witness, while law-enforcement officials planned for a potential indictment of the former president as soon as this week.

Robert Costello, a partner in the New York office of Daviddoff Hutcher & Citron LLP and former federal prosecutor, appeared before the grand jury at the request of Mr. Trump's lawyers. Mr. Costello in 2018 advised Michael Cohen, a former Trump lawyer and key witness in the hush-money probe, while Mr. Cohen was facing federal scrutiny for multiple offenses.

Mr. Cohen told a federal court and Congress that Mr. Trump directed him to pay Stormy Daniels \$130,000 in 2016 to keep her from going public with allegations of a sexual encounter with the former president. He has also testified twice before the grand jury in Manhattan considering evidence about the hush money and Mr. Trump's role in it.

Mr. Costello told reporters Monday after his two-hour grand jury appearance that Mr. Cohen gave him a different explanation for the payment to Ms. Daniels during a 2018 meeting: Mr. Cohen said he silenced Ms. Daniels to protect Melania Trump, Mr. Trump's wife, according to Mr. Costello.



SETH WENIG/ASSOCIATED PRESS

**Robert Costello outside court in Manhattan on Monday after he testified to a grand jury at the request of Donald Trump's lawyers. The former president has said he expected to be arrested.**

Mr. Costello, who has represented Trump allies including Rudy Giuliani, said he tried to convey Mr. Cohen's comments to the grand jury, calling Mr. Cohen “totally unreliable.” Mr. Cohen previously waived attorney-client privilege, allowing Mr. Costello to speak with the grand jury about his communications with Mr. Cohen.

Prosecutors in the office of Manhattan District Attorney Alvin Bragg Jr. had asked Mr. Cohen to remain on standby Monday to potentially testify in rebuttal to Mr. Costello. “Mr. Cohen was available for over two hours today, but we

are pleased to report Mr. Cohen wasn't needed,” said his lawyer, Lanny Davis.

While Mr. Trump said over the weekend that leaks indicated he could be arrested Tuesday, there is no indication that the case is moving that quickly. The grand jury, which would need to vote on any potential charges, is scheduled to meet again on Wednesday, according to people familiar with the matter.

Police officials on Monday put up barricades near the courthouse in preparation for a potential indictment of Mr. Trump, a Republican, who has

encouraged his supporters to protest the expected criminal case against him. Law-enforcement officials also met Monday to make further security plans.

Also Monday, Mr. Trump asked a court to scrap the criminal investigation in Georgia into his and his allies' efforts to overturn the state's presidential election, saying Fulton County District Attorney Fani Willis's office should be disqualified from the probe and the work of a special grand jury should be thrown out. A spokesman for Ms. Willis, a Democrat, didn't respond to a request for comment.

## DeSantis Jobs Former President

Florida Gov. Ron DeSantis took a jab at Donald Trump, while also criticizing the Manhattan district attorney's office, as he weighed in Monday on the possibly imminent indictment of the former president over payoffs to a porn star.

“I don't know what goes into paying hush money to a porn star to secure silence over some type of alleged affair,” Mr. DeSantis, a likely GOP presidential nomination rival to Mr. Trump, said in Panama City, Fla.

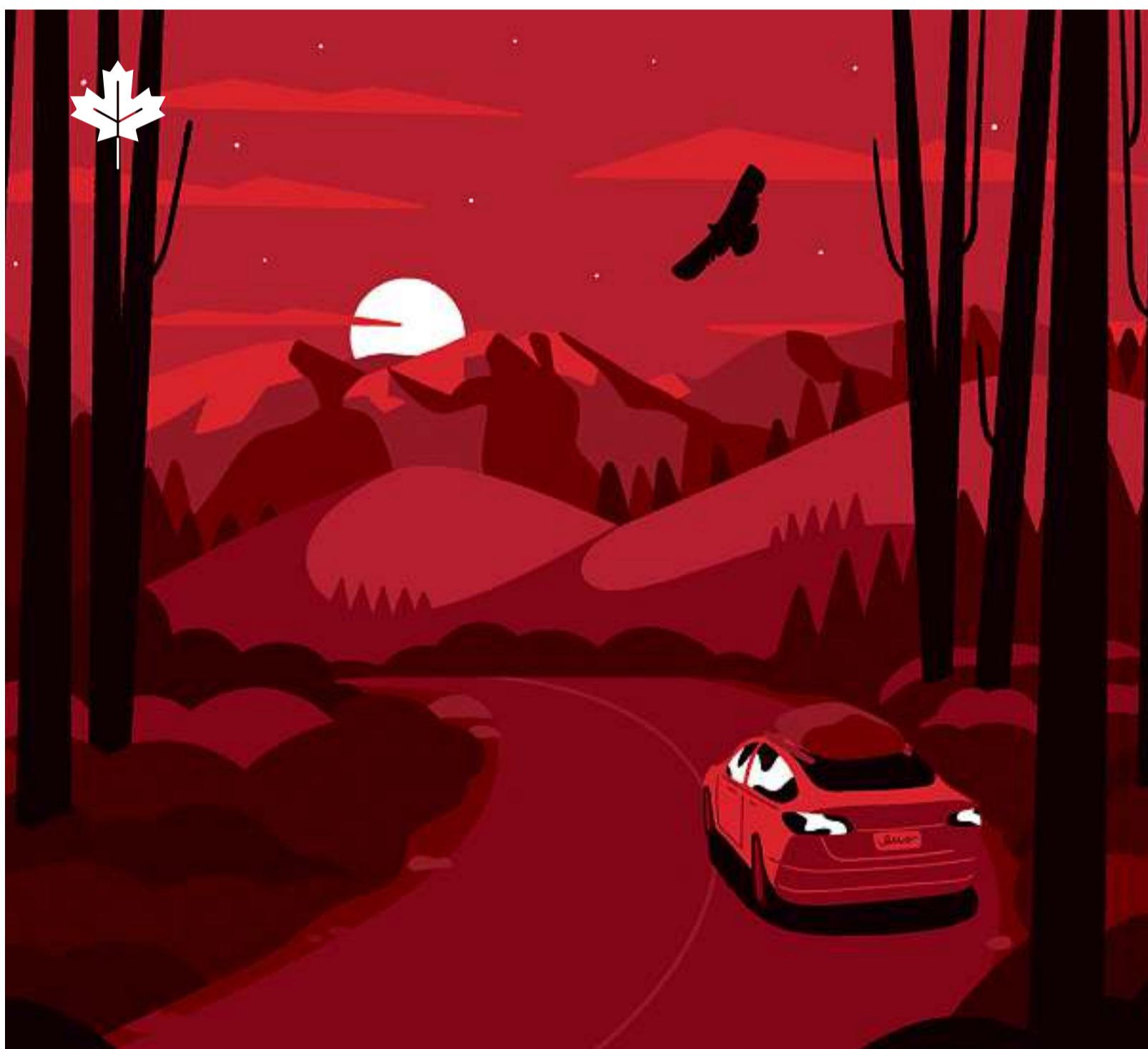
“What I can speak to is that you have a prosecutor who is ignoring crimes happening every single day in his jurisdiction, and he chooses to go back many, many years ago, to try to use something about porn star hush-money payments,” he said.

Mr. Trump has said he expected to be arrested soon.

Mr. DeSantis said he wasn't aware of any communications between law-enforcement officials in Florida and New York ahead of the possible indictment. “We are not involved with this,” he said.

Mr. Trump, in a social-media post, responded by saying that Mr. DeSantis “will probably find out about FALSE ACCUSATIONS & FAKE STORIES” in the future.

—John McCormick



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# THE FUTURE OF ONCOLOGY

In just the past several years, four new breast cancer treatments tested at UCLA Health Jonsson Comprehensive Cancer Center earned approvals from the U.S. Food and Drug Administration and more than 20 clinical trials are ongoing.

Based on clinical trials co-led by Dr. Sara Hurvitz, the FDA approved sacituzumab, commercially known as Trodelvy, in 2020 to treat triple-negative breast cancer. In 2022, the FDA approved trastuzumab deruxtecan for HER2-positive metastatic breast cancer based on trials also led by Dr. Hurvitz. Additionally, results indicated that trastuzumab deruxtecan yielded longer overall survival for HER2-positive metastatic breast cancer patients than other treatment options.

**Sara Hurvitz, MD**  
Pioneer in Breast Cancer Research

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## WORLD NEWS

## Zelensky Gets More Munitions From EU

By LAURENCE NORMAN

BERLIN—European Union member states backed a plan to send one million artillery shells to Ukraine over the next year as part of an arms-purchase package valued at more than \$2 billion, the latest move by Western countries to improve Ukraine's access to heavy ammunition.

EU foreign-policy chief Josep Borrell said ministers agreed to the proposal at a meeting in Brussels. However, questions remain over how quickly the bloc can accelerate its delivery of artillery shells to Ukraine, especially after the bloc excluded from their purchases most non-EU produced weapons.

Ukrainian officials have been urging Western nations for months to speed up the delivery of artillery at a critical period in the war, when Russia is making incremental gains amid grinding warfare in the east of Ukraine.

Ukrainian Foreign Minister Dmytro Kuleba, who spoke to the ministers Monday, said on Twitter that it was a "game-changing decision."

"Ukrainian soldiers are showing great courage and tenacity. But they need ammunition," said European Commission President Ursula von der Leyen. "We will work with member states to ramp up defense industrial production."

U.S. officials have said Ukrainian troops are using more than 90,000 rounds a month of 155mm ammunition, and Washington is trying to ensure Kyiv has enough weaponry to launch a high-stakes spring counteroffensive. On Monday, the U.S. announced a new \$350 million military assistance package for Ukraine, focused around supplying artillery shells and ammunition.

## Old U.S. Arsenal Makes New Weapons

By DANIEL MICHAELS

WATERVLIET, N.Y.—On a military base more than two centuries old, the Army is hammering out its cannon of the future.

The Watervliet Arsenal opened during the War of 1812 and one building dates to 1828. Yet inside an aging production hall, new digital machine tools that resemble science-fiction space pods are churning out components for Abrams tanks, a weapon pledged for fighting in Ukraine. In another hall, an automated forge pounds red-hot metal cylinders into 20-foot gun barrels for America's next howitzers, which will lob shells more than 40 miles.

Fighting in Ukraine has renewed attention to land systems Watervliet helps produce and repair, which until recently were dismissed by some military strategists as relics because they are used by traditional infantry.

"The Army and land combat systems are what hold ground," said Maj. Gen. Darren Werner, commander of Tank-Automotive and Armaments Command, of which Watervliet is a part.

Tacom, the Army's in-house production, maintenance and logistics operation for ground equipment like artillery, is unusual because it carries out manufacturing. The Pentagon and Congress decided decades ago that to ensure supplies of essential materiel like big guns and their ammunition, some production and upkeep will remain in public hands.

The Pentagon has grappled since World War II with balancing military mass—or land armies—against intensity, epitomized by precision weapons.

Now, the war in Ukraine and the end of U.S. engagements in Iraq and Afghanistan are offering new lessons. One is that 21st-century warfare will mix futuristic and old-fashioned weapons: drones and tanks, satellite-guided rocket shells and mortars.

Another lesson is that while high-tech systems are inval-



A red-hot steel billet is placed in the rotary forge at the U.S. Army Watervliet Arsenal, which opened during the War of 1812.

able in short conflicts or for inspiring shock and awe, those pricey armaments aren't sustainable for grinding wars of attrition, like in Ukraine, or against entrenched popular insurgencies, like in Iraq and Afghanistan. To control territory, large numbers of soldiers and big guns are still invaluable.

Counter-insurgency fighting in Iraq and Afghanistan "put artillery in the back of people's minds, but it was never gone," said Gen. Werner, a former artillery officer who served in Afghanistan, Iraq, Jordan and South Korea.

Watervliet holds special status as a rare Army-operated industrial manufacturing facility, but that hasn't always translated to funding. For years after the Cold War, the industrial operations faced cutbacks.

Now the Pentagon is undertaking a multibillion-dollar modernization of its in-house production and maintenance bases. The program is part of a broader push to merge new technologies with older systems

and apply modern production methods to legacy equipment.

In the hall with the futuristic machining pods, each of the recently installed units replaced about three older machines, boosting productivity and cutting space needed.

Production capacity has risen 70% since 2021, Gen.

### The grinding war in Ukraine illustrates the importance of big guns.

Werner said, and will increase further once other advanced equipment arrives and it is all securely networked.

Annual production is currently in the hundreds of gun tubes. Each can require six months of metalwork, so every bit of savings adds up, he said.

Gen. Werner meets with executives so he can learn from

their experiences and benchmark his operations. Walking through a Watervliet production hall recently, he discussed with civilian Deputy Director of Customer Programs Quality and Logistics Scott Huber how to get rid of obsolete equipment that previously would have been stored as spare capacity.

"Idle machines don't make money," Gen. Werner said. When Watervliet's rotary forge has spare capacity, the base does contract work for industries that need rugged tubes, like oil and gas, shipping and turbine manufacturing.

Resources squandered in a factory could help on a battlefield, he said. "Our currency is the lives of our soldiers."

With 1.2 million square feet of production space, modernizing Watervliet is hard, said base commander Col. Alain Fisher. "Modernizing in a 94-year-old building is a little harder."

The arsenal, which straddles the disused Erie Canal, is a national historic landmark. Many buildings, though, are

old but sturdy and can be updated—similar to much military equipment. Refitted B-52 bombers, first designed in 1948, may fly beyond 2050.

Although making big gun barrels involves pounding hot metal, the finished products entail machining of precision more similar to airplane production than blacksmithy. Without that, shells won't fly far enough or strike their targets. Each gun tube departs Watervliet with the base commander's initials stamped in it and is tracked throughout its service life, said Mr. Huber. Finding and retaining sufficiently skilled staff has been a challenge.

Some of the base's almost 800 civilian employees have worked there for 50 years, but the number of skilled machinists dwindled after the Cold War. Similar to the Army itself, Watervliet maintains a well-trained core team and seeks to reinforce it as needed.

"We go in waves," said Gen. Werner. "We keep things warm but we never let things go cold."



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## FROM PAGE ONE

## Ukrainians Survive The Winter

*Continued from Page One*  
 sophisticated anti-missile systems denied before, such as Patriot and SAMP-T batteries—with training of Ukrainian operators nearing completion—along with generators and energy-grid spare parts.

“The Russians had expected us to have internal strife, destabilization and the outflow of additional refugees,” said Oleksiy Danilov, an security adviser to President Volodymyr Zelensky. “Our country, thanks to our partners, has survived this difficult period.”

The winter, for many, was indeed cold and dark. Ukraine now is trying to repair and harden its grid while bolstering air defenses faster than Moscow rebuilds its stock of missiles and drones.

But “winter is over and we’re still here,” said Volodymyr Kudrytskyi, CEO of state power company Ukrenergo.

Ukrainian authorities knew energy infrastructure was vulnerable, and with it the water-pumping, sewage, heating and communications systems that run on central power. It disconnected its power grid from Russia’s hours before the invasion. Within weeks, Ukraine had hooked up the grid to the European Union’s, a connection with limited capacity but that proved a vital backup.

Ukraine’s electricity grid is a single network based on four large nuclear-power stations alongside coal and other sources. The system had a major strength inherited from Soviet times: Capacity was far higher than needed. Ukraine once housed a large part of the Soviet Union’s industrial base. As a result, all parts of the grid had backups built in.

At first, Russia didn’t systematically bomb the energy infrastructure, believing it would soon belong to Moscow. Russian missile strikes targeted objectives such as bases, rail traffic and oil refineries.

Russia launched its first heavy barrage against energy infrastructure on Sept. 11, plunging the cities of Kharkiv and Dnipro into blackouts.

As human-rights organizations called such targeting a war crime, Russian nationalist commentators exulted over it.

Mr. Zelensky’s team judged Ukraine’s energy system able to outlast Russia’s missile stockpile, on paper. But some equipment was in short supply, especially big transformers used at substations—Soviet-standard gear not usually manufactured in the West.

### October assault

On Oct. 10, Russia launched a barrage of 70 missiles and scores of drones, hitting about 30% of Ukraine’s energy infrastructure. It was ostensibly in retaliation for the bombing of the bridge linking occupied Crimea with the Russian mainland. In fact, it been planned well before the bridge strike, say Ukrainian and Western officials. According to Ukrainian officials, senior members of the government of former Ukrainian President Viktor Yanukovich, who fled to Russia after Ukraine’s 2014 revolution, helped plan the attacks, using their intimate knowledge of the infrastructure.

Iranian-supplied Shahed drones swarmed the skies of Kyiv as they headed toward a power station. Ukrainian soldiers and police tried to down them by shooting chaotically



FROM TOP: JOSEPH SVETKEY FOR THE WALL STREET JOURNAL; SERGEI SUPINSKY/AP/GETTY IMAGES



Above, a transformer hit by a Russian missile strike on Ukraine last year. At left, smoke billowed after a Russian strike in Kyiv on March 9.

with their Kalashnikov rifles. More attacks followed every few days during the fall.

Hosts on Russian state TV discussed how the collapse of services would cause disease outbreaks that would ravage Kyiv. Russia’s newly appointed war commander, Gen. Sergey Surovikin, was celebrated in Russian media as the author of the missile campaign, dubbed “General Armageddon.”

While Russian media gloated, Ukrainian repair crews set about quenching fires and salvaging equipment.

At one substation in central Ukraine, workers saw the shattered remains of equipment hit by a Kh-101 cruise missile. Half of a switchyard that distributes electricity to 600,000 people was destroyed. Shards of twisted metal and concrete covered the blackened earth.

The substation had spare parts. Leaving the debris lying, the team installed replacements. Power was restored to nearby cities that evening.

Two more cruise missiles struck a week later. A 300-ton transformer, the heart of it, took a direct hit.

The repair crew again found a solution. Electricity now is routed differently around the facility, departing from blueprints known to the Russians from Soviet times. Ukraine also scoured for compatible Soviet-legacy gear across Eastern Europe and friendly parts of the former Soviet Union, such as Azerbaijan, which earned Moscow’s diplomatic rebuke for donating a convoy of transformers.

### Ancient weapons

A third volley of missiles hit the substation late on a November afternoon. As darkness fell, followed by rain and then snow, the repair crew donned headlamps and bad-weather overalls and replaced the shattered equipment.

To counter drones, the mili-

tary mixed new weapons with ancient ones. Mriya, a volunteer unit led by a member of Ukraine’s supreme court—and staffed by part-time fighters from the judiciary and law enforcement, including several other top judges—established machine-gun nests atop high-rises on the periphery of Kyiv.

A member named Serhiy Tulyakov directed fire on a December night as four Russian drones passed over his rooftop position, following a highway in an effort to muffle their lawn-mower-like sound.

He used thermal-vision goggles to spot the drones as his unit’s Maxim machine guns—a weapon first used in the 1880s, and a mainstay of World War I—unleashed volleys of tracer and armor-piercing rounds. One drone was shot down. Virtually all those heading to Kyiv and other major cities no longer reach their targets, Ukrainian officials say.

The shoot-down ratio of missiles is much lower, even though Ukraine has supplemented its Soviet-vintage air defenses with Iris-T and NA-

SAMS batteries supplied by Germany and the U.S. in recent months, as it awaits the deployment of Patriots.

During the March 9 attack, Ukraine managed to intercept 34 out of 48 slower Kh-101, Kh-555 and Kalibr cruise missiles, according to its general staff. But all of Russia’s 12 faster missiles got through defenses that day: six hypersonic Kh-47 Kinzhals and six super-sonic Kh-22 missiles.

### Power balance

Electricity grids have to maintain a precise balance of generation and consumption to keep frequency and voltage stable. Even small deviations from the European standard frequency of 50 hertz can badly damage equipment. To prevent that, power stations automatically shut down if the current becomes unstable.

Keeping frequency and voltage steady during missile attacks is “like balancing a bicycle while being kicked from the left and right,” said Mr. Kudrytskyi of Ukrenergo.

Ukraine learned this the hard way on Nov. 23, when missiles destroyed a number of substations and transmission lines, causing such imbalances that virtually all power plants shut down, plunging the country into darkness.

Firing up a power plant that was shut down requires another power source. Energy companies used a hydroelectric plant that was still running to restart a coal-fired plant, said Maksym Timchenko, CEO of energy group DTEK. When enough stations were online again, they restarted the nuclear plants.

At every stage, technicians had to carefully keep the frequency at 50 Hz by balancing generation with electricity consumption. Solving the complicated puzzle took 14 hours.

Restoring lighting, heating and water supply in cities took longer. Millions endured blackouts for three days. Phone and internet networks went down, too, threatening the country’s ability to keep functioning. “The situation was critical,” said Mykhailo Fedorov, minister of digital transformation.

That week, Ukrainian officials began seriously contemplating that Russia might succeed in crippling the country. Mr. Fedorov rushed through orders of backup generators to power mobile-phone towers and internet providers. He also contacted SpaceX, securing an immediate supply of 10,000 Starlink satellite-communications stations that could form a backup network.

Maryna Kovalchuk, manager of the Pesto Café chain of restaurants, climbed 19 flights in the dark to reach her apartment on Nov. 24. Her husband made a video on his phone as the couple tried to barbecue a

steak on a small gas camping stove on their balcony. The temperature fell to just above freezing. In front of them, the city of Kyiv, usually bathed in lights, was a sea of darkness.

Her husband noted that it was Thanksgiving in America, and tried to make light of the situation, joking that they were giving thanks for being alive. Ms. Kovalchuk looked ready to cry.

Energy companies started shutting down power to avoid grid imbalances every time there was a risk of new strikes. But cumulative damage was taking its toll.

In between long blackouts that followed attacks, Ukrainians had to live with the rationing of energy and water. Utilities scheduled power outages for each neighborhood, street and apartment block. In some areas of Kyiv, they supplied only a couple of hours of power, water and heating a day, just enough to keep pipes from freezing. Cities turned off street lights.

Ukrainians planned their days around the scheduled outages. Some set their alarms for the small hours when they could take a shower. Others moved in with relatives in the countryside, where they could burn firewood.

Some families still came to the Pesto Cafés Ms. Kovalchuk manages. During outages, they wore parkas, sat in candlelight and ate coldcuts from a blackout menu.

In Kyiv’s hip Podil neighborhood, locals braved unpredictable electricity at the historic Zhovten Movie Theater. When power failed, they sat in their overcoats while the staff fired up a diesel generator.

Ukrainians became experts on generators, power banks and portable power stations. These as well as blankets, candles and water canisters, once relegated to the camping section, turned into the hottest-selling items at the Epicenter mall on Kyiv’s gritty Left Bank.

**“Winter is over and we’re still here,” said a power company CEO in Ukraine.**

Sidewalk generators allowed shops and restaurants to stay open during blackouts. Since October, Ukrainians have bought enough generators to produce a gigawatt of electricity, about the same as a nuclear reactor, according to the operations director of Epicenter’s network of malls.

People shared tips on how to fry eggs and warm rooms using candles, or dry wet hair in a car. They used torches to light their way on evening walks with dogs sporting LED collars.

From January, Russian missile attacks became less frequent, and their damage less severe. In February, Ukraine restored its grid sufficiently to end rolling blackouts. Kyiv turned street lighting back on.

In all, Russia has lobbed Wover 850 missiles and hundreds more drones at Ukraine’s power infrastructure, say Ukrainian officials.

The onslaught didn’t weaken people’s resolve; 87% of Ukrainians are against any territorial concessions in exchange for peace, the same percent as in September, according to a February survey by the Kyiv International Sociology Institute.

Meanwhile, Gen. Surovikin, Russia’s “General Armageddon,” has been sidelined.

—Oksana Grytsenko and Oksana Pyrozhko contributed to this article.



SERHIY KOROVANYI FOR THE WALL STREET JOURNAL

Volunteers and utility workers repaired a residential area damaged by a Russian drone on Jan. 26.

## Lawn Painting Grows

*Continued from Page One*  
 lands, said paint dries within a few hours and is safe for pets.

While Mr. Gavelek’s lawn-care company, Fertilzona, has been selling green lawn paint for a decade, he said he is getting far more calls this year from landscaping companies, homeowner associations and residents curious about painting, in an effort to cut down on expenses and save water.

In Arizona there have been no limits on outdoor water usage in residential areas, unlike

California. But cities such as Gilbert and Phoenix have warned restrictions could come if drought worsens. Scottsdale is trying to get residents to switch out lawns with water-saving landscaping by offering rebates.

Nick Perez, the representative at landscaping company BrightView who negotiated the contract with the Islands, said the neighborhood was looking to save, but wanted to keep up lawn appearances. “They want lush,” he said.

At the Islands, BrightView sprayed 17 acres with an emerald color made to look like golf courses. The move is estimated to save the community \$70,000 in water costs that would have kept the grass naturally green, according to Mr. Perez. The Islands declined to comment.

Painting can cut down on

water usage because grass doesn’t need to be alive. Dormant grass, that dry yellow stuff that shows up once the lawn stops being watered or is unshaded with temperature, can hang onto paint.

Brian Howland, 53, who paints yards in the Phoenix area part-time with his son, said you can get a dormant lawn to look realistic with paint, for an average cost of \$250 to \$350. The only problem is, it doesn’t feel as good as it looks. People say “‘Wow the yard looks amazing’ and you take a step and it goes ‘crunch,’” he said.

Mr. Howland switched paints after testing out a brand that left some lawns blue after the yellow pigment burned off in the sun.

In Houston, Ruben Alonso, 43, and his son Ru, 21, started

a mowing business, Alawnso Services, after Mr. Alonso was laid off during the pandemic. Then a client asked to have his lawn painted, and Mr. Alonso branched into that, doing 100 lawn-painting jobs in the winter of 2022 and now keeping up a busy pace. He says he has trained at least 20 other people to start similar businesses.

His teenage daughter, Jenavi, posted a TikTok of an early job featuring Mr. Alonso painting the grass as the background voice debates if people will be able to spot a fake. The video took off once he began interacting with his audience and views now total 3.7 million. He thinks people get satisfaction watching something go from “ugly to pretty,” though he said a way for a video to go viral is to post a mistake, such as paint splash-

ing onto a sidewalk.

Geonics Corp. makes popular pigments including “Fairway,” a dark green that it says has a “see it from the moon” effect and “Perennial Rye,” inspired by golf courses of Augusta, Ga. Brad Driggers, a sales manager, travels the country helping paint users understand the correct mixing ratios. “We have a very good product but the application is half the battle....If it’s not applied right then it’s not gonna look right,” he said. “We don’t want anybody to know it’s painted.”

Ozzie Sattler, 70, a retired radio broadcaster in Phoenix, gets his lawn professionally painted in summer, sometimes shocking his neighbors. “Because one day it’ll be yellow and the next day it’s green,” he said.

David Steele, 73, a retiree from Phoenix, started painting his lawn with the intention of turning it into a local business, but he quickly realized pigment couldn’t save a bad yard and scaled back his ambitions.

Mr. Steele said a lawn needs to be prepared before it can be painted for best results. Some clients started asking him to remove weeds and mow their lawns first. He said he didn’t want to end up as a landscaper.

Now, he paints only for friends and family who have well-maintained yards to start with. “I’m very particular. The canvas has to be nice or you just can’t get the results that someone else may expect,” Mr. Steele said.

—Louise Radnofsky and Natalie Andrews contributed to this article.

By TE-PING CHEN

A mystery permeates the job market: You apply for a job and hear nothing, but the ad stays online for months. If you inquire, the company tells you it isn't really hiring.

Not all job ads are attached to actual jobs, it turns out. The labor market remains robust, with 10.8 million job openings in January, according to the Labor Department. At the same time, companies are feeling budgetary strains and some are pulling back on hiring. Though businesses are keeping job postings up, many roles aren't being filled, recruiters say.

Hiring managers acknowledge as much. In a survey of more than 1,000 hiring managers last summer, 27% reported having job postings up for more than four months. Among those who said they advertised job postings that they weren't actively trying to fill, close to half said they kept the ads up to give the impression the company was growing, according to Clarify Capital, a small-business-loan provider behind the study. One-third of the managers who said they advertised jobs they weren't trying to fill said they kept the listings up to placate over-worked employees.

Other reasons for keeping jobs up, the hiring managers said: Stocking a pool of ready applicants if an employee quits, or just in case an "irresistible" candidate applied.

Postings for "ghost jobs," as recruiters and candidates sometimes refer to them, can be frustrating for job seekers.

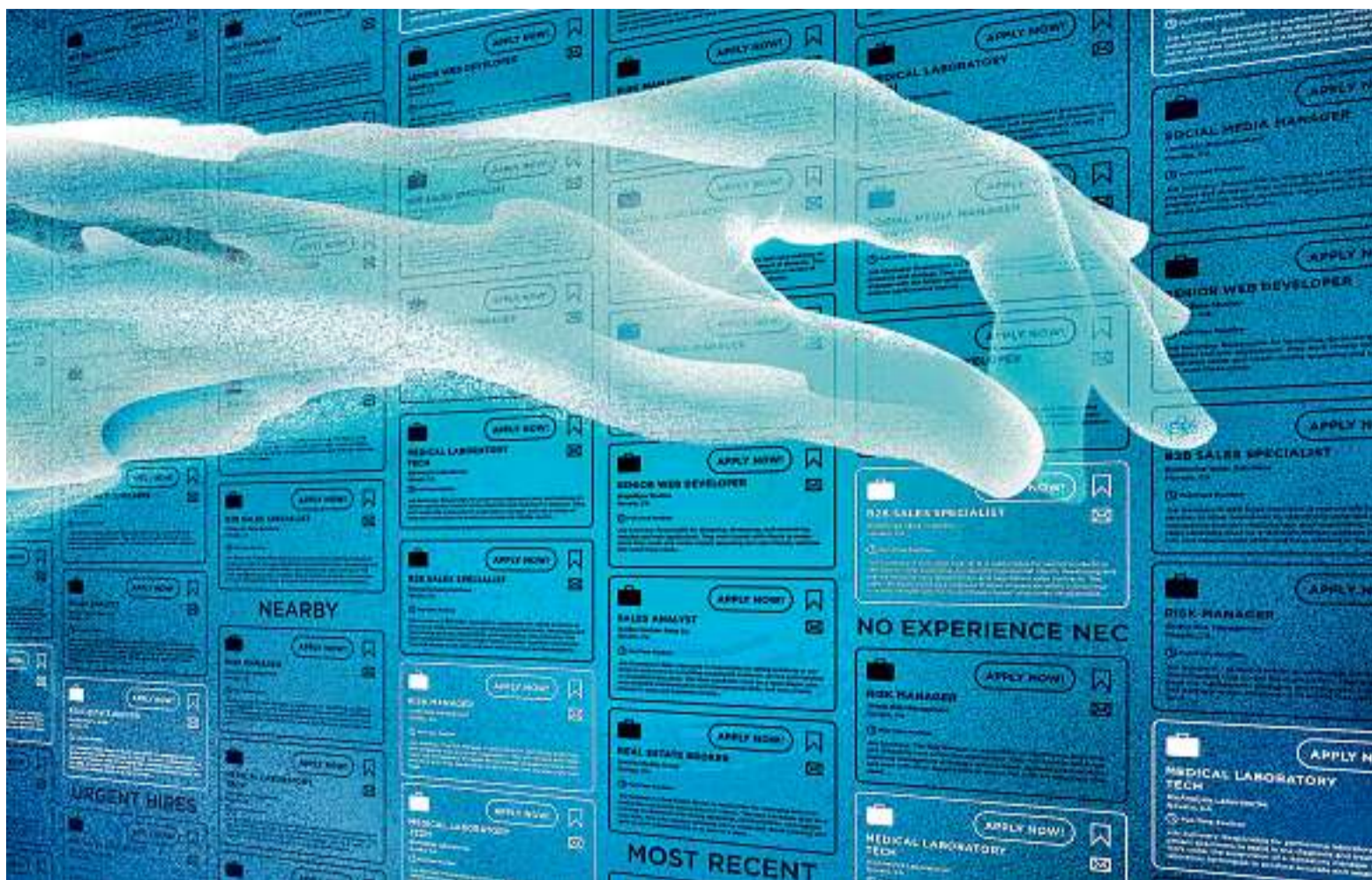
"It's a waste of time," says Will Kelly, who lives in the Washington, D.C., area and has been applying for marketing and writing roles.

Mr. Kelly, who has decades of experience as a technical and marketing writer, estimates that when he was job hunting in late 2021, about 20% of listings that interested him were posted and re-posted without anyone evidently being hired. Since his layoff from a startup in August, he says he has noticed that most jobs that catch his eye have been up for months.

"I first thought of it as an anomaly, and now I see it as a trend," he says.

Given the uncertain economic outlook, some job ads may be more wishful thinking than anything else, says Vincent Babcock, a Nashville, Tenn.-based recruiter. Such a strategy, he says, risks turning off applicants who may view the ads as misleading.

"They're posting jobs with the intention of hiring, but not anytime soon," he says, adding that some companies posting jobs now might not be aiming to hire until the third or fourth quarter.



FROM TOP: BRIAN STAUFFER; TINA WILEMON

## Ghost Ads Haunt Job Seekers

In an uncertain economy, companies post for openings they might not really be trying to fill



Brooke Wilemon says applying for jobs lately has felt like chasing a series of mirages.

might have fewer people to choose from when jobs open and need to be filled quickly, Ms. Libert adds. Many college seniors look for jobs from April to June, she says, noting that companies don't want to miss out on that talent just because they didn't have immediate roles open.

"It's better for you to hedge by leaving some of those job openings up," she says.

Some job ads have little correlation to actual job availability because companies require that all jobs be posted, even if a candidate has been predetermined. In other instances, especially at larger companies, poor coordination is to blame, says Elliott Garlock, founder of Stella Talent Partners, a Boston-based recruiting firm.

During a previous stint working on talent strategy at Wayfair Inc., Mr. Garlock says, the online retailer frequently advertised jobs that it wasn't actually hiring for. Plans and budgets were constantly changing, and so many teams were involved in the hiring process that it was hard to ensure job postings stayed up-to-date.

"It's not because we were ill-intentioned and out to trick the candidate market," he says.

Wayfair says it intends to fill every job it posts and makes every effort to treat candidates with care. The company, which announced layoffs in January, says that it is

transparent with applicants about changes in hiring decisions and, for companies of its size, removing job postings takes time.

Companies might also be reluctant to take down ads, Mr. Garlock adds, because "we don't want to signal we're slowing down, so we'll let these things ride."

Brooke Wilemon says applying for jobs lately has felt like chasing a series of mirages. Ms. Wilemon, who lives in Nacogdoches, Texas,

**In a survey of hiring managers, 27% reported having job postings up for more than 4 months.**

estimates she has applied for around 500 jobs since receiving her master's in business and public administration last year. Typically she doesn't hear back, she says. When she does locate someone to talk to, she frequently hears the role isn't being filled after all.

Ms. Wilemon, 23, recently applied for a job at Nationwide Insurance. As part of her application, she put on makeup, a blazer and jewelry and sat before her computer and recorded answers to a series of automated job-interview

questions, doing multiple retakes for each question before she was satisfied.

Soon after, she received an email telling her that the company had decided not to fill the role. "It's really disheartening," she says.

Nationwide said that its business needs occasionally change after roles are posted, and that the company tries to communicate and manage applicants' expectations. It says it doesn't post "ghost jobs" and has hired more than 600 external candidates since the start of the year.

To avoid ghost ads, Scott Dobroski, vice president of communications at jobs site Indeed, recommends looking for detailed job descriptions. More specifics, such as schedules or a clear list of responsibilities, might indicate that an employer is serious, he says. He also advises checking the timestamp on ads to ensure they were posted recently.

Every month, Indeed removes millions of job postings that don't meet its standards from the website, including inactive job postings, he says.

Indeed says it has recently seen more employers dial back their recruiting efforts. Job postings on the site have fallen by 11% since the start of 2023.

"Many companies are proceeding with caution," he says.

MY RIDE | A.J. BAIME

## Drag-Racing Dreams Ride on a Motorcycle

Dystany Spurlock, of Goldvein, Va., on her Buell National Hot Rod Association (NHRA) Pro Stock drag-racing motorcycle, as told to A.J. Baime.

I have done a lot of things in my career. I am a motorsport racer. I have worked as an actor, a model and I drive a tractor trailer. One thing I have always wanted to do was race Pro Stock NHRA motorcycles, which is the top-ranked motorcycle drag-racing series in the world. I have been drag racing bikes for a

long time at lower levels, and last year I was with a team and things were not going as planned. I learned through one of my sponsors about someone selling a Pro Stock team. I thought: "This is my time. God is telling me to do this. Let's move!"

I got some money together, I bought the team and I bought this Buell motorcycle with five spare motors. This year I am working on testing and my partnerships, and, next year, I plan to become the second Black woman to race the full NHRA Pro Stock motorcycle season.

[The first was Peggy Llewellyn, who won an NHRA event in 2007.]

The bike was already built out as a drag racer when I bought it. It has 350 horsepower and a 160-cubic-inch motor.

With me on the bike, it has to weigh a minimum of 635 pounds. It runs on high-octane gasoline.

These motorcycles can go over 200 mph in a quarter mile. I am in the process of taking out the old technology and rewiring the bike with a MaxxECU—an electronic engine control system that helps

**The Pro Stock NHRA motorcycles can hit 200 mph in a quarter mile.**



with the tuning of the bike and speed consistency. My boyfriend, Courtlan Whiting, who also races, is my crew chief, and my uncle Al Cooper, who builds cars and motorcycles, is going to help with my team.

At most tracks, you are racing against an opponent and you compete in rounds. The first thing I do before a race is say a prayer. Then you roll the bike into what is called a "water box." There you do a burnout to heat up the rear tire. Now you move to the starting line. It is a courtesy to look over at your opponent, nod your head and make sure they are ready. There is a pre-stage light and a stage light. You roll onto the throttle with one hand and keep the clutch in with the other. When the light goes green, you let go of the clutch and go.

Reaction time is critical. From the time the light goes green, you want to be moving in just hundredths of a second. At that point, your bike is on your rear tire and your front tire is in the air. You have to keep the front tire straight, because if it is not, that is a bad day, and when the front tire touches the pavement, you're going over. (That has happened to me once, in 2011. I was racing my street bike—a BMW S 1000 RR—at Maryland International Raceway.)

Now when you are going, you have to shift gears. A big light comes on on your bike, and you shift with your thumb. If you do not, that is a bad day because your motor is probably going to blow up. (That has never happened to me, but it probably will one day.) During the time it takes you to go a quar-

**Dystany Spurlock bought a Pro Stock team as well as the bike. 'I thought: This is my time,' she says.**

ter mile—you can consistently do this in under seven seconds—you shift gears five times.

When you cross the finish line, sometimes you know right away if you won. You look over at your team and maybe they are jumping up and down. Or maybe they have sad faces. Then you get your ticket, which tells you your time to get to 60 feet, 330 feet, an eighth of a mile, a thousand feet and the quarter mile.

I have always wanted to race on this big professional level. Being a team owner, too, it will be a dream come true when I hit the track next season.



KYRA UWAEHE FOR THE WALL STREET JOURNAL (2)

## PERSONAL JOURNAL.



**YOUR  
HEALTH**  
SUMATHI  
REDDY

**B**lanking on someone's name. Forgetting why you entered a room. Struggling to concentrate on a task.

Women in their 40s and early 50s often notice declines in their memory, focus and ability to learn new things—symptoms sometimes called “brain fog.”

Doctors have good news and bad news. There's a good chance these problems are caused by normal midlife hormonal changes during perimenopause, and often get better after you've had your last period. Medications along with exercise and a healthy diet may help. The bad news: For some women, these problems persist.

Perimenopause, which typically takes place when a woman is in her 40s and early 50s, starts when a woman's monthly menstrual cycle becomes irregular and can range from three years to more than a decade. Dramatic fluctuations in hormones during this time trigger many symptoms, including hot flashes, night sweats and mood changes.

About 60% of women report a decline in memory function during perimenopause, studies show. Despite those changes, most women's overall cognitive performance remains within a normal range.

New guidance commissioned by the International Menopause Society, a group of doctors and researchers who make recommendations for treating menopause, advises healthcare practitioners to let women know that they aren't experiencing dementia symptoms. Memory problems, the guidelines say, often resolve once women reach menopause, the point where they haven't had a menstrual cycle in one year.

“The most important thing is to reassure women that these experiences are normal,” says Pauline Maki, a professor of psychiatry, psychology and obstetrics/gynecology at the University of Illinois Chicago and first author of the set of guidelines published last year in the journal *Climacteric*.

Researchers say men don't report similar memory and cognitive changes because they don't experi-



## For Many Women, Midlife Brain Fog Is Real

Do you keep forgetting things? One culprit for some: perimenopause.

ence this dramatic change in hormone levels. Overall, women generally have better verbal memory than men—even during perimenopause, says Dr. Maki, while men generally have stronger visual-spatial abilities.

### A source of worries

Tammie Willis says she first noticed she was losing words in her mid-40s.

“I would just forget words, words that I knew,” says Ms. Willis, a 51-year-old in Decatur, Ga. “And I would completely blank on people's names.”

At first she worried that she was experiencing cognitive decline, which runs in older women in her family. But when she started a Facebook support group for women going through perimenopause, she heard from other women with similar complaints.

The women who appear to be

most affected by cognitive issues during perimenopause are those who also experience the worst of what are called vasomotor symptoms, such as hot flashes and night sweats, says Dr. Maki.

Brain scans of women with

**About 60% of women report a decline in memory function during perimenopause.**

nighttime vasomotor symptoms have shown signs of small blood vessel disease in the brain that are linked to cognitive decline, says Rebecca Thurston, a professor at the University of Pittsburgh who was first author of a study documenting these findings

in the journal *Neurology*.

For some women, brain fog may stem at least partly from poor sleep caused by night sweats and hot flashes, or mood symptoms that are common during perimenopause, doctors say.

In those cases, treating those symptoms can help the cognitive issues, says Stephanie Faubion, director of Mayo Clinic Women's Health and medical director of North American Menopause Society. Menopausal hormone therapy—taking a form of estrogen often with progesterone—is approved by the U.S. Food and Drug Administration to treat hot flashes.

In other cases, there's strong evidence indicating that brain fog is fueled by the hormonal changes themselves—namely, the fluctuations and ultimate decline in estrogen levels, says Dr. Maki.

Studies have shown, for instance, that if you remove a

woman's ovaries before natural menopause, memory declines, and if you give them estrogen therapy, their memory recovers.

### What happens after menopause?

Many women bounce back after menopause and their memory normalizes, say doctors and researchers. The brain compensates for lower estrogen levels by making new connections, Dr. Maki says. The recent guidelines also conclude that cognitive changes “commonly normalize postmenopause.”

However, there is some preliminary evidence that the slight decline in “encoding,” or the process of learning something new, may continue in some women, says Dr. Maki.

A 2021 study in the journal *Menopause* following more than 400 low-income women of color and found that their memory issues continued after menopause.

The recent guidelines stress that memory issues during perimenopause shouldn't be confused with dementia, which isn't common in midlife and generally doesn't present until women are in their 60s or 70s.

But it remains unclear if women who experience cognitive issues during perimenopause are more at risk of developing dementia later, says Dr. Faubion.

### What can you do about it?

Menopausal hormone therapy is recommended for symptoms such as hot flashes and night sweats and is sometimes also used to help treat mood disorders and sleep disruption. But four large studies showed no benefit for memory when women took hormone therapy.

Dr. Maki thinks more research is needed to determine whether hormone therapy can help perimenopausal brain fog. Most women in the studies, for instance, were already postmenopausal, and research also excluded women with bothersome hot flashes.

Dr. Faubion encourages women to stick to good habits for cardiovascular and brain health, such as eating a healthy diet and exercising regularly. The guidelines also recommend staying connected with friends and exercising your brain by learning new things.

Some researchers are testing and using medications commonly prescribed for ADHD.

## Why Your Tax Refund Can Come In Days or Can Take Months

By ASHLEA EBELING

**T**he Internal Revenue Service says it delivers nine out of 10 tax refunds within 21 days, a time frame that hasn't changed for e-filed returns in two decades. Tax professionals report that this tax season most clients are getting refunds for e-filed returns in five to 14 days. For taxpayers filing on paper, refunds can take four weeks or more, the IRS says.

To the millions of taxpayers awaiting refunds, it can be puzzling that the IRS still needs weeks, months or more to crunch the numbers and transfer the money—when most of the process is automated.

A refund that appears in your bank account an hour after you e-file might sound appealing. But it would mean that the IRS didn't adequately check for people who either cheat or innocently overstate the amount they should get for a refund, said Mark Iwry, a former senior adviser to the secretary of the Treasury.

Processing time has improved this year, according to the IRS. As of March 10, the number of returns filed, 63 million, is virtually flat. Yet 2% more returns were processed than at this time last year. And 8.5% more refunds have been issued.

Despite this, during the last two years, tens of millions of taxpayers experienced refund delays of 10 months or more, said Erin Collins, the national taxpayer advocate for the Taxpayer Advocate Service. The IRS faced huge paper backlogs, and temporary pandemic-related items on tax returns tripped up computers and required human intervention.

After you sign the authorization and click submit, the IRS runs a quick check to determine whether to accept

the return for processing. This takes anywhere from a few minutes to up to 48 hours in peak tax season.

During that time, algorithms confirm that there are no red flags about the basic legitimacy of the return, that the Social Security numbers and names match, for example. Acceptance doesn't mean your refund is approved, just that it has passed the first hurdle.

Once the IRS accepts a

return, its computers check it for math errors, clerical mistakes and suspected identity theft or fraud. The IRS deliberately keeps the specifics of these checks to itself, said Mr. Iwry.

When errors are detected, many can be fixed quickly by the IRS without contacting the taxpayer. In such cases, the returns and refunds get adjusted automatically, all without a human touch. The IRS sends taxpayers a notice of the adjustment, and those who disagree have 60 days to respond. IRS computers spit out 17 million math-error notices last tax season, many relating to pandemic tax items.

Then, the IRS checks the return for accuracy by, for example, comparing the numbers you entered with the data from banks and employers.

In cases where the IRS

needs to reach out to taxpayers by letter to ask for additional information, such as a schedule for itemized deductions, resolution can take more than 120 days.

The computers will check whether the taxpayer owes money to the federal government or someone else for federal tax, student loan debt or child support.

To shave several days off processing time, choose the direct deposit option on Form 1040 and double-check



IRS computers sent 17 million math-error notices last tax season.

your bank routing and account numbers.

If you file on paper, there's a keypunching step whereby an IRS employee manually keys in your return information. Another step that comes at the end of the process increases processing time: The IRS has to send an electronic authorization to the Treasury's Bureau of the Fiscal Service to print and mail a paper check.

You can check the status of your refund online at IRS.gov/refunds or with the IRS2Go app 24 hours after e-filing your return or four weeks after surface-mailing it.

If your refund is delayed, take comfort: The IRS will pay interest on late refunds in most cases, typically after 45 days, using a complex formula, including the current interest rate of 7%. Watch out for a Form 1099-INT because the interest payments are taxable.

the return for processing.

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# ARTS IN REVIEW



Peter John Chursin, Manuel Herrera, Yeman Brown and Jacob Guzman

JULIETA CERVANTES (2)

THEATER REVIEW | CHARLES ISHERWOOD

## A Faded Razzle-Dazzle Revue

Choreographer Bob Fosse's famously plotless 1978 show returns in an uneven Broadway revival

With few exceptions, dance has been in retreat as a prime element in Broadway musicals for many years. Long gone are the dream ballets of the 1940s. So the impulse to resurrect a show from an era when dance was integral to musicals is understandable and honorable. And Bob Fosse, among the most influential choreographer-directors of the latter half of the 20th century, had a substantial hit with his 1978 "Dancin'," which ran for more than four years.

Unhappily, the first revival of Fosse's all-dance, plotless revue—now styled as "Bob Fosse's Dancin'"—does not represent the man at his most inspired. His slithery, angular, sexualized style certainly remains on arresting display, but the production, directed and staged by Wayne Cilento, who appeared in the original and has gone on to become an established choreographer himself ("Wicked"), feels dated in terms of its material, and softened and blurred when it comes to the lacerating edges of Fosse's work.

"Dancin'" was Fosse's ambitious attempt to eliminate virtually everything but dance—and music, the ocean on which dance sets sail—from the Broadway tradition. Biographers note that the show was, in a sense, Fosse's attempt to one-up Michael Bennett, whose "A Chorus Line" trounced Fosse's "Chicago" at the 1976 Tony Awards. (History has changed the equation, now having surpassed the long run of "A Chorus Line" by a few

thousand performances and counting.) Fosse felt that despite the reputation of "A Chorus Line" as a loving celebration of the itinerant dancer's life, movement did not predominate as much as song and story. And so with "Dancin'" Fosse removed story, and relied primarily on songs already in the popular American repertory, from Neil Diamond to Benny Goodman to George M. Cohan.

The new version makes significant alterations to the original. Cut from the show during its Boston tryout, due to the producers' and other collaborators' view that it was excessively lurid (even for Fosse), was an ode to the seedy glories of

**The new staging is directed by original cast member Wayne Cilento.**

Times Square. Perhaps now that the most alarming character you might encounter in the area is a Minnie Mouse staggering around with a contact high, the number has been restored. Called "Big City Mime," and featuring Peter John Chursin—one of the most charismatic dancers in the cast—portraying a visitor to the city encountering all manner of decadence, the sequence feels antiquated, overlong and lacking a dance through-line. It's more a theme-park version of the 1970s Times Square—jump on the massage-parlor ride, and move on to the next exhibition—than a pungent evocation of it. And is

anyone really nostalgic for Times Square at its lowest point? (Also: The number is still excessively vulgar.)

The show does have invigorating highlights. Among them are Fosse's tribute to the great African-American dancers, in particular Bill Robinson, also known as Bojangles (and danced to the song "Mr. Bojangles"), with Yeman Brown portraying a facsimile of the dancer with fluid grace. "Benny's Number," another nostalgic set piece, performed to the music of Goodman, also reveals the company, and the show, at its ebullient best. The tribute to Fred Astaire, "Dancin' Man," a razzle-dazzle number featuring the cast in suits and straw boaters, mostly gleams. But here, as too often elsewhere, the dancing lacks the blazing flair, tight synchronicity and sharply etched isolations that characterized Fosse's best choreography.

The set, by Robert Brill, features towers of scaffolding that may be an homage to sets from Fosse's nakedly autobiographical movie "All That Jazz." But they have an oppressive and distracting effect, looming over the dancers and occasionally all but overwhelming them. And the textual passages, including additions from Kirsten Childs—there's a dreary patch of dialogue for a trio of female dancers, including a reference to "toxic masculinity"—tend to drag.

In our cynical age, the all-American medley that originally closed the show now lacks much of the satiric bite it may have had decades ago. Instead, the production concludes with an expansive series of dances, and dialogue, from

Fosse's 1986 musical "Big Deal"; but here, too, we are not witnessing Fosse in his prime. (This is presumably why we are treated, in that dissolute-big-city number, to wan snippets of "Pippin" and "Sweet Charity," from Fosse's most fertile years.)

The punishing demands Fosse made of his dancers—the original "Dancin'" was all but legendary for its savage

intensity, with dancers being thrown onstage to substitute for others at the last minute—are probably no longer acceptable today, and rightly so. That era has passed, but with it has gone some of the electricity that Fosse's choreography at its best delivered. What is left, as exemplified by this studious but generally thrill-free revival, is a gussied-up museum piece

that, even when its irrepressibly energetic dancers are flinging themselves across the stage with abandon, kicks up a little bit of dust.

**Bob Fosse's Dancin'**  
The Music Box, 239 W. 45th St., New York, \$89-\$209, 212-239-6200

*Mr. Isherwood is the Journal's theater critic.*

### The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6	7	8	9	10	11	12	
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16				17					18			
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- 23 Soothes, as a sprain
- 24 Single
- 26 "I'm freezing!"
- 28 Lugged
- 29 Pillager's haul
- 30 Snooty attitude
- 31 "Back in Black" group
- 32 Forest frolicker
- 33 Combo order at a fast food restaurant
- 37 Craft fair?
- 38 Graph line
- 39 House cat's sunning spot
- 41 "Waterfalls" R&B trio
- 42 Musical set in Argentina
- 44 Marked, as a ballot
- 45 Bride of 1981
- 46 Mideast monarchs
- 49 Change, as the Constitution
- 50 Cloth buys
- 51 Impertinent
- 52 Queries
- 53 Stable strap
- 55 \_\_\_ Sutra
- 58 Sound from a crib or a park
- 59 "Ghosts" network
- 60 Letter before upsilon

### ROGUES' GALLERY | By Drew Schmenner

<b>Across</b>	27 Nobleman who's out for blood	56 Lamb lament	7 Operatic intros
1 Ale hue	31 Christmas lead-in	57 Sleazeballs, and a phonetic hint to 16-, 27- and 43-Across	8 "___ be my pleasure"
6 Take a turn on "Wheel of Fortune"	34 "Jingle Bells" contraction	61 Sorento seller	9 Queasy feeling
10 "Dude!"	35 Marseille monarch	62 Destines to a dire fate	10 Rides the waves without a board
13 ___blanche	36 Bring to an end	63 Alabama and Kansas, e.g.	11 Regrets
14 Brand with a Serene Sky line	37 Superstar K-pop group	64 NBC staple for nearly five decades	12 Cookie with its name written on it
15 Belonging to us	38 Regarding	65 Hawkeyes' home	14 Ambulance wailer
16 Aussie who visits New York in a 1986 hit movie	40 Penna. neighbor	66 Full of froth	17 Cruller's cousin
19 2016 Olympics host, familiarly	41 Low extremity	<b>Down</b>	18 Drug dealer's foe
20 Like some histories and agreements	42 Isn't imaginary	1 Ghana's capital	60 Letter before upsilon
21 Approval	43 Stylish dognapper of book and film	2 "West Side Story" heroine	
22 Creator of Eeyore and Piglet	47 On the button	3 Quidditch player's need	
25 Taxi alternatives	48 Loses	4 Abbreviation for many things?	
	52 Ready for battle	5 Early auto	
	54 Segment on 64-Across	6 Ward of "CSI:NY"	

**Previous Puzzle's Solution**

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A scene from 'Bob Fosse's Dancin''; the original show opened in 1978.

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

## SPORTS

## Sweet 16 Teams Share Key Traits

In this year's NCAA men's tournament, the top seeds and massive underdogs still alive share a handful of characteristics that make them dangerous in a single-elimination bracket

BY LAINE HIGGINS

Alabama may not appear to have all that much in common with Princeton. One is a major-conference power that earned the top overall seed to the 2023 NCAA men's tournament. The other survived a dogfight in the Ivy League tournament to earn a bid hours before the brackets were revealed.

As it turns out, however, the biggest underdogs and the clearest title contenders in this year's edition of March Madness share a handful of characteristics that make them dangerous in single-elimination tournaments. They have veteran starting fives. They hog possessions by grabbing rebounds and forcing turnovers. They can knock down 3-pointers—but aren't overly reliant on doing so. And they give their opponents headaches on defense.

Anyone who fills out a March Madness bracket will likely value some of these traits. Statistics guru Ken Pomeroy's rankings happen to give priority to teams with all of the aforementioned characteristics. His metric also has a pretty good track record for predicting champions: In 17 of the last 20 NCAA tournaments, the champion was a team that finished the regular season inside the top six of Pomeroy's rankings.

All six of the teams that finished the regular season in the top six of Pomeroy's ranking are moving on to the Sweet 16. In order they are Houston, Alabama, UCLA, Connecticut, Texas and Tennessee.

The list is a bit surprising given that both the Huskies and Volunteers ended up as No. 4 seeds while two of the teams earning No. 1 seeds in their regions, Purdue and Kansas, have already gone home. But as the first weekend of the 2023 tournament showed, there was a clear reason why the Boilermakers and defending champion Jayhawks were vulnerable.

In a season marked by parity, Purdue held the No. 1 spot in the national polls during the regular season longer than any other team. But they never regained top status after a February skid during which turnovers spiked and 3-point shooting fell off. That stretch exposed a clear weakness in coach Matt Painter's system: Even when National Player of the Year favorite Zach Edey scored a double-double, wins were heavily dependent on whether the Boilermakers' freshmen guards hit 3s.

That's what doomed Purdue in the first round against No. 16 Fairleigh Dickinson, a matchup that pitted the tallest team in Division I basketball against the shortest. The Knights generated more possessions through steals. Unlike Purdue, whose players attempted a 3-pointer on half of their shots but made only 19% of



them, Fairleigh Dickinson's shot diet was much more balanced. The Knights shot from beyond the arc about a third of the time but netted two more than their opponent despite attempting three fewer 3-pointers.

Even though Edey is a junior, the group surrounding him is young. Fairleigh Dickinson, on the other hand, started three upperclassmen who all had NCAA tournament experience, albeit from the Division II level at St. Thomas Aquinas. Fairleigh Dickinson saw its own tournament dream end on Sunday night with a 78-70 loss to Florida Atlantic.

Kansas was another team felled in part by its inexperience and lack of depth. The Jayhawks won the 2022 title, but the players who accounted for 74% of points scored last season either graduated or went to the NBA.

To make matters worse, Kansas was also thinned by injuries down the stretch. Coach Norm Roberts, himself filling in as Bill Self recovers from heart surgery, was forced to rely heavily on his bench on Saturday. In the end, they lost to Arkansas 72-71 to become the sixth consecutive champion to lose before the Sweet 16.

Texas ranks highest among surviving teams in experience according to Pomeroy.

Princeton, a 15 seed has a roster stocked with seniors who stuck around even though the Ivy League didn't compete during their sophomore year in 2020-21. The Tigers start three seniors, one junior and one freshman.



UConn's Andre Jackson Jr., top, blocks a shot; Tennessee's Olivier Nkamhoua, above, strips the ball; Houston's Jamal Shead, right, grabs a rebound.

Experience isn't the only thing the Tigers have in common with some of the NCAA tournament's top contenders. Princeton shoots solidly from long-range, making over 33.4% of their 3-pointers, but don't rely on getting points from beyond the arc *too much*.

No team excels in this area quite as much as Alabama. A self-professed analytics guru, coach Nate Oats identifies the most efficient shots on the court (layups and 3-pointers) and his teams take them almost exclusively. It's a winning formula: Every team in the Sweet 16 save Princeton ranks in the top 70 in offensive efficiency, according to Pomeroy. (The Tigers



## Why the NBA's Best Keep Sitting Out

BY ROBERT O'CONNELL

A GENERATION AGO, the NBA's detractors complained that players "don't play defense." Today, as top stars routinely miss games to manage or prevent injuries, critics leave off the last word. With the 2022-23 regular season nearing its conclusion, the league finds itself performing a bothersome annual ritual: fighting off criticism from disappointed ticket buyers at arenas, bored at-home viewers and its own alumni.

"We survived playing in Chuck Taylor and flying commercial, for a lot less money," said Hall of Fame forward and TNT rabble rouser Charles Barkley, at the league's All-Star showcase in Salt Lake City last month. "To ask guys to play games...Come on, man. You make all that money, you have an obligation to the fans."

Barkley's sentiments surely resonate with a segment of his TV audience. Over the 2020s, NBA All-Stars have missed an average of 14.4 games per season, up from 9.7 the previous decade and 6.2 in the rough-and-tumble '90s, according to Stats Perform.

The league's stakeholders, though, increasingly refer to "load management" not as a fad but as a fact of life in the contemporary NBA. The decision to sit a player in March to keep him fresh for May pits a good show against sound

competitive logic, workaday ticket holders against front-office strategists.

At its core, it reflects the attitude that has become pro sports' bedrock: not the laziness of players but the optimization of organizations, the sense that no percentage should go unplayed in pursuit of a championship.

"I know it's a big topic around the league," Golden State Warriors coach Steve Kerr said in January, before keeping his team's foundational trio of Stephen Curry, Klay Thompson and Draymond Green from playing in a second game in two nights. "We have so much more data, so much more awareness of players' vulnerability. It's proven that if a guy's banged up, back-to-backs, players are much more likely to get injured and miss more games."

Paul Oyer, a professor of economics at Stanford Graduate School of Business and the author of "An Economist Goes to the Game," contextualizes the rise of load management as just one aspect of a generational shift in how professional sports approach a "collective action problem, in the sense that what's good for a team trying to win is bad for the overall product of the league."

"What's happened in baseball, since I was a kid, is that teams have gotten much better at optimizing their strategy, but in a way



Kawhi Leonard has played in just 43 of the Clippers' 72 games this season.

that makes games less fun for fans," Oyer said, referring to the analytically sound de-emphasizing of stolen bases and the primacy of the home run and strikeout. "You're optimizing for winning in the playoffs, at the expense of fans during the season."

Anecdotally, the results have justified the approach. During the 2018-19 season, the Toronto Raptors held All-Star forward Kawhi

Leonard out of 22 games as he managed a leg injury. Leonard played in every game in the post-season—where at least one off night between contests is guaranteed—on the way to winning a championship and the Finals MVP trophy. Last season, Curry sat out a smattering of games at the tail end of back-to-backs, upsetting road crowds in Detroit and New Orleans but helping preserve the

are 100th.) Efficient offense has been a hallmark of the Crimson Tide during Oats's previous seasons in Tuscaloosa, but this is the best defensive team he's had in four seasons.

Miami also operates with ruthless efficiency and combines it with NCAA tournament experience, having danced to the Elite Eight in 2022. The Hurricanes rank 12th in offensive efficiency and are sharpshooters from the 3-point line. Against Indiana on Sunday night, Miami shot 39% from deep and out-rebounded the Hoosiers 48-31 en route to a 85-69 win.

Rebounding is another key trait of March Madness winners. Of the 16 remaining teams, 12 rank in the top 100 of offensive rebounding percentage. The reason is simple: Offensive rebounds can lead to second-chance points while defensive boards deny opponents of just that.

The best team in the 2023 field on the glass is No. 1 Houston. Trailing Auburn on Saturday night, the Cougars were able to rally in part because they grabbed 18 defensive rebounds to the Tigers' six in the second half. That helped Houston keep its dreams of making it to a hometown Final Four alive.

Strong defenses are another unifying trait of this year's survivors.

UCLA is one of the most efficient teams in this category in 2023, and so is Tennessee, which held Duke to 52 points on Saturday—tied for the lowest the Blue Devils have ever scored in the NCAA tournament.

Perhaps the most surprising member of Pomeroy's top six is UConn, which advanced to the Sweet 16 with a win over Saint Mary's on Sunday.

The Huskies run the third-most efficient offense in Division I and are the top offensive rebounding team in Division I. They dominated a Rick Pitino-coached Iona in the first round before beating Saint Mary's for back-to-back wins over teams whose mascots are the Gaels.

The win over Iona convinced Pitino that the Huskies might have what it takes. "Win it all. Take it home. You've got the team to do it," he told coach Dan Hurley in the hallway following the game.

then-34-year-old guard for the Warriors' own title run.

Leonard now plays for the Los Angeles Clippers, and his return this season from an ACL injury that caused him to miss all of 2021-22 has been another case study in the effects of selective absence. Leonard has played in just 43 of the Clippers' 72 games, but the back-to-office plan has lately paid dividends. Since the calendar turned to 2023—a span of 34 games, of which he has played 27—Leonard has scored 27.6 points per game while reclaiming his former stature as one of the league's most feared defenders.

At his All-Star news conference, Adam Silver—the commissioner currently negotiating both a new collective-bargaining agreement with players and a new television-rights deal with networks—acknowledged that teams and players care most about "performance for the playoffs."

"The difficulty is, fans of that team want them to do that as well," Silver said.

Steve Ballmer, the owner of the Clippers, is trying to bring his team its first championship in franchise history and energize its fan base ahead of the planned opening of a new arena in 2024. "All we can ask is a certain amount of patience," Ballmer said of supporters who have spent seasons not knowing whether Leonard and his All-Star colleague, Paul George, will play from night to night. "Hopefully we'll have everybody healthy the rest of the season, and most importantly as we hit the playoffs."

"Fans live for the regular season," Ballmer said. "But they die for the playoffs."



## OPINION

## REVIEW &amp; OUTLOOK

## The Financial Risks of Regulatory Panic

Regulators are back to using their weekend bag of tricks in the name of ending a financial panic. Yet it doesn't seem to be working very well. Perhaps that's because in their frenzy the regulators are creating their own market risk with regulatory uncertainty.

That danger is coming into sharper focus as details emerge about this weekend's rescue of Credit Suisse that was orchestrated by Swiss officials. The forced acquisition of Credit Suisse by UBS was supposed to calm markets, but Bern set off a tumult Monday in a \$250 billion global market for bank bonds.

The upset arises because the Credit Suisse rescue will wipe out some 16 billion Swiss francs (\$17.3 billion) in bonds that Credit Suisse had issued to cushion itself in case of a failure. Investors who bought those "additional Tier 1" or AT1 bonds understood the risk that their securities could be wiped out or converted to equity if Credit Suisse needed to be wound down. But under the terms of post-2008 banking regulations, equity investors are supposed to endure losses first.

Instead, shareholders are receiving three billion Swiss francs from UBS as part of the takeover, while the more senior AT1 creditors get zilch. This solves the political imperative to make sure someone, anyone, is wiped out in a bailout that includes nine billion francs of taxpayer guarantees for troubled assets. But the political fix has created a rule-of-law crisis that will bedevil the market for other banks' AT1 bonds—at least until near-inevitable litigation over the Credit Suisse deal plays out.

Speaking of shareholders, Bern's decision to ram through the UBS-Credit Suisse deal without giving either bank's owners a say looks worse and worse. Credit Suisse's largest shareholder, the hapless Saudi National Bank, this weekend made a competing offer to join other investors in injecting some \$5 billion into Credit Suisse, the Journal reports.

Would that have been a better way to stabilize the bank without creating a new too-big-to-fail behemoth? Either way, bank shareholders around the world now must price in the risk

that they'll be deprived of previously legally mandated opportunities to govern decisions about their investments.

American regulators are capable of an equal measure of destructive creativity. Witness the emergency decision to guarantee even uninsured deposits at failed Silicon Valley Bank (SVB) using a regulatory exception meant to apply only to the largest systemically important banks. This creates an expectation that Washington will protect large deposits at other midsize banks. Or consider the decision to close Signature Bank in what now appears to have been supervisory pique over its business model that included doing business with crypto firms (see nearby).

Officials the world over justify such ad-hoc interventions by citing the need to stabilize, reassure or calm markets. But they often do the opposite. The SVB and Signature actions set in motion the jitters that brought down Credit Suisse, and now the emergency Credit Suisse fix is roiling the bond market.

Regulatory uncertainty was a central cause of the 2008 panic that followed the collapse of Lehman Brothers. Officials had rescued another bank, Bear Stearns, six months before and their failure to follow their own example in Lehman's case set off a massive repricing of risk. This was exacerbated at every turn by panicky interventions extending new regulatory risks to new corners of the financial system.

Perhaps the only virtue of subsequent financial regulation such as the Basel rules or the Dodd-Frank Act was the attempt to reintroduce regulatory certainty. Whether in the form of AT1 bonds or "living wills" governing bank failures or clarified rules for deposit insurance, everyone could know the plan ahead of time and investors could price risks accordingly.

Those tidy plans have now blown up in the current panic. Investors must reprice regulatory risks at the same time they're already struggling to reprice the risks associated with rising interest rates and higher inflation. Call it the make-it-up-as-you-go-along panic, and don't assume it's over now that Credit Suisse, SVB or Signature have been "fixed."

## Ad hoc rescues like the Credit Suisse deal store up new risks for later.

## The FDIC all but confirms it closed Signature over crypto.

We never thought we'd write that headline. But on Sunday the Federal Deposit Insurance Corp. announced that New York Community Bancorp's Flagstar Bank will assume all of Signature Bank's cash deposits except for those of crypto companies. This confirms Mr. Frank's suspicions—and ours—that Signature's seizure was motivated by regulators' hostility toward crypto.

Mr. Frank alleged last week that regulators seized Signature, whose board he served on, "to send a message to get people away from crypto." It increasingly appears that way. Reuters reported last week that the FDIC was requiring any buyer of Signature to give up all crypto business at the bank. The FDIC denied this.

But the agency's statement says that "Flagstar Bank's bid did not include approximately \$4 billion of deposits related to the former Signature Bank's digital-assets banking business." That means crypto companies will have to find another bank to safeguard their deposits. Many

say that government warnings to banks about doing business with crypto customers is making that hard.

CoinDesk reported last week that crypto firms were looking for bank accounts offshore such as at FV Bank in Puerto Rico, Jewel Bank in Bermuda, and Tether and FTX-tied Deltec in the Bahamas. Moving dollar deposits of U.S. crypto companies and their customers offshore will make them less safe and potentially more vulnerable to money laundering.

In other words, regulators are undermining their ostensible goals. Their crypto crackdown will cost other banks and their customers. The FDIC says it "estimates the cost of the failure of Signature Bank to its Deposit Insurance Fund to be approximately \$2.5 billion." If Flagstar had assumed crypto deposits, there would be no need for the insurance fund to guarantee them.

As usual, financial regulators shoot first, and make others pay later.

consistently paid Pfizer \$3 to \$4 more per dose. As a result, Pfizer has received more than a billion dollars more from the government than Moderna.

Yet progressives are targeting Moderna as "a poster child for corporate greed," to quote Mr. Sanders, because they believe this advances their view that pharma companies profit from government innovation and support. The truth is closer to the opposite. The government and public benefit from Moderna's billions of dollars spent on research and development.

White House spokesperson Karine Jean-Pierre piled on by claiming Moderna's price hike is "hard to justify" even as Biden officials hail the benefits of Covid vaccines and boosters. If they are as effective as public-health officials say, then the benefits from reducing hospitalizations among the elderly would more than exceed the new higher price.

Taxpayers were getting a bargain under the OWS contract that paid Moderna about \$15 a dose. Even after the vaccine transitions to the commercial market, Moderna's price will be lower than for such vaccines as GSK's shingles shot (\$183) or Merck's pneumonia vaccine (\$216), according to Centers for Disease Control and Prevention data.

Under the Affordable Care Act, Americans with private insurance won't have to pay a penny out-of-pocket for the vaccines. Moderna will also offer free vaccines to the uninsured. So what's the problem? Moderna will profit from its innovation. Oh no! Worse, Moderna's profits will fund trials of other vaccines in development, including for cancer.

Life-saving vaccines and treatments undermine the political narrative that pharmaceutical companies are capitalist exploiters, a view also growing on the political right. That's why Mr. Bancel is in the dock.

## LETTERS TO THE EDITOR

## Debating DeSantis on U.S. Policy in Ukraine

Florida Gov. Ron DeSantis's view of the war in Ukraine is deeply troubling ("DeSantis's First Big Mistake," Review & Outlook, March 16). His assertion that Russia's invasion of Ukraine is merely a "territorial dispute" displays a strategic blind spot concerning the U.S. national interest.

The war has galvanized NATO and shown the world the cruelty of Russian aggression. But a Russian victory would place its armed forces on NATO's doorstep, which would greatly intensify—not moderate—the U.S. preoccupation with Europe. A Russian victory would also likely embolden the Chinese; would an invasion of Taiwan also be a mere "territorial dispute"? I wonder how Mr. DeSantis views that volatile situation.

COL. THOMAS FINCHER, USA (RET.)  
Chapin, S.C.

The war has dragged on for over a year. What do we have to show for it? We have depleted our supply of weapons, spent billions of dollars that we can't afford and more people are killed every day. Our leaders are afraid of provoking Vladimir Putin, so our efforts will always fall short. I see no endgame, only a continuation of an expensive and destructive conflict.

ROBERT M. SUSSMAN  
Paradise Valley, Ariz.

I had tuned in to Mr. DeSantis's speech at the Reagan Library earlier this month and was swept off my feet. As a lifelong but recently disaffected Republican, I thought, "This is my

man." Later I learned, to my chagrin, of his view that Russia's invasion of Ukraine represents only a "territorial dispute" with no effect on U.S. national interests. I can't support a candidate hewing to such an attitude. The Gipper, for whom Mr. DeSantis had such high praise, wouldn't either.

JAMES T. MARTIN  
Minneapolis

Your editorial accuses Mr. DeSantis of surrendering to the "Trumpian temptation of American retreat" for questioning the wisdom of America's support for Ukraine. Yet it fails to mention that Mr. Putin can turn America into a scene from a "Mad Max" movie in a matter of hours. If we are to risk this scenario, future editorials should at least answer the question: How can Ukraine possibly win this war?

JOSEPH BENTIVEGNA  
Fairfield, Conn.

John Bolton's op-ed "Why Won't the West Let Ukraine Win?" (March 16) argues that limited wars are losing efforts. Vietnam and Afghanistan are the most recent examples. Tying the hands of our commanders or allies by announcing a policy of moderated response always plays into the hands of the invading despots. It prolongs the conflict until the effort loses public support in the defending democracies, which is exactly what Mr. Putin is counting on.

MICHAEL HANKS  
Alexandria, Va.

## More Important Than the SVB Blame Game

The demise of Silicon Valley Bank will be blamed on many things, all of which are debatable, and some of which Kimberley Strassel describes in "Did ESG Help Sink SVB?" Potomac Watch, March 17). Lawmakers will pound their desks, witnesses will be questioned and much legislation will be offered. SVB's failure will be discussed endlessly in print, online and on cable TV. Everyone will have an opinion, and there will never be any consensus on the core cause of the bank's collapse. It will make an exquisite Harvard Business School case.

No doubt there's ample blame to spread around. It would have been

better, however, to teach everyone affected an expensive lesson in moral hazard, lessons customized for their particular involvement—celebrity bank executives, lazy Federal Reserve bank examiners, incompetent risk managers, syncopant startup boards, reckless venture capitalists, starry-eyed ESG investors, even imprudent corporate depositors and their employees. For God's sake, who keeps \$500 million in a checking account at a nonsystemically important bank?

When will lessons be learned?

WILLIAM A. MATTHEWS  
Mattapoisett, Mass.

## Petty Tyranny at the U.S. National Archives

Does Alan Mikhail think that Egypt's National Archives are the only archives run by petty tyrants? ("Doing History Under Tyranny," Bookshelf, March 13). Has he ever tried to do research at the U.S. National Archives in College Park, Md.?

They have rules for everything. Are you wearing a fleece and are now

hot working in the reading room? Don't try taking off the fleece and hanging it on the back of your chair. That isn't allowed. You must either leave your work and go down from the third floor to the basement to put the fleece in a locker, or you must take the fleece off, zip it up and tie the arms around your waist. That is the only way you can take off an outer garment while remaining in the reading room.

A few of the archivists are nice people who genuinely love documents. But most have no sense whatsoever that they are there to serve the public. They are determined to remind you ceaselessly that you are on their turf and you had better follow the rules.

What goes on there isn't uncommon at other archives. Some years ago, when I was a graduate student, some British archives required that graduate students provide a letter of introduction from their dissertation supervisor before they would let you in the door. Many people who work in archives seem to have no interest in the documents as such, but they know that access to those documents is in demand and they crave the power that demand gives them.

DAVID RIGBY  
Acton, Mass.

## The Greatest Generation Was Not 'Cannon Fodder'

I was shocked to read Daniel Ford's opening paragraph in his review of "Luck of the Draw" by Frank Murphy (Bookshelf, March 9). It reads, "Frank Murphy was born in 1921, which turned out to be bad luck. His was the generation that served as cannon fodder for World War II." Cannon fodder? That is an outrageous and denigrating description of our soldiers, sailors, airmen, Marines and Coast Guardsmen of World War II.

As one of my family members and his crew perished in one of those B-17s over "Flak Valley," I found that description especially insulting. Most of us are used to referring to our fighting men of World War II as America's "greatest generation," not cannon fodder.

MASTER SGT. JOSEPH LEA, USAF (RET.)  
Mission Viejo, Calif.

## Why Taxes Won't Be Simple

Tim Graney's letter to the editor regarding the complexity of the U.S. tax code (March 15) raises an important issue. The reason the tax code is so complex has a lot to do with its alleged progressivity. This was pointed out by Walter Blum and Harry Kalven, Jr., in 1952 in their book "The Uneasy Case for Progressive Taxation." They write that "progression tends to produce . . . consequences which probably are unintended and frequently are undesirable." Moreover, they continue, "It produces tax law of almost impenetrable complexity."

The complexity of the tax code, however, probably isn't wholly unintended. Aside from the obvious political gains, if progressive rates were fully effective, the loss of economic efficiency would be unacceptable to many voters.

JON NELSON  
State College, Pa.

## Excluded From the Inclusion

Kudos to Cardinal Timothy Dolan for his brave and true op-ed "If You Want 'Inclusion,' I've Got a List" (March 13), and to the Journal for publishing it. I feel represented by his piece, in a way that I rarely feel represented. I am grateful for that.

KATERYNA CUDEBACK  
Medford, Mass.

## Pepper ... And Salt

THE WALL STREET JOURNAL



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OPINION

Mistakes the Fed Keeps Making

By Mickey D. Levy

Every time the Federal Reserve has maintained easy monetary policy too long and then raised rates abruptly, the consequences have been jarring. This time is no different. Even when the economy managed to avoid recessions, it couldn't avoid bumps on the road.

Before the pandemic, the Fed's biggest fear was that inflation was too low, and even as unprecedented fiscal and monetary stimulus generated a robust recovery, the Fed presumed that inflation would stay low, just as it did following the 2008 financial crisis.

In each succeeding quarterly Summary of Economic Projections, the Federal Open Market Committee members persisted in projecting that inflation would quickly fall toward the Fed's 2% target. As I describe in recent research, the Fed's inflation projections are supposed to be based on its estimates of appropriate interest rates, but instead there were striking inconsistencies between its projections of inflation and the interest rates needed to achieve the lower inflation.

A flawed model, bad judgment, insufficient diversity of thinking and a lapse in risk management.

This time the Fed's excessively accommodative policy and forecasts that inflation would fall without the need to raise interest rates by much encouraged banks to buy bonds and maintain significant asset-liability mismatches. Silicon Valley Bank wasn't alone.

Through December 2021, as inflation rose above 5%, all FOMC members estimated that keeping rates at zero would achieve sharply lower inflation, and there were no dissenters to FOMC decisions.

The Fed's errors were largely analytical, particularly its flawed modeling of the economy and its perception that it could manage inflationary expectations through forward guidance.



ANDREW KELLY/REUTERS

Bad judgment, insufficient diversity of thinking and a lapse in risk management compounded the Fed's mistakes.

The Fed's macro model of the U.S. economy, called FRB-US, failed to predict the stimulative and inflationary effects of more than \$5 trillion in deficit spending (over 25% of gross domestic product) accommodated by zero rates.

The Fed's reliance on managing inflation through forward guidance also fell apart. Why should the Fed presume that it can manage expectations unless financial markets and the public believe it has an effective framework for reducing inflation to

2%? In keeping with its flawed plan, the Fed waited to taper its massive purchases of Treasuries and mortgage-backed securities until it saw "substantial progress" toward its maximum-inclusive-employment mandate—even as labor markets tightened, wages accelerated, and inflationary expectations shot above 2%.

Inflationary expectations began to recede only beginning in mid-2022 when the Fed raised rates aggressively, confirming that policy actions speak louder than words. So much for forward guidance.

Only recently has the Fed emphasized that a positive real policy rate

is needed to reduce inflation. The banking crisis now complicates this task. The Fed must strike a balance between hiking rates to lower inflation and achieving financial stability.

Once the dust settles, a formal review of the central bank's forecasting and policy errors, conducted by a committee of internal and external experts with diverse views, is essential.

The Fed must address shortcomings in the FRB-US model and reinstate pre-emptive tightening.

The quarterly SEPs must have general consistency between FOMC members' inflation projections and their interest-rate estimates based on the Taylor Rule—a guideline for how much the Fed should raise or lower interest rates when inflation deviates from 2% and unemployment from its long-run natural rate.

Mr. Levy is senior economist at Berenberg Capital Markets and a visiting scholar at the Hoover Institution of Stanford University.

Two Decades Later, the Iraq War Is Hard to Defend



FREE EXPRESSION By Gerard Baker

Some of those who supported the invasion of Iraq 20 years ago this week are making the best defense they can of what the rest of us long ago concluded was probably the most flawed decision in American foreign policy since the founding of the republic.

The case for the war two decades in the rearview mirror goes something like this:

It was messy and poorly executed, true, but Iraq is better off now than it was then, and more important, it no longer poses a threat to the U.S., its allies and its interests.

What's more, the defenders say, we tend to see events like these

through a static rather than a dynamic view of history. Even if the U.S. hadn't invaded Iraq in 2003, it's likely that over the next 10 years terrible violence would have unfolded there.

Respectfully, I dissent. For one thing, to defend the war on the grounds that Iraq is no threat is premised on an obvious fallacy—that invasion was necessary to ensure this outcome. We know that this wasn't true.

We know for sure that the argument that the inspections regime was dangerously insufficient didn't hold up because, to bolster it, advocates of war had to adduce lurid claims about weapons of mass destruction.

Robert Draper's book 'The Two Faces of Iraq' documents the campaign of deception—including self-deception—that officials deployed, pointing frantically at every molehill of intelligence that supported their case and dismissing the mountains that cast doubt on it.

It is astonishingly blithe to say of the hundreds of thousands of Iraqis who died in the internecine strife that took place under the supervision of the U.S. that they might have died

Baghdad is no longer a threat, but it's fallacious to claim invasion was the only means to that end.

in any case. What kind of vacuum of conscience does it take to balance a known historical tragedy against a hypothetical one and conclude that they have equal moral weight?

So the case that the war was justified fails on its own merits. But this doesn't even begin to weigh the real costs, including the damage to America's reputation and its strategic strength.

The promulgation of the WMD

tests, the Abu Ghraib horrors, the catastrophically inept initial occupation and administration—all undid in a matter of months the post-Cold War authority and heft the U.S. had earned over decades.

If we are going to play the alternative-history game, think how the region might have been different if the U.S. had taken advantage of the extraordinary solidarity that obtained after 9/11 to advance its long-term security rather than, through hubris and ineptitude, surrender much of the territory to Islamofascists, theocratic mullahs and the butcher in the Kremlin.

Such worse is the damage the war did to the fabric of American democracy. The American people were terrified by their government into war, with the bogus menace of nuclear weapons wielded by a man with bogus connections to the 9/11 terrorists.

This cloud castle of fictions did incalculable damage to the bonds of trust between Americans and their leaders.

There is a direct line between the deceptions worked on the American people about the war and the angry popular disillusionment with the performance of American political leaders that led the rise of Donald Trump and for that matter the deep reluctance many Americans feel about support for Ukraine.

Worse still is that there has been no accountability for the architects of the debacle. The political leaders have mostly moved on, but with Olympic-level chutzpah, many of the so-called intellectuals who advocated it are still out there, lecturing the American people that it's treasonous to oppose immersing America into other conflicts.

Is there a word for the complete lack of self-awareness you need to possess to denounce Donald Trump and the new conservative populism even as you are principally responsible for the disasters that ignited it?

A better course for those of us who supported that terrible misadventure is to admit our shameful error or, failing that, take an oath of respectful silence.

Want to Prevent SVB-Style Collapses? Scrap Dodd-Frank

By Michael Faulkender And Tyler Goodspeed

Efforts to make the U.S. banking system less risky have had the opposite effect. Since the 2008-09 financial crisis, the largest banks have started to look more alike. The stress testing mandated by the Dodd-Frank Act led banks to diversify in the same way, which elevated systemic risk even as individual banks became less risky.

Diversification is an essential feature of a healthy financial system. If banks take different approaches to balancing risks, a loss in one's portfolio is less likely to mean a loss in another's.

But a recent study from the Boston Federal Reserve found that banks that performed poorly on the mandated Dodd-Frank stress tests subsequently adjusted their portfolios such that they more closely resembled the portfolios of banks that performed

well. The average institution's portfolio is more diversified, but the system is more uniform. By requiring all of the biggest financial institutions to adhere to the same measures, pass the same tests and follow the same practices, America has lost diversification in the entire banking sector.

This means that if something brings down one major bank, others are more likely to fall, snowballing into a major financial system collapse. This could be set off by a macroeconomic shock—such as the worst inflation in 40 years—or by a regulatory mistake. Even a small error in government rules, such as model or parameter misspecification, will be multiplied across the entire financial architecture.

SVB's fall shows this is a real possibility. In the wake of the bank's collapse, numerous commentators were quick to blame the Economic Growth, Regulatory Relief and Consumer Protection Act of 2018 for raising the asset threshold for mandated stress

testing from \$50 billion to \$250 billion. This was wrong for two reasons. First, the 2018 law retained the Federal Reserve's discretionary authority to conduct enhanced stress tests on banks with assets above \$100 billion, and the Fed did so in 2022.

Second and more important, government tests would have missed what led to SVB's collapse—interest-rate risk. The bank had filled its portfolio with far too many long-term government bonds when interest rates were low and so was crippled when withdrawals forced it to sell those securities after rates spiked.

10-year Treasury yield declined to 0.75%.

With tests like that, it's a small wonder we haven't seen far more SVB-like collapses. By 2023, 10-year Treasury yields rose well above the severe scenario in the 2022 stress

Stress tests have made the banking system less varied and resilient, particularly to regulatory errors.

tests. Rather than 6% losses on the value of 0.75% coupon 10-year Treasuries from yields rising to 1.5%, actual losses were in excess of 20% because yields rose to 4%.

The premise of the Dodd-Frank regulatory scheme was that super-regulators would monitor sources of risk and pre-empt individual banks'

risk mismanagement. SVB's failure demonstrates that this simply isn't possible; regulators can't anticipate all risks. And because the regulatory scheme forces banks to become more similar, the government's inevitable errors will reach across the financial system—as will any economic shocks.

The solution is to scrap Dodd-Frank's micromanagement of banks and simply require greater capital levels. That would discourage individual banks from taking on excessive risk without making the entire system fragile.

Mr. Faulkender is a professor of finance at the University of Maryland. He served as assistant Treasury secretary for economic policy, 2019-21. Mr. Goodspeed is a fellow at Stanford University's Hoover Institution and chief economist at Greenmantle LLC, a consulting firm. He was chairman of the White House Council of Economic Advisers, 2020-21.

Notable & Quotable: DeSantis, Bragg and Trump

Florida Gov. Ron DeSantis at a March 20 press conference, answering a question about reports that Manhattan District Attorney Alvin Bragg has asked a grand jury to hand up an indictment of Donald Trump:

Q: If charges are brought on him, will you have any role in extradition to New York?

Mr. DeSantis: I've seen rumors swirl. I have not seen any facts yet, and so I don't know what's going to happen. But I do know this: The Manhattan district attorney is a Soros-funded prosecutor. And so he, like other Soros-funded prosecutors, they weaponize their office to impose a political agenda on society at the expense of the rule of law and public safety. He has

downgraded over 50% of the felonies to misdemeanors. He says he doesn't want to even have jail time for the vast, vast majority of crimes. And what we've seen in Manhattan is we've seen the crime rate go up and we've seen citizens become less safe. . . .

Look, I don't know what goes into paying hush money to a porn star to secure silence over some type of alleged affair. I can't speak to that. But what I can speak to is that if you have a prosecutor who is ignoring crimes happening every single day in his jurisdiction and he chooses to go back many, many years ago to try to use something about porn-star hush-money payments, that's an example of pursuing a political agenda and weaponizing the office. And I think

that that's fundamentally wrong.

I also think it's important to point out when you're talking about these Soros-funded prosecutors—yes, they may do a high-profile politicized prosecution, and that's bad, but the real victims are ordinary New Yorkers, ordinary Americans in all these different jurisdictions—that they get victimized every day because of the reckless political agenda that these Soros DAs bring to their job. They ignore crime and they empower criminals, and that hurts people, hurts a lot of people every single day. The Soros district attorneys are a menace to society, and I'm just glad that I'm the only governor in the country that's actually removed one from office during my tenure.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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WORLD NEWS

# French Government Survives Vote

No-confidence motion sought to halt pension revamp, topple Macron administration

By NOEMIE BISSERBE

PARIS—French President Emmanuel Macron's government narrowly survived a no-confidence vote in the National Assembly on Monday, fending off a last-ditch effort to kill his contentious pension overhaul and topple his administration.

The no-confidence motion, spearheaded by a group of centrists, won the support of 278 lawmakers in the lower house of Parliament, a mere nine votes short of a majority.

A second no-confidence vote filed by Marine Le Pen's far-right National Rally also failed by a wide margin.

The outcome clears the way for the pension overhaul—a major plank of Mr. Macron's pro-business agenda and a bellwether for his ability to govern—to become law once the constitutional council has reviewed it.

The revamp raises France's retirement age to 64 from 62 by 2030, a step Mr. Macron says is the only way to save France's costly pension system without raising taxes or running up the national debt.

Protesters streamed into the streets of Paris moments after the no-confidence motion failed, demanding Mr. Macron reverse course.

The battle over pensions has left Mr. Macron politically wounded. It has exposed the French leader's struggle to stitch together majorities to pass a signature piece of legislation and his increasing reliance on Article 49 of the constitution, which allows his government to enact legislation without the National Assembly's approval.

Repeated use of Article 49 to govern is risky. Each time Mr. Macron resorts to the maneuver he opens his government up to no-confidence votes that are gradually edging toward a majority. The provision is also highly contentious with Mr. Macron's opponents on the far right and far left, who cast it as anti-democratic.

Mr. Macron's government has faced more than a dozen no-confidence motions since he was re-elected president in April last year. Before Monday's vote, the closest opposition parties had come to forcing the government to resign was on Oct. 24, when a no-confidence motion put forward by NUPES—the leftist coalition of French socialists, communists and greens—failed by 50 votes.

Mr. Macron's use of Article 49 is inflaming street protests. Demonstrations and strikes over the past two months have brought more than a million people into the streets and paralyzed parts of the economy.

Protests turned violent after Mr. Macron used Article 49 on his pension bill. In Paris,

protesters set fire to piles of garbage that had accumulated from a two-week trash-collectors strike, leading police to use tear gas and water cannons to disperse crowds. Hundreds of people were detained by police.

Union leaders have pledged to continue to protest. They have called for a new day of nationwide strikes and demonstrations on Thursday.

The future of Mr. Macron's pro-business agenda now lies in the hands of the conservative party Les Républicains, who hold the balance of power in the chamber. Of the 61 lawmakers who sit in the National Assembly for Les Républicains 19 voted in favor of the key no-confidence motion on Monday.

# U.S. Cites Its Allies, Adversaries On Rights

By VIVIAN SALAMA

WASHINGTON—U.S. allies including Saudi Arabia, the United Arab Emirates, Egypt and Pakistan are among the countries cited by the State Department as committing serious human-rights violations in a new report aimed at advocating for democratic practices around the world.

The 2022 Country Reports on Human Rights Practices, released Monday, provides a detailed record of violations and abuses of persons in marginalized communities, some of whom also suffer disproportionately from economic inequality, climate change, migration, food insecurity and other global challenges.

From Iran's brutal and violent suppression of peaceful protests often led by women, to what the report describes as "genocide and crimes against humanity" against predominantly Muslim Uyghurs in China, there continues to be a "backsliding of human-rights conditions," Secretary of State Antony Blinken said.

As the U.S. strives to gather support for its confrontations with China and Russia, Mr. Blinken sought to head off any hurt feelings over the report, which includes a number of allied nations.

"The goal of this report is not to lecture or to shame but rather is to provide a resource for those individuals working around the world to safeguard and uphold human dignity when it's under threat," he told reporters.

"We have those tough discussions across the board with friends, adversaries, competitors alike. The report itself makes that very clear," he said. "We don't pull our punches with anyone as we call these things. Sometimes we do it more publicly, sometimes we do it privately, and we try to determine in each instance how we hopefully can be most effective in advancing human rights."

President Biden has said a "fundamental challenge of our time" is to prove that democracies can deliver for their people, respect the dignity of their citizens and empower them more than the world's authoritarian leaders. Administration officials have said the U.S.'s numerous allies are a strength that China and Russia lack and want others to see Washington as a more reliable partner than Beijing.

Next week, the Biden administration will co-host the second Summit for Democracy with the

# Somalia Drought Killed 43,000 People in '22

By GABRIELE STEINHAUSER

An estimated 43,000 Somalis—around half of them children under the age of 5—died from the effects of a devastating regional drought last year and thousands more are expected to die in the first half of 2023, according to a study published Monday by Somalia's health ministry, the World Health Organization and the United Nations Children's Fund.

The Horn of Africa region has experienced five consecutive below-average rainy seasons since 2020, leaving some 22 million people across Ethiopia, Kenya and Somalia without sufficient food and water to meet their daily needs, according to the World Food Program.

No country has been hit harder than Somalia, where the drought has coincided with a government campaign against al Qaeda-linked militants and nearly half of the 17-million-strong population depends on humanitarian aid.

Late last year, the Somali government and international organizations stopped short of declaring a famine for Somalia, thanks in part to increased assistance from countries such as the U.S. But the study re-



Of the Somalis estimated to have died in the drought last year, around 21,800 were under the age of 5.

leased Monday, which was conducted by researchers at the London School of Hygiene and Tropical Medicine, shows that even in the absence of a formal famine declaration, the drought has claimed tens of thousands of lives, many of them from diseases that affect bodies weakened by malnutrition.

The U.N.'s Food and Agriculture Organization has warned that a sixth consecutive rainy season—due between April and June—could also fail and further exacerbate food shortages.

Of the 43,000 Somalis who are estimated to have died in the drought last year, around 21,800 were children under

the age of 5, according to the study. The researchers forecast that by the end of June, around 24,600 more Somalis—or about 135 a day—will have died from the effects of the drought since the start of 2023.

"We are racing against time to prevent deaths and save lives that are avoidable," said

Mamunur Rahman Malik, the WHO's representative to Somalia. "We have seen deaths and diseases thrive when hunger and food crises prolong."

To get an estimate of drought-related deaths in a country without reliable death records, researchers used data from household surveys conducted by aid groups in Somalia over the past eight years to model both expected and actual deaths for 2022.

The 43,000 deaths represent the difference between actual deaths that occurred last year and the number of deaths that would have been expected based on earlier years.

For much of last year, the hunger crisis in Somalia was exacerbated by the sharp jump in global food prices that followed Russia's invasion of Ukraine. Global food prices have dropped in recent months, with cereal and meat prices close to where they were in February 2022, the FAO said.

"This drought continues to bite very hard, and Kenya remains a hair's breadth away from famine," said Stephen Jackson, the U.N.'s resident coordinator in the country.

—Michael M. Phillips contributed to this article.

## WORLD WATCH



GENERATIONS: A woman tries to catch fish as her granddaughter dozes on her back in a paddy field on the outskirts of Guwahati in northeastern Assam state, India.

### NORTHERN IRELAND Unionist Party Rejects Brexit Compromise

Efforts by the British government to end political paralysis in Northern Ireland suffered a blow Monday after the Democratic Unionist Party said it would reject a compromise deal recently hammered out by Prime Minister Rishi Sunak and the European Union over the region's trading status.

The so-called Windsor Framework is aimed at appeasing the DUP and other unionist communities in Northern Ireland who felt cut off from the rest of Britain after the country agreed as part of its 2019 Brexit divorce deal to place a border between Northern Ireland and the rest of the U.K., rather than a border be-

tween the province and Ireland, which remains an EU member.

The U.K. government did that to avoid angering nationalists who want an eventual reunification of Ireland and possibly jeopardizing the 1998 peace deal that ended three decades of violence. But the move essentially left Northern Ireland within the EU common market and subject to its trading rules—unlike the rest of the U.K. In protest, the DUP pulled out of a power-sharing assembly in the province.

—Max Colchester

### TURKEY EU Aid Is Sought for Earthquake Repairs

Turkey is scrambling to find reconstruction funding as the

economic toll from last month's earthquakes tops \$100 billion, posing challenges for a country already struggling with a depressed currency and one of the world's highest rates of inflation.

On Monday, the European Union launched a donor conference to raise funds for Turkey and Syria in the aftermath of the earthquakes, which killed more than 56,000 people across both countries, uprooted millions of people from their homes and destroyed countless businesses and public buildings.

International donors pledged seven billion euros, about \$7.5 billion, in relief for both Turkey and Syria on Monday, officials said. European Commission President Ursula von der Leyen said the bloc would provide Turkey with €1 billion for reconstruction, and

pledged to provide Syria with an additional €108 million.

—Jared Malsin

### VENEZUELA Oil Minister Resigns Amid Graft Probe

Venezuela's oil minister resigned Monday amid a widening campaign by President Nicolás Maduro to root out corruption in the government and the national oil company, which in recent days has led to the arrests of several government officials on graft charges.

Tareck El Aissami, who had held high posts in government and long been among Mr. Maduro's closest confidants, said on Twitter that he was stepping down from his post to facilitate

the government's anticorruption probe into state-run Petróleos de Venezuela, or PdVSA. He couldn't be reached for comment.

"I put myself at the [ruling party's] disposition to help in this crusade that President Nicolás Maduro has taken on against the anti-values that we must fight against, even with our own lives," Mr. El Aissami said in a statement.

Mr. El Aissami, who is wanted by the U.S. on drug-trafficking allegations that he denies, hasn't been charged by Venezuelan prosecutors. His sudden departure was an unusual step in a tightknit inner circle of Maduro aides that has helped the regime outlast U.S. sanctions and opposition political protests in a turbulent decade in power.

—Kejal Vyas

### State Department report offers a long list of abuses in Saudi Arabia.

governments of Costa Rica, the Netherlands, South Korea and Zambia, in an effort to showcase efforts made by partner nations committed to the promotion of democratic practices.

The new report offers a long list of abuses in Saudi Arabia, including extrajudicial killings, enforced disappearances and restrictions on freedom of expression and media, including censorship and unjustified arrests or prosecutions of journalists. Another Arab Gulf ally, the U.A.E., is cited for a range of abuses, from incommunicado detention to laws criminalizing consensual same-sex sexual conduct between adults.

Other allies cited in the report for troubling trends included India and Egypt.

In India, the report said, "significant human rights issues" included violence or threats against religious minorities, social status or sexual orientation, arbitrary arrest and detention and life-threatening prison conditions. Egypt was cited for extrajudicial killings, enforced disappearance by state security, torture and cases of cruel, inhuman, or degrading treatment or punishment by the government, and serious restrictions on free expression and media.

—Nancy A. Youssef contributed to this article.

# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Tuesday, March 21, 2023 | B1

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## Stocks Gain on Hope for Banks

Swiss deal boosts confidence in sector even amid uncertainty on Fed rate policy

By Caitlin Ostroff and Heather Gillers

U.S. stocks climbed Monday on hopes for stability in the banking sector after regulators engineered a deal for Swiss banking giant UBS to take over rival Credit Suisse.

The Dow Jones Industrial Average added 382.60 points, or 1.2%, to 32244.58, its largest one-day percentage gain since Jan. 6. The S&P 500 rose 34.93

points, or 0.9%, to 3951.57. The tech-focused Nasdaq Composite climbed 45.02 points, or 0.4%, to 11675.54. The indexes declined Friday.

Authorities have sought to halt a dangerous decline in confidence in the global banking system and get ahead of potential stress in markets. As well as the UBS-Credit Suisse deal, regulators moved to bolster international access to U.S. dollars.

"It's bullish that governments have stepped in," said Ross Mayfield, investment strategy analyst at Baird. But he said any investor optimism is tempered by fears that the turmoil isn't over. "So I think it's relief but

with a looming uncertainty and angst about what might really be underneath if you really keep digging."

Shares in First Republic

### 1.2%

The Dow's rise, its largest in percentage terms since Jan. 6

Bank, a key concern at present for U.S. officials, dropped \$10.85, or 47%, to \$12.18, a record low, according to data going back to 2010. Major bank

chief executives, led by JPMorgan Chase & Co. Chief Executive Jamie Dimon, are discussing fresh efforts to stabilize the troubled bank, The Wall Street Journal reported.

Other regional banks rallied, with PacWest Bancorp shares up \$1, or 11%, to \$10.28 and Fifth Third Bancorp up \$1.26, or 5.1%, to \$26.21.

Amazon.com shares dropped \$1.24, or 1.3%, to \$97.71 after the company said it would cut 9,000 more jobs, after announcing plans for 18,000 job cuts in January. Shares in Facebook parent Meta Platforms, which last week announced a second round of layoffs, rose 1.1% to

\$197.81.

In Europe, Credit Suisse shares lost more than half their value. Shares in UBS initially fell by double-digit percentages, before rebounding to edge slightly higher. Trading in stocks of other major European banks, including BNP Paribas, Deutsche Bank and Banco Santander, was also volatile.

Investors are split in expecting what the Federal Reserve will do when it meets this week. Goldman Sachs Group is projecting the Fed

Please turn to page B11  
◆ Stocks hold up, even as tumult hits markets..... B11

## Starbucks Elevates Schultz Successor

By Heather Haddon

Starbucks Corp. said it handed the reins of the world's largest coffee chain to its incoming chief executive officer, Laxman Narasimhan.

The Seattle-based company said that interim CEO and longtime leader Howard Schultz exited from the role Monday, with his successor officially taking over and joining the company's board. Starbucks previously had said that Mr. Narasimhan would begin in his role on April 1.

Mr. Narasimhan, 55 years old, left his CEO role at U.K.-based consumer-products company Reckitt Benckiser Group PLC last September and has spent the intervening months learning Starbucks's culture and operations, the company said.

Messrs. Schultz and Narasimhan have worked together closely since his arrival, both men have said.

Mr. Schultz, who has said he has led the company for the final time, said Monday in a letter to Mr. Narasimhan and other company leaders that Starbucks was his life's work, and that he entrusted them to lead the chain forward.

"As I turn Starbucks over to you now, know that you have my utmost confidence, trust and love," he wrote.

The leadership handoff comes as Starbucks executives and shareholders are set to address contentious matters facing the coffee chain. During the company's annual shareholder meeting Thursday, investors are set to weigh several proposals pertaining to the chain's governance and management, including its response to a unionization drive among U.S. baristas.

For the past 18 months, pro-union baristas have been pushing to organize Starbucks cafes, saying such steps are necessary to secure better pay and working conditions. Starbucks

Please turn to page B2

## Amazon Extends Layoffs to Cloud, Ad Businesses

By Sebastian Herrera and Dana Mattioli

Amazon.com Inc. said it would cut 9,000 more corporate jobs across units that include its profitable cloud-computing and advertising businesses, a sign that the company's cost cutting is extending into all aspects of its operations as technology giants slash spending.

Chief Executive Andy Jassy said that the company added a significant number of employees in recent years, a step he defended as necessary given what was happening in Amazon's business at the time.

"Given the uncertain economy in which we reside, and the uncertainty that exists in the near future, we have chosen to be more streamlined in our costs and head count," Mr. Jassy said, noting that the layoffs come after it completed its annual planning process.

The company previously said it was slashing 18,000 jobs.

Waves of job cuts have roiled the tech industry. Amazon is the latest company to

enact more job cuts than previously expected. Last week, Facebook parent Meta Platforms Inc. said it would cut roughly 10,000 jobs over the coming months, its second wave of mass layoffs.

Amazon invested heavily in expanding its head count during the early part of the Covid-19 pandemic as people shifted much of their shopping online.

The company added about 800,000 employees, mostly at its hundreds of warehouses, between the end of 2019 and end of 2021.

When demand began to fall off as consumers returned to bricks-and-mortar stores, Amazon cut back in areas of the business that were unprofitable and froze hiring.

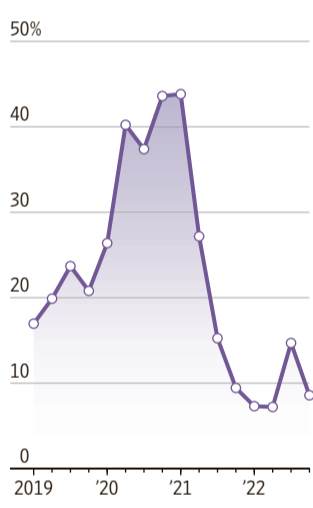
Mr. Jassy said the 9,000 additional job cuts weren't announced earlier because some teams hadn't completed assessments that determined which positions needed to be eliminated.

Please turn to page B2  
◆ Heard on the Street: Tech firms cut growth areas..... B12



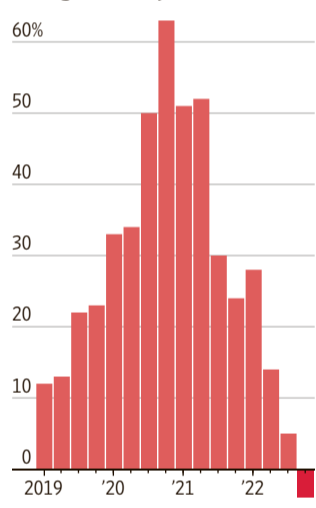
The AWS cloud business has seen a continued slowdown in spending as customers rein in costs.

Amazon's quarterly revenue, change from a year earlier



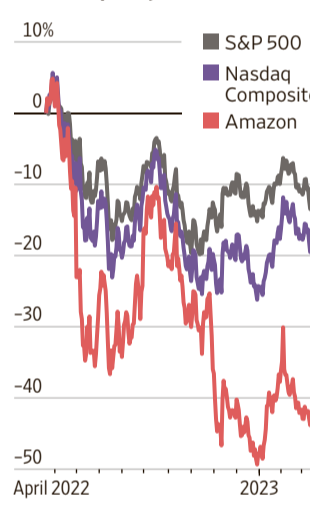
\*Excludes contractors & temporary personnel

Employee head count, change from a year earlier



Sources: S&P Capital IQ (revenue); the company (employees); FactSet (performance)

Share and index performance over the past year



## Tesla's Cost-Cutting Goal Pressures Rivals

By Tim Higgins

Car makers trying to catch up to Tesla Inc.'s electric vehicles were thrown a curveball recently with Elon Musk's latest goal: slashing the cost of building next-generation cars by 50% in coming years.

Analysts already estimate Tesla's bestselling vehicles enjoy thousands of dollars in cost advantages over rivals in producing EVs, and those competitors have been trying to close the gap.

"There is a clear path to making a...smaller vehicle that is roughly half the production cost and difficulty of our Model 3," Mr. Musk said earlier this month during a Morgan Stanley conference.

His comments reiterated a target highlighted during the auto maker's investor day. Tesla executives aim to achieve the cost reductions through a combination of vertical integra-

tion, factory automation, part reductions and other steps.

Mr. Musk, who has a history of missing ambitious pricing goals, hasn't detailed specific figures or when the vehicles will debut. But those savings are seen by analysts as helping allow Tesla to offer a long-promised \$25,000 electric car without destroying the company's industry-leading, double-digit-percentage margins.

Tesla didn't respond to a request for comment.

Since the earliest days of the automotive industry, executives have been obsessed with cutting costs, an endeavor that has fueled the development of the assembly line, messy mergers, global alliances and design and engineering overhauls—all aimed at finding ways to save dollars, if not pennies, on each car.

But their efforts have taken on new urgency as auto execu-

Please turn to page B2

### INSIDE



**BUSINESS NEWS**  
Foot Locker forecasts a year of declining sales and profit as it closes stores. B3



**FINANCE**  
Credit Suisse's collapse nearly wiped out a \$1.5 billion investment by the Saudis. B10

## Small Companies Worry Over How Best to Stash Their Cash

By Ruth Simon

The collapse of Silicon Valley Bank and Signature Bank has created a new worry for many small businesses: what to do with their cash.

Some owners of small and midsize businesses are moving funds to other institutions, splitting them between multiple banks, moving cash into money-market funds or buying Treasuries. Others are more closely reviewing the finances of their banks, while some entrepreneurs are even thinking about the potential risks for key partners and customers.

Responding to the recent banking-industry turmoil is particularly challenging for small businesses, which typically don't have large finance teams or sophisticated cash-management strategies. Small-business owners with conser-



Jester Concepts owns Butcher & the Boar in Minneapolis.

vative habits often keep lots of cash on hand as a cushion. Loan restrictions can make it tough to split that cash among multiple institutions.

"I think we need to analyze

banks just like they analyze us," said Brent Frederick, owner of Minneapolis-based Jester Concepts, which has five restaurants including Butcher & the Boar

Please turn to page B10

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# INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

Index A-Z listing companies and their page numbers. Includes sections for A, B, C, D, F, G, H, I, J, M, O, P-R, and S.

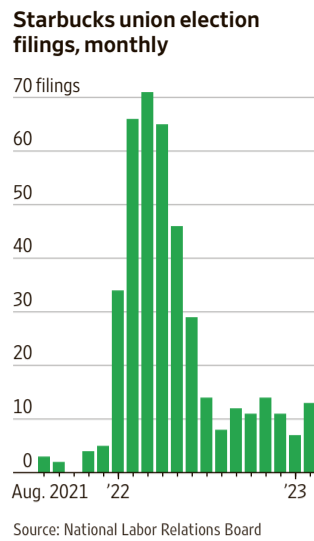
# INDEX TO PEOPLE

Index A-Z listing individuals and their page numbers. Includes sections for A, B, D-H, I, J, K, L-N, O, P, R, S, and T-W.

# BUSINESS & FINANCE

## Starbucks Elevates New CEO

Continued from page B1 Starbucks' management has urged workers not to form unions, saying baristas' goals are better addressed by working directly with the company.



Starbucks union election filings, monthly. Source: National Labor Relations Board

The NLRB has issued 82 complaints against Starbucks over allegations that the chain broke federal labor law since the baristas' unionization campaign began.

The company has contested the complaints and denied it has broken rules overseeing union organizing, saying it respects its workers' rights to organize.

Some Starbucks shareholders are seeking more oversight of the company's unionization approach.

An investor group that includes Trillium Asset Management and New York City's Office of the Comptroller, which oversees pension funds, filed a shareholder proposal that would require the board

said in past writings and statements that the company could better meet the needs of its employees than outside entities. Starbucks Workers United, the union organizing chain baristas, has said it hopes the new CEO brings a different approach.

"We would love to offer an olive branch. We are cautiously optimistic about a fresh start," said Casey Moore, an organizer and spokeswoman for the group.

Starbucks Workers United and other unions are expected to protest outside the company's Seattle headquarters Wednesday before the annual meeting.

Shareholders will also consider whether Starbucks should step up efforts toward future succession planning, with a separate shareholder proposal calling on the board to commit to more regular and public evaluation of future executive candidates.

Mr. Schultz returned to Starbucks in April 2022 for a third stint as CEO, succeeding previous CEO Kevin Johnson, who retired last year.

Starbucks has urged investors to vote against the proposal and said its board has moved to conduct succession planning, including identifying internal candidates.

The company's board said last year that they asked Mr. Schultz to return to the company to carry on the chain's culture as it searched for a permanent leader and to voice his opinions on its affairs.

## Stanley to Close Plants in Texas, S.C.

By JOHN KEILMAN

Stanley Black & Decker Inc. said it is closing factories in Texas and South Carolina, relocating some operations to Tennessee facilities as the company revamps its manufacturing and distribution network.

The Connecticut-based tool maker said the moves would affect the jobs of 357 employees. Eighty jobs will be added in Tennessee, the company said.

"These actions are aligned to the transformation strategy designed to deliver \$2 billion of cost savings and are reflective of current economic conditions which highlighted needed changes in Stanley Black & Decker's production and distribution network," the company said.

The factory in Fort Worth, Texas, makes mechanic tools, the company said, and the one in Cheraw, S.C., makes knives and portable storage units.

The company's Cheraw operations will be divided between Stanley Black & Decker's facilities in Jackson and Gallatin, Tenn.

## Tesla Puts Pressure On Rivals

Continued from page B1

tives are squeezed fighting a twin battle of having to navigate inflationary cost increases while also investing heavily in electric vehicles as investors and regulators give priority to this technology.

"This sort of ratchets up the pressure" on traditional auto makers, said Mark Wakefield, a managing director for consulting firm AlixPartners LLP, which estimates that the auto industry has committed a combined \$526 billion to convert lineups to electric vehicles through 2026.

That funding is occurring ahead of most companies seeing any real benefits from economies of scale from EV sales, which have been growing strongly yet account for a small portion of overall global deliveries.

The new pressure brought by Mr. Musk was evident last Tuesday when Volkswagen AG met with analysts and investors.

UBS analyst Patrick Hummel referred to Tesla's cost-cutting plans in asking Volkswagen of-

ficials about its EV dubbed the ID. 3, which he said starts at about \$40,000 in Europe and is "slightly above break-even levels" for the company.

"I really struggle to see how VW is going to have an affordable EV that's profitable to you in a couple of years' time," he told executives.

"We are very aware that competition will become tougher," Arno Antlitz, VW's chief financial officer, said. "So we try to stay as fixed as possible on the overhead cost side."

Ultimately, Volkswagen is betting its newest generation of EVs, built with common parts, will give it scale over time to reduce costs. And Mr. Antlitz reiterated that the company plans an EV priced below \$25,000, or around \$27,000. The company showed a concept version of the forthcoming model last week and said it would arrive in 2025 in Europe.

"We will have significant scale by then," he said.

Tesla's evolution to mainstream auto maker came with the Model 3 sedan, which starts at around \$45,000 in the U.S., and was supposed to be a \$35,000 car when it was revealed in 2016. But it wasn't offered at that price when production began in 2017 as the company couldn't produce it without losing money, Mr. Musk has said.

Instead, Tesla has engaged in continuous efforts to whittle



Tesla's top EVs already enjoy cost advantages over competitors.

away cost, saying it has achieved 30% improvements since 2018 through a host of areas, including productivity, engineering changes and supplier scale. Executives say these actions foreshadow how they will achieve more reductions for the next-generation vehicles.

Caresoft Global, which tears apart vehicles to compare costs between competitors, estimates Tesla's Model Y compact sport-utility vehicles have at least a \$3,000 cost advantage to competitors' comparable offerings, excluding batteries, said the consulting firm's chief executive, Mathew Vachaparampil. Even if Mr. Musk is un-

successful at reaching 50% reductions, industry observers say any significant effort toward that goal would be meaningful. In effect, Mr. Musk's claims set a new bar with investors in which to judge car companies' ability to compete with Tesla.

"This is them challenging the industry," said Mark Fields, a former chief executive of Ford Motor Co. "Is the rest of the industry going to stand up and notice? I think they will."

Investors already have been skeptical of traditional auto makers' ability to compete with Tesla.

At a conference in February, Rod Lache, an analyst for Wolfe Research, told Ford Chief Exec-

utive Executive Jim Farley that in his firm's survey of 100 investors, 92% said they didn't think traditional auto makers could match Tesla on cost. Mr. Farley wasn't surprised. He often cites Tesla's cost advantage of more than \$10,000 per vehicle when talking about the need to make changes. To break internal resistance, he has taken steps to split the company into new groups—including one working on future EVs—in an effort to encourage new thinking.

Ford's EV effort is benchmarking against Tesla's margins, Lisa Drake, Ford's vice president of EV industrialization, has said. Last year, she

said the company will reach the kinds of volumes of EV sales in 2026 that give them scale.

"That's going to help us unlock some of that cost efficiency that we need," she said.

Similarly, Mr. Lache asked General Motors Co. Chief Executive Mary Barra about matching Tesla's cost structure and margins. "Our aim is to have industry-leading margins as we invest," Ms. Barra said.

Watch a Video: Scan this code for a video on what price cuts mean for the EV industry.

## Amazon Cuts More Positions

Continued from page B1

nated.

He said the cuts would be completed by mid- to late April. Amazon had about 1.5 million employees worldwide at the end of December. It employed about 350,000 corporate workers before its recent layoffs.

Since 2022, layoff tallies at tech companies have reached about 300,000 workers, according to Layoffs.fyi, a site tracking job cuts in the industry.

Amazon has been passing through one of the toughest stretches of its history. The company recently finished laying off 18,000 corporate employees, or about 5% of the total. Those cuts were concentrated in its devices business and recruiting and retail operations.

In addition, Amazon has made other changes that will likely lead to higher voluntary turnover than in recent years. The company isn't adjusting its stock-heavy compensation plans, meaning that many employees will effectively have their pay cut this year, The Wall Street Journal has reported.

Amazon recently announced a return-to-office plan beginning next month that hasn't



Amazon plans to close eight of its cashierless Amazon Go stores on April 1.

been well received by some employees.

The job cuts to Amazon's cloud-computing unit come as cloud customers have looked to save money on infrastructure and software costs, according to Rick Villars, an analyst with IDC. At the same time, new growth opportunities for cloud companies, such as in artificial intelligence, aren't yet making a significant impact, he said.

"With Amazon being one of the biggest players in the cloud arena, it's going to be visible in their numbers," Mr. Villars said. Cloud spending in the U.S. grew by 27% in the fourth quarter, lower than the 31% average growth rate of the previous four quarters, according to market analytics firm Synergy Research Group.

Brian Olsavsky, Amazon's chief financial officer, in February said the company had seen a continued slowdown in AWS spending as customers have looked to rein in costs. Amazon's advertising business, which has become an increasingly meaningful sales driver, also saw a slowdown in the fourth quarter, recording a 19% increase in sales. AWS, Mr. Olsavsky said, would likely experience challenges "in at least the next couple of quarters."

AWS posted \$22.8 billion in operating income for last year. The rest of the company combined had an operating loss of \$10.6 billion.

Amazon has also cut back on projects and pulled back investment in certain areas. This month, it confirmed it was

pausing construction on a massive corporate real estate complex near Washington, D.C., that it calls its second headquarters, or HQ2.

While the first phase of its project is nearly complete, Amazon had originally planned to break ground on the second phase, which includes three 22-story office buildings, during the first quarter of 2023.

On the same day it revealed its plans for HQ2, it also said it would close eight of its cashierless Amazon Go stores throughout Seattle, New York City and San Francisco on April 1. The closings add to other struggles Amazon has had in physical retail, including closing its physical book stores in 2022.

—Joseph De Avila contributed to this article.

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## BUSINESS NEWS

# Foot Locker Expects 30% Fall in Profit

Sneaker retailer to close stores and boost pay, aiming to jump-start growth

By DIA GILL

**Foot Locker** Inc. forecast a year of declining sales and a 30% drop in profit as the company closes stores, exits businesses and spends more in areas such as technology and wages.

The sneaker and athletic-wear retailer said the changes are part of a reset year under new Chief Executive Mary Dillon that is expected to yield higher profit and sales starting in 2024.

For the coming year, Foot Locker expects its sales to decline between 3.5% and 5.5%. Adjusted earnings, meanwhile, are projected to be \$3.35 a share to \$3.65 a share for the year, short of analyst expectations for \$4.11 a share, according to FactSet.

Shares in Foot Locker, based in New York, closed down 5.7% at \$39.86 on Monday. They are up 23% over the past 12 months.

Ms. Dillon, the former CEO of beauty-products retailer **Ulta Beauty** Inc., took the helm at Foot Locker in August as the retail chain tried to shift out of shopping malls and lessen its dependence on Nike Inc. She also planned to improve Foot Locker's digital operations.

"We are clear-eyed about the actions that we need to take to simplify and make our business more efficient," Ms. Dillon said Monday during a meeting with analysts. "That said, we are just as clear about the possibilities ahead."

Nike has previously made up as much as 70% of Foot Locker's overall sales. That figure began to decline in 2022 as the shoe company provided Foot Locker with fewer of its most popular products, such as Air Jordan sneakers. In the coming years, Foot Locker is aiming for Nike to account for as much as 60% of its sales.

In addition to rebuilding its relationship with Nike, Foot Locker plans to continue diversifying its brand portfolio, saying that **Adidas**, **New Balance** and **Puma** are among brands that could make up a



Foot Locker says that Adidas, New Balance and Puma are among brands that could make up a larger portion of its sales by 2026.

larger portion of its sales by 2026. The company expects to incur costs to exit some brands, such as paying \$25 million to wind down its Side-

## \$19M

Company's net income for the quarter ended Jan. 28,

step banner in Europe by mid-2023.

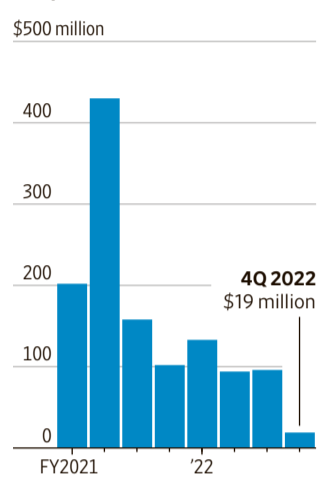
Foot Locker also plans to step up technology investments this year, and spend an additional \$40 million on wages for front-line workers.

The retailer said the changes planned for this year would result in strong growth. For fiscal years 2024 through 2026, the company said it is targeting sales growth of 5% to 6% annually.

The outlook came after Foot Locker reported a steep decline in net income for the fourth quarter, even as comparable-store sales rose 4.2%. The bottom line was hit by higher markdowns needed to clear inventory. Net income came in at \$19 million, or 24 cents a share, for the quarter ended Jan. 28, down from \$102 million, or \$1.02 a share, a year earlier.

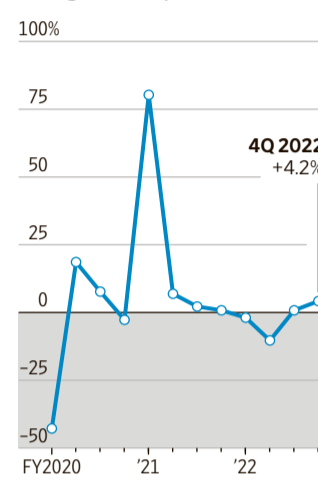
Overall sales fell slightly to \$2.33 billion, largely because of the stronger dollar.

**Foot Locker's quarterly net profit**



Note: Fiscal quarter ended Jan. 28  
Sources: S&P Capital IQ (profit); the company (sales)

**Comparable-store sales, change from a year earlier**



# Fleetcor Strikes Board Deal With Activist Investor

By LAUREN THOMAS

Payments company **Fleetcor Technologies** Inc. struck an agreement with activist shareholder **D.E. Shaw Group** to refresh its board and consider separating parts of its business.

As part of the agreement unveiled Monday, Fleetcor has

appointed Rahul Gupta, the former chief executive of healthcare-billing and payments company **RevSpring** Inc., to its board, as well as another mutually agreed-upon director.

Fleetcor appointed tech executive Annabelle Bexiga to its board in January. One of its longer-tenured directors is

soon expected to retire, the company said Monday.

Fleetcor also said it plans to pursue a strategic review of its business, which could entail a breakup, a process it aims to complete by year-end.

While the Atlanta company is primarily a global payments operator, helping customers with online bill pay-

ments, expense management and other tasks, it has multiple businesses that don't all fall under that umbrella. They include a global fuel-hauling business and a hotel unit. Fleetcor has previously said it was working to simplify its business.

D.E. Shaw's position in Fleetcor hadn't been made

public before Monday.

Fleetcor in 2022 reported revenue of \$3.4 billion, up about 21% from a year earlier. This year, it has forecast revenue will be between \$3.8 billion and \$3.85 billion, with growth slowing as the company navigates a higher interest-rate environment.

Fleetcor has a market value

of about \$14 billion. Its shares jumped about 6.4% to \$199.08 Monday. The shares traded for more than \$300 just before the pandemic.

D. E. Shaw typically prefers to work with management behind the scenes. The fund has previously targeted shipping giant FedEx Corp. and home improvement retailer Lowe's Cos.



FTX CEO John J. Ray III has said that Bahamian authorities were stonewalling his investigation.

# FTX Bahamas Affiliate Is Sued Over Control of Assets

By BECKY YERAK

Managers of FTX are suing a company affiliate based in the Bahamas, seeking a bankruptcy court ruling to end a dispute with liquidators there over who should control and distribute assets of the failed cryptocurrency exchange.

The managers said in their complaint they are suing because of "serial threats" by the liquidators of affiliate FTX Digital Markets Ltd. to try to move FTX's bankruptcy proceedings to the Bahamas to pursue the company's cash, crypto and other assets there.

FTX filed for chapter 11 bankruptcy protection in November at odds with the Bahamian liquidators of FTX Digital Markets over control of the company's business and an unknown amount of digital currency.

The liquidators and FTX had cooled tensions in January, agreeing to share information and secure and distribute assets belonging to company entities in the Bahamas and abroad. But in their lawsuit filed Sunday in U.S. Bankruptcy Court in Wilmington, Del., FTX's U.S. managers said the liquidators "continue to cast confusion" over of the company's property.

Representatives for the liquidators of FTX Digital Mar-

kets declined to comment Monday.

FTX's U.S. managers said in their complaint the liquidators have asserted claims to cash, cryptocurrency, intellectual property and customer relationships that should belong to the company's bankruptcy estate.

The complaint also casts FTX Digital Markets as a "corporate shell" that company founder Sam Bankman-Fried and others built to harbor a fraudulent enterprise in the Bahamas, where the company had moved its headquarters in 2021.

Federal prosecutors have alleged Mr. Bankman-Fried stole billions of dollars of FTX customer funds and misled investors and lenders. He has pleaded not guilty to charges related to securities and commodities fraud, campaign-finance violations and other allegations.

FTX's U.S. managers are seeking a ruling from the bankruptcy court that holds FTX Digital Markets has no ownership interest in the company's property. They also seek to void transfers of company funds by former FTX executives to the Bahamas, including \$143 million Mr. Bankman-Fried and others allegedly sent to FTX Digital Markets after the affiliate's

founding.

Bahamian liquidators have previously argued some FTX assets are property of FTX Digital Markets because the company operated its global business from the Bahamas, where local regulators oversaw its international exchange, FTX.com.

FTX's U.S. managers said in their lawsuit that more than 90% of customers who used the FTX.com exchange opened accounts before FTX Digital Markets started operating in May 2022.

Bahamian regulators shortly before John J. Ray III took control of FTX and its other related businesses as its chief executive and put the company in chapter 11.

Mr. Ray has previously criticized Bahamian authorities for what he said was their stonewalling of his investigation into transfers of FTX assets in the days immediately before and after the company's collapse. Officials in the Bahamas have disputed his characterizations and said their actions followed local laws to protect FTX customers.

FTX estimated last week it had a deficit of \$6.8 billion between its assets and its debts when it sought bankruptcy protection from creditors.



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# Chinese Probe Targets Chips

Panel accuses ex-chair of using conglomerate Tsinghua Unigroup as 'his personal fiefdom'

By RAFFAELE HUANG

SINGAPORE—China's top antigraft watchdog leveled corruption allegations against the former chairman of computer-chip conglomerate **Tsinghua Unigroup Co.** and referred his case to prosecutors. China's National Supervisory Commission on Monday accused Zhao Weiguo, 55 years old, of improperly buying goods and services from companies managed by his associates and of illegally involving family members and friends in Tsinghua Unigroup's operations.

Mr. Zhao, who joined the company in the 1990s, built Tsinghua Unigroup into a major player in semiconductors through an aggressive series of acquisitions—part of a government program to catch up with the West in chip-making capabilities.

Tsinghua Unigroup didn't respond to a request for comment. Mr. Zhao couldn't be reached through Tsinghua Unigroup, and it couldn't be determined if he has a lawyer.

Chinese media outlet Caixin reported in July that Mr. Zhao was taken from his home by Chinese authorities for investigation. He hasn't been seen in public since. Mr. Zhao stepped down from Tsinghua Unigroup as chairman in July 2022, according to official corporate registry.

The anticorruption agency alleged that Mr. Zhao had damaged the national interest. In the Monday statement, it described Mr. Zhao as "greedy" and said he "took the state-owned company he managed as his private fiefdom."

The move is the latest sign of the troubles faced by China's semiconductor industry, as some key players in the sector undergo corruption



The move against Zhao Weiguo, shown in 2018, is the latest sign of trouble for the country's chip sector.

probes after years of aggressive investments into various projects, some of which failed or stalled.

In recent years, China has spent billions of dollars on chip projects as it tries to catch up to the West in semiconductor technology and improve its technological self-sufficiency in the face of U.S. sanctions.

Once hailed as China's chip champion, Tsinghua Unigroup at one point counted Yangtze Memory Technologies Co., China's leading memory-chip maker, as a subsidiary.

Mobile chip-set manufacturer Unisoc remains a subsidiary, as well as makers of cloud-computing infrastructure and smart cards.

In recent years, however, Tsinghua Unigroup has been undergoing a series of bankruptcy reorganizations after defaulting on billions of dollars in bonds.

Since July, the anticorruption agency has said it was probing several senior execu-

tives and officials in the semiconductor industry, including the general manager of China's national semiconductor fund—China Integrated Circuit Industry Investment Fund Co.—which was a major investor in Tsinghua Unigroup.

## The company has grown through an aggressive series of acquisitions.

To fund its chip expansions, Tsinghua Unigroup relied heavily on government support. Under Mr. Zhao, the company also invested in various other sectors such as finance, education and media.

Last July, Tsinghua Unigroup said that it had completed a 20-month restructuring that officially replaced its two former owners, China's elite Tsinghua University and

a holding entity owned by Mr. Zhao, with a consortium led by two state-backed semiconductor venture-capital firms. That concluded its efforts to restructure assets after a creditor sought its bankruptcy in 2021.

Under the restructuring plan, the company has paid some debts with more than \$12 billion in cash and with shares outstanding of its three listed subsidiaries.

Tsinghua Unigroup said in July that its crisis came from its long-term disorderly expansions and mismanagement of its assets, such as funding big acquisitions with bank loans and bonds.

"Unigroup's development is a microcosm of the growth of China's technology industry, with both risks and opportunities," Li Bin, the new chairman of Tsinghua Unigroup, said in a letter to company staff in July that was publicly shared, adding that the various Unigroup businesses should coordinate better.

# ChatGPT Helps Researchers Win Hacking Contest

By KIM S. NASH

The ChatGPT AI bot has spurred speculation about how hackers might use it and similar tools to attack faster and more effectively, though the more damaging exploits so far have been in laboratories.

In its current form, the ChatGPT bot from **OpenAI**, an artificial-intelligence startup backed by billions of dollars from **Microsoft Corp.**, is mainly trained to digest and generate text.

For security chiefs, that means bot-written phishing emails might be more convincing than, for example, messages from a hacker whose first language isn't English.

Today's ChatGPT is too unpredictable and susceptible to errors to be a reliable weapon itself, said Dustin Childs, head of threat awareness at **Trend Micro Inc.'s Zero Day Initiative**, the cybersecurity company's software vulnerability-hunting program.

"We're years away from AI finding vulnerabilities and doing exploits all on its own," Mr. Childs said.

Still, that won't always be the case, he said.

Two security researchers from cybersecurity company **Clarity Ltd.** said ChatGPT helped them win the Zero Day Initiative's hack-a-thon in Miami last month.

Noam Moshe, a vulnerability researcher at Clarity, said the approach he and his partner took shows how a determined hacker can employ an AI bot.

Generative AI—algorithms that create realistic text or images built on the training data they have consumed—can supplement hackers' know-how, he said.

The goal of the three-day event, known as Pwn2Own,

was to disrupt, break into and take over Internet of Things and industrial systems. Before arriving, contestants chose targets from Pwn2Own's list, and then prepared tactics.

Mr. Moshe and his partner found several potential weak points in their selected systems. They used ChatGPT to help write code to chain the bugs together, he said, saving hours of manual development. No single bug would have allowed the team to get very far, he said, but manipulating them in a sequence would.

At the contest, Mr. Moshe and his partner succeeded all 10 times they tried, winning \$123,000.

"A vulnerability on its own isn't interesting, but when we look at the bigger picture and collect vulnerabilities, we can rebuild the chain to take over the system," he said.

OpenAI and other companies with generative AI bots are adding controls and filters to prevent abuse, such as to prevent racist or sexist outputs.

Some bad actors will likely try to get around any cybersecurity boundaries the bots are taught, said Christopher Whyte, an assistant professor of cybersecurity and homeland security at Virginia Commonwealth University.

Rather than instructing a bot to write code to take data from a computer without a user knowing, a hacker could try to trick it to write malicious code by formulating the request without obvious triggers, Mr. Whyte said.

It is similar to when a scammer uses persuasion to trick an office worker to reveal credentials or wire money to fraudulent accounts, he said. "You steer the conversation to get the target to bypass controls," he said.

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On a recent trip to Tucson, we spoke with fourth generation turquoise traders who explained that less than five percent of turquoise mined worldwide can be set into jewelry and only about twenty mines in the Southwest supply gem-quality turquoise. Once a thriving industry, many Southwest mines have run dry and are now closed.

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## BUSINESS NEWS

## Tensions Rise in Port Labor Talks

BY PAUL BERGER

Tensions in long-running contract talks at West Coast ports are worsening, with employers accusing unionized dockworkers of slowing cargo handling at the ports of Los Angeles and Long Beach, the nation's busiest gateway for imported consumer goods.

The sharp rhetoric marks a shift from a longstanding agreement to maintain public silence on issues around the negotiations, which began last spring. The two sides appear to be no closer to bridging the gap on their disagreements, pointing to the possibility of deeper disruptions to U.S. trade flows.

The Pacific Maritime Association, which represents ocean carriers and port employers, said Monday that dockworkers at the ports of Los Angeles and Long Beach had stopped staggering work shifts during mealtimes starting this past Wednesday.

The PMA said that has forced terminals to shut down every day for an hour in the afternoon and another hour at night, interruptions that have triggered "significant delays" in cargo operations and long backups of trucks at terminal gates.

Willie Adams, the president of the International Longshore and Warehouse Union representing dockworkers, said his members are allowed "to take a lunch break just like everyone else."

Union officials said truck backups can form outside terminals for many reasons and that the PMA was highlighting the recent queues to influence public opinion.

The exchanges between the PMA and the ILWU mark the first time the two sides have launched public barbs since negotiations began in May



The talks stalled last summer and have sputtered as dockworkers and employers struggled to find common ground on a range of issues.

2022 on a multiyear contract covering more than 22,000 dockworkers at 29 ports from California to Washington. West Coast dockworkers have been working without a contract since the last agreement expired in July.

As recently as Feb. 23, the PMA and the ILWU issued a joint statement saying the parties "continue to negotiate and remain hopeful of reaching a deal soon." Talks were scheduled to resume Tuesday, according to the PMA.

Previous contract negotiations over the past two decades have been contentious and marked by freight delays that cost individual retailers millions of dollars in increased expenses and lost sales as

dockworkers slowed operations and employers locked out workers.

Shipping-industry executives and Biden administration officials had hoped the current talks would go more smoothly, given that they came so soon after cargo bottlenecks at West Coast ports during the Covid-19 pandemic underlined the critical role the gateways play in the U.S. economy. Some administration and industry officials had hoped a deal would be reached by early fall.

The talks stalled last summer and have sputtered since then as dockworkers and employers struggled to find common ground on a range of issues that include the

assignment of jobs and the use of automated handling equipment on the docks.

Although there have been some sporadic disruptions in California and Washington since the talks began, last week's slowdowns at Los Angeles and Long Beach mark the first time actions have affected so many cargo-handling operations at once.

Many importers last summer started diverting cargoes to East and Gulf Coast ports in anticipation of potential labor disruptions, and a decline in cargo volumes at Los Angeles and Long Beach, the main gateways for U.S. trade with Asia, has accelerated this year. Combined container imports at the neighboring ports

dropped 38% last month from a year earlier, to their lowest level since March 2020.

Port of Los Angeles Executive Director Gene Seroka blamed the drop on factors including a reduction in global trade and on cargo being diverted because of the labor negotiations. "Cargo owners have made it clear that they want the certainty of a signed deal," Mr. Seroka said Friday.

The PMA said the previous contract gave employers the right to assign staggered shifts during mealtimes. The employer group said that because the contract expired, there is no mechanism to arbitrate the dispute and to require dockworkers to maintain uninterrupted operations.

## Gerber Formula Recalled Over Bacteria

BY COLIN KELLAHER

Perrigo Co. is recalling several batches of Gerber brand baby formula because of the possible presence of a common bacteria.

The Dublin-based company said the recall involves certain lots of Gerber Good Start SoothePro powdered formula that were made in January at its plant in Eau Claire, Wis.

Perrigo said it is recalling the formula out of an abundance of caution because of the potential presence of Cronobacter sakazakii, a bacteria commonly found in the environment that causes no symptoms in most people but can lead to poor feeding, excessive crying or low energy in premature infants, infants under 2 months of age or infants with weakened immune systems.

Perrigo said no distributed product has tested positive for the presence of the bacteria and that no adverse events have been reported.

The company said the recall doesn't affect any other products made at the Eau Claire plant, which it acquired last year from Nestlé SA, or any other of its other facilities.

The Perrigo recall comes on the heels of last year's baby formula shortage sparked by supply-chain problems and the shutdown of an Abbott Laboratories plant as a result of bacterial contamination.

## Bed Bath Stock Falls 21%, Complicating Fundraising

BY ALEXANDER GLADSTONE

Bed Bath & Beyond Inc.'s shares fell 21% Monday after the retailer disclosed substantial dilution from a recent equity deal, potentially preventing it from raising more money from a crucial investor, hedge fund Hudson Bay Capital Management LP.

The home-goods retailer's stock closed at 81 cents Monday, after it said Friday that the number of its common shares had nearly tripled to at least 335 million as of March 15 from 117 million as of late January.

The number of shares outstanding ballooned because investors including Hudson Bay have been converting their preferred shares into new common shares in recent weeks as the result of the complex equity deal the company struck last month. Those investors put in an initial \$225 million and agreed to fund an additional \$800 million over 10 months provided that certain conditions are met, including Bed Bath & Beyond maintaining a certain volume-weighted-average price threshold for its stock.

The company raised an addi-



The retailer avoided bankruptcy after striking the Hudson Bay deal.

tional \$135 million through the deal as of March 7, bringing the total amount raised to at least \$360 million.

Last week, Bed Bath & Beyond reached an amendment with Hudson to temporarily lower the stock-price threshold to \$1 until April 3, from an original threshold of at least \$1.25. The company said that the amendment would "facilitate further funding of up to \$100 million in April 2023."

However, with the stock dropping to less than \$1 on

Monday, Bed Bath & Beyond could potentially violate the price threshold. If that happens, Hudson Bay and other investors won't have to exercise warrants to purchase more preferred shares, hedge-fund analysts said. The retailer narrowly avoided bankruptcy after striking the deal with Hudson Bay, and has been using the proceeds from the transaction to buy inventory.

Bed Bath & Beyond and Hudson Bay didn't respond to requests to comment.

## Growth Investor JMI Equity Collects \$2.4 Billion for Fund

BY TED BUNKER

Growth investor JMI Equity overcame a difficult fundraising market to wrap up its 11th main fund with commitments of \$2.4 billion, completing a fundraising drive during a period when many smaller firms struggled to reach their capital goals.

The Baltimore firm said it had a \$2 billion target for the new vehicle, JMI Equity Fund XI, when it first registered the fund with the Securities and Exchange Commission in February 2022.

A JMI Equity spokesman said the firm wouldn't comment about the fundraising effort.

Last year saw a rapid deflation of the market in which private-equity firms raise funds, data provider Preqin Ltd. has said. The London researcher has said that combined, funds

raised for private equity and venture capital fell 15% last year to \$785.19 billion compared with 2021. Analysts also have said that conditions last year made it far tougher for firms looking to raise smaller funds compared with those seeking \$10 billion or more.

Backers of Fund XI include the State of Wisconsin Investment Board, which pledged \$75 million during the first quarter of last year, and the Massachusetts Pension Reserves Investment Management Board, which committed up to \$100 million in late 2021, according to public disclosures by both pension managers.

JMI Equity, whose managing general partners work from Baltimore and La Jolla, Calif., began the new fundraising drive about a year after closing JMI Equity Fund X LP with commitments of about \$1.7 bil-

lion. The new fund is about 41% bigger than its predecessor.

The investment strategy pursued by JMI Equity focuses on software and technology-enabled services and can include majority and minority stakes in target businesses, mainly in North America, according to a regulatory filing. JMI typically writes initial checks of \$25 million to \$250 million per investment, according to a news release. Overall, the firm managed about \$7.5 billion at the end of 2021, the regulatory filing shows.

JMI Equity said it is backing three businesses through the new pool so far, including software maker Businessolver Inc., which specializes in company benefits management; property marketing technology specialist Visiting Media LLC; and project-management application maker Unanet Inc.

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**PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS WILL BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.**

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Western District of Texas (the "Court"), that the above-captioned securities class action (the "Action") is pending in the Court.

YOU ARE ALSO NOTIFIED that Lead Plaintiff in the Action, on behalf of itself and the Settlement Class, has reached a proposed settlement of the Action for \$26,000,000 in cash (the "Settlement"). If approved, the Settlement will resolve all claims in the Action.

A hearing will be held on **July 28, 2023 at 2:00 p.m.**, before the Honorable Robert Pitman at the United States District Court for the Western District of Texas, Austin Division, Courtroom 4 of the United States Courthouse, 501 West Fifth Street, Austin, Texas 78701, to determine: (i) whether the proposed Settlement should be approved as fair, reasonable, and adequate; (ii) whether, for purposes of the proposed Settlement only, the Action should be certified as a class action on behalf of the Settlement Class; (iii) whether the proposed Settlement should be approved as fair and reasonable; and (iv) whether the proposed Plan of Allocation should be approved as fair and reasonable; and (v) whether Lead Counsel's application for an award of attorneys' fees and expenses should be approved.

**If you are a member of the Settlement Class, your rights will be affected by the pending Action and the Settlement, and you may be entitled to share in the Net Settlement Fund.** If you have not yet received the Notice and Claim Form, you may obtain copies of these documents by contacting the Claims Administrator at: *SolarWinds Securities Litigation*, c/o Epiq, P.O. Box 3217, Portland, OR 97208-3217, 1-877-890-0042, info@SolarWindsSecuritiesLitigation.com. Copies of the Notice and Claim Form can also be downloaded from the Settlement website, [www.SolarWindsSecuritiesLitigation.com](http://www.SolarWindsSecuritiesLitigation.com).

If you are a member of the Settlement Class, in order to be eligible to receive a payment from the Settlement, you must submit a Claim Form **postmarked (or submitted online) no later than July 7, 2023**. If you are a Settlement

Class Member and do not submit a proper Claim Form, you will not be eligible to receive a payment from the Settlement, but you will nevertheless be bound by any judgments or orders entered by the Court in the Action.

If you are a member of the Settlement Class and wish to exclude yourself from the Settlement Class, you must submit a request for exclusion such that it is **received no later than July 7, 2023**, in accordance with the instructions set forth in the Notice. If you properly exclude yourself from the Settlement Class, you will not be bound by any judgments or orders entered by the Court in the Action and you will not be eligible to receive a payment from the Settlement.

Any objections to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for attorneys' fees and expenses must be filed with the Court and delivered to Lead Counsel and SolarWinds' Counsel such that they are **received no later than July 7, 2023**, in accordance with the instructions set forth in the Notice.

**Please do not contact the Court, the Office of the Clerk of the Court, Defendants, or their counsel regarding this notice. All questions about this notice, the proposed Settlement, or your eligibility to participate in the Settlement should be directed to the Claims Administrator or Lead Counsel.**

Requests for the Notice and Claim Form should be made to:

*SolarWinds Securities Litigation*  
c/o Epiq  
P.O. Box 3217  
Portland, OR 97208-3217  
1-877-890-0042

info@SolarWindsSecuritiesLitigation.com  
[www.SolarWindsSecuritiesLitigation.com](http://www.SolarWindsSecuritiesLitigation.com)

Inquiries, other than requests for the Notice and Claim Form, should be made to Lead Counsel:

John Rizio-Hamilton, Esq.  
Bernstein Litowitz Berger & Grossmann LLP  
1251 Avenue of the Americas, 44th Floor  
New York, NY 10020  
1-800-380-8496  
settlements@blbglaw.com

By Order of the Court

<sup>1</sup> Certain persons and entities are excluded from the Settlement Class by definition, as set forth in the full Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for Attorneys' Fees and Litigation Expenses (the "Notice"), available at [www.SolarWindsSecuritiesLitigation.com](http://www.SolarWindsSecuritiesLitigation.com).

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## PUBLIC NOTICES

IN THE MATTER OF  
THE COMPANIES ACT, 1981  
and  
IN THE MATTER OF  
WYNDHAM INSURANCE COMPANY (SAC) LTD:  
FIRING II AND FIRGP  
(In Receivership)

NOTICE IS HEREBY GIVEN that the Creditors of the above named Company are required on or before 7 April 2023 to submit their names and addresses and particulars of their debts or claims to the undersigned, the Joint Receivers of the said Company, at Deloitte Ltd., Corner House, 20 Parliament Street, Hamilton, HM 12, Bermuda, and if so required by Notice in writing from the said Receiver, to come in and prove their said debts or claims at such time and place as shall be specified in such Notice or in default of any of the above requirements, they will be excluded from the benefit of any distribution made before such debts are proved.

Dated: 20 March 2023  
Rachelle Frisby  
Joint Receiver

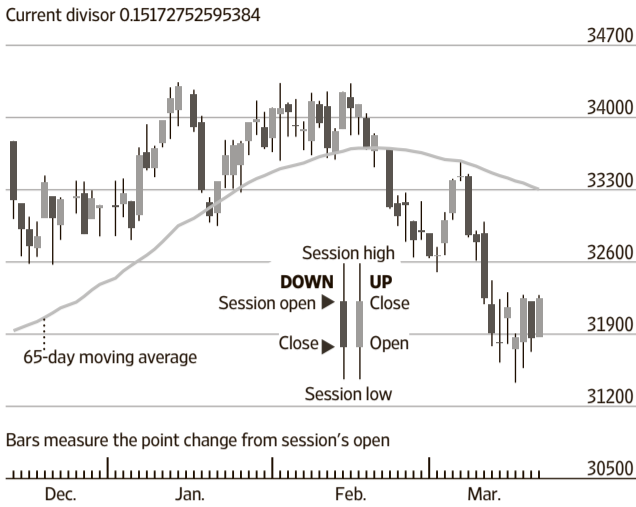
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

32244.58 ▲ 382.60, or 1.20%
High, low, open and close for each trading day of the past three months.

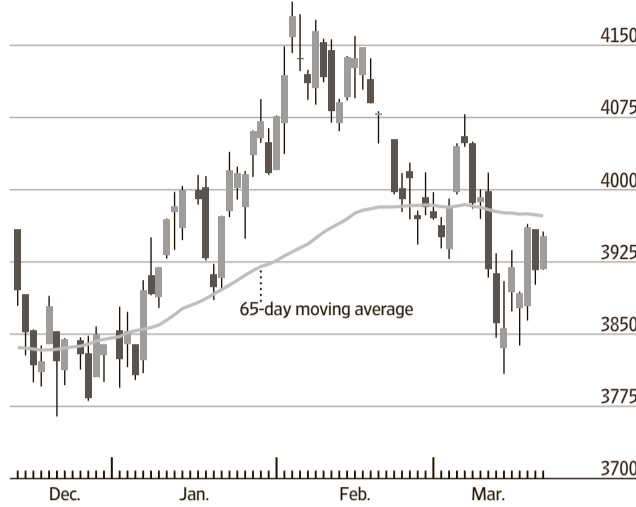
Last Year ago
Trailing P/E ratio 21.40 19.19
P/E estimate \* 17.04 18.00
Dividend yield 2.17 2.04
All-time high 36799.65, 01/04/22



S&P 500 Index

3951.57 ▲ 34.93, or 0.89%
High, low, open and close for each trading day of the past three months.

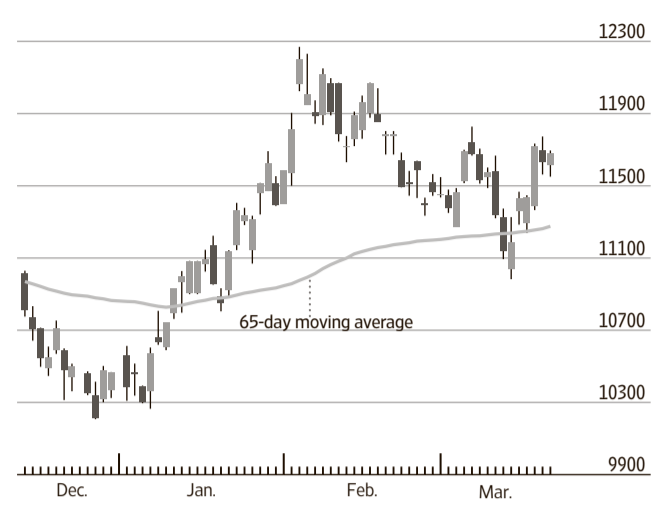
Last Year ago
Trailing P/E ratio \* 17.62 24.53
P/E estimate \* 17.93 16.52
Dividend yield \* 1.73 1.42
All-time high 4796.56, 01/03/22



Nasdaq Composite Index

11675.54 ▲ 45.02, or 0.39%
High, low, open and close for each trading day of the past three months.

Last Year ago
Trailing P/E ratio \*\* 25.37 32.75
P/E estimate \*\* 24.72 24.97
Dividend yield \*\* 0.89 0.71
All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Table with columns for Index, High, Low, Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, % chg 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table listing companies like iShares iBoxx \$ HY Cp Bd, U.S. Bancorp, First Republic Bank, SPDR S&P 500 ETF Trust, Warner Bros. Discovery A, IAA, Amazon.com, and KE Holdings ADR with their late trading performance.

Percentage gainers...

Table listing percentage gainers such as Harmonic, Oportun Financial, Sharecare CI A, Bausch Health, Cadence Bank, and others.

...And losers

Table listing percentage losers such as First Majestic Silver, Ampiber Emergency Resp, TimkenSteel, Vector Group, and Nurix Therapeutics.

Trading Diary

Volume, Advancers, Decliners

Table showing trading volume, advancers, decliners, issues traded, new highs, new lows, and closing arms for NYSE and NYSE Arca.

International Stock Indexes

Table of international stock indexes by region/country including MSCI ACWI, Euro STOXX, Nikkei 225, etc.

Percentage Gainers...

Table of percentage gainers in international markets such as Ampiber Emergency Resp, Franchise Group, Mawson Infrastructure, etc.

Most Active Stocks

Table of most active stocks including Credit Suisse Group ADR, Mullen Automotive, Loyalty Ventures, etc.

Percentage Losers

Table of percentage losers in international markets such as Aziyo Biologics, Credit Suisse Group ADR, First Republic Bank, etc.

Volume Movers

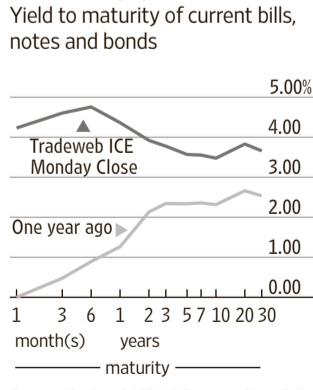
Table of volume movers including Invsic S&P Intl Dev Lo Vi, Ampiber Emergency Resp, WisdomTree EM Local Debt, etc.

CREDIT MARKETS

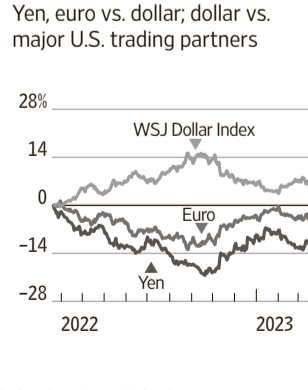
Consumer Rates and Returns to Investor

Table showing U.S. consumer rates (Federal funds, Prime rate, etc.) and selected rates for 5-year CDs from various banks.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table showing corporate borrowing rates and yields for various bond indices like U.S. Treasury, Aggregate, High-Yield, etc.

CURRENCIES & COMMODITIES

Currencies

Table of U.S. dollar foreign-exchange rates for various countries and currencies.

Commodities

Table of commodity prices including oil, natural gas, and gold.

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Table with columns: Metal & Petroleum Futures, Open, High, Low, Settle, Chg, Open interest. Includes Copper-High, Gold, Crude Oil, NY Harbor ULSD, Gasoline, Natural Gas, Corn, Soybeans, Wheat, etc.

Table with columns: Open, Contract High, Low, Settle, Chg, Open interest. Includes Cattle-Feeder, Cattle-Live, Hogs-Lean, Lumber, Milk, Cocoa, Coffee, Sugar, Sugar-Domestic, Cotton, Orange Juice.

Table with columns: Open, Contract High, Low, Settle, Chg, Open interest. Includes 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, Three-Month SOFR, Eurodollar, Japanese Yen, Canadian Dollar, British Pound.

Table with columns: Open, Contract High, Low, Settle, Chg, Open interest. Includes Wheat, Shredded Scrap, Steel, Battery/EV metals, Fibers and Textiles, Grains and Feeds, Food, Fats and Oils.

Table with columns: Open, Contract High, Low, Settle, Chg, Open interest. Includes Agriculture Futures, Corn, Soybeans, Wheat, Rough Rice, Iron Ore, Shredded Scrap, Steel, Battery/EV metals, Fibers and Textiles, Grains and Feeds, Food, Fats and Oils.

Cash Prices | wsj.com/market-data/commodities

Monday, March 20, 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: Commodity, Monday, Monday, Monday. Includes Energy, Metals, Gold, Silver, Platinum, Palladium, Aluminum, Copper, Iron Ore, Shredded Scrap, Steel, Battery/EV metals, Fibers and Textiles, Grains and Feeds, Food, Fats and Oils.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co. K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Souland Publishing; R=S&L Energy; S=Platts-TSI; T=Comcot Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. \*Data as of 3/17

Source: Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

March 20, 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, Policy Rates, U.S. consumer price index, International rates, Prime rates, U.S., Federal funds, Discount, Treasury bill auction, Secondary market, Other short-term rates.

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities. Data are from weekly Federal Reserve release H.15.

Table with columns: Week Ended, 52-Week High, Low. Includes Federal funds (effective), Commercial paper, Nonfinancial, Financial, Discount window primary credit, Treasury yields at constant maturities, Discount window primary credit, Treasury yields (secondary market), TIPS.

Notes on data: Federal-funds rate is an average for the seven days ended Wednesday, weighted according to rates on broker trades; Commercial paper rates are discounted offer rates interpolated from sales by discounted averages of dealer bid rates on nationally traded certificates of deposit; Discount window primary credit rate is charged for discounts made and advances extended under the Federal Reserve's primary credit discount window program; rate is average for seven days ended Wednesday; Inflation-indexed long-term TIPS average is indexed and is based on the unweighted average bid yields for all TIPS with remaining terms to maturity of 10 years or more.

Table with columns: Week Ended, 52-Week High, Low. Includes Call money, Commercial paper (AA financial), Libor, Secured Overnight Financing Rate.

DTCC GCF Repo Index: Treasury 4.585, MBS 4.624. Notes on data: U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective February 2, 2023. Other prime rates aren't directly comparable; lending practices vary widely by location; Discount rate is effective February 2, 2023. Secured Overnight Financing Rate is as of March 17, 2023. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal-funds rates are Tullett Prebon rates as of 5:30 p.m. ET.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.

Table with columns: Open, Contract High, Low, Settle, Chg, Open interest. Includes Swiss Franc, Australian Dollar, Mexican Peso, Euro, Mini DJ Industrial Average, Index Futures, Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 2000, Mini Russell 1000, U.S. Dollar Index, U.S. Dollar Index (ICE-US).

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: Broad Market, U.S. Corporate Indexes, High Yield Bonds, Global Government. Includes Bloomberg Fixed Income Indexes, Mortgage-Backed, U.S. Corporate Indexes, High Yield Bonds, Global Government.

\*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. †In local currency. ‡Euro-zone bonds. \*\*EMBI Global Index. Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P. Morgan

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: Country, Maturity, Yield, Spread. Includes U.S., Australia, France, Germany, Italy, Japan, Spain, U.K., Eurozone.

Source: Tullett Prebon, Tradeweb | © U.S. Treasury | Close

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread. Includes Credit Suisse, Morgan Stanley, Siemens Financieringsmaatschappij, HSBC Holdings, Blackstone Private Credit Fund, Caterpillar Financial Services, Sumitomo Mitsui Financial, Diageo Capital.

...And spreads that widened the most

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread. Includes Intesa Sanpaolo, HSBC Holdings, Lloyds Banking, Banque Federative du Credit Mutuel, Banco Santander, Jefferies Financial, Royal Bank of Canada, Toronto-Dominion Bank.

High-yield issues with the biggest price increases...

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value. Includes Credit Suisse, Embarq, Telecom Italia, Deutsche Bank, OneMain Finance, Prime Security Services Borrower, Teva Pharmaceutical Finance Netherlands, Sprint Capital.

...And with the biggest price decreases

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value. Includes Dish DBS, Barclays, QVC, Ford Motor, OneMain Finance, Intelsat Jackson Holdings, Liberty Interactive, Sealed Air.

\*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 2-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

Source: MarketAxess



BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NASDAQ and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Table of 1,000 largest stocks with columns for Stock, Sym, Close, Net Chg, and Net Chg %.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices for 4 p.m. the previous day.

Monday, March 20, 2023. Table of stock prices for A through Z.

Table of stock prices for T through Z.

Table of stock prices for A through Z.

Table of stock prices for A through Z.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE, American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session.

Table of stock prices for A through Z.

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Table of exchange-traded funds with columns for Fund, NAV, Chg, %YTD.

Table of exchange-traded funds with columns for Fund, NAV, Chg, %YTD.

Mutual Funds

Data provided by Lipper

Top 250 mutual-fund listings for Nasdaq-published share classes by net assets.

Table of mutual funds with columns for Fund, NAV, Chg, %YTD.

ETF

Table of exchange-traded funds with columns for Fund, NAV, Chg, %YTD.

Table of exchange-traded funds with columns for Fund, NAV, Chg, %YTD.

BANKING & FINANCE

Pension Funds Retreat on Private Equity

By HEATHER GILLERS

Some U.S. public pension and investment funds are pulling back on private equity after a decade of state and local retirement systems aggressively pursuing the expensive, risky and hard-to-trade asset class.

Maryland's \$65 billion retirement system is investing less new money in private equity. At Alaska's \$77 billion state fund, the investment chief wants to cancel a planned ramp-up. And the \$615 million pension fund of Mendocino County, Calif., last month opted against introducing private equity to its investment mix.

"We think you can get to the same destination with just public market assets and your real estate and infrastructure portfolios," Greg DeForrest, a senior vice president with investment consultant Callan, told the fund's board. "Without private equity, you don't have to deal with the costs, the fees, the administrative headache and the reporting headache associated with it."

Over the past decade, state and local officials committed more money to private-equity managers. Those managers offered supercharged returns on

portfolios of private companies that they bought, overhauled and then sold. But public funds had to lock up their money, often for more than a decade, with limited visibility and limited options in the case of losses.

With yields at rock bottom, investment officials were willing to stomach the risk, particularly since many were counting on investment returns to cover benefits for teachers, firefighters and other public workers.

Now low-risk bonds are again offering a decent yield. Meanwhile, some pension officials and analysts are expecting the value of private-market assets to fall. In one high-profile example, Tiger Global marked down the value of its investments in private companies by about 33% across its venture-capital funds in 2022, The Wall Street Journal reported Thursday.

Also, after a year of public-market losses, private-equity portfolios make up an average of 10.8% of U.S. pension funds, above their average target of 10%, according to data provider Preqin.

U.S. pension and investment funds are part of a larger wave of institutional investors pulling

back on private equity.

Global buyout deal value fell 35% last year, to \$654 billion, according to Bain & Co., and secondary-market sales are up. Fewer investors plan to allocate more money to private equity this year than last year, and slightly more plan to allocate less, according to a Preqin survey.

To be sure, private equity continues to be a mainstay of

\$500B Investment by large U.S. public pensions in private equity

institutional investment portfolios, with the most of those surveyed telling Preqin they intend to keep their level of investment steady long-term.

Investment in the asset class by large U.S. public pensions remains at a record high of around \$500 billion out of a total of \$4.5 trillion in assets, according to fiscal 2021 financial reports compiled by Boston College Center for Retirement Research. The \$444

billion California Public Employees' Retirement System is building out its private-equity portfolio to 13% from 8%.

Maryland State Retirement and Pension System investment chief Andrew Palmer said the fund's planned reduction in annual private-equity commitments is aimed at bringing the 21.6% allocation closer to the 16% target. He said he expects the fund to be overweight private equity even if assets are marked down further. The San Bernardino, Calif., county pension fund made a similar cut in December.

For the Alaska fund investment chief, the uncertainty around valuations is one reason to cancel a planned private-equity expansion.

To determine how much private-equity assets are worth during the decade or so they take to fully pay out, public funds rely on quarterly estimates produced by private-equity managers. The managers assign values to the companies in their portfolio that might draw on internal or outside audits and comparisons with public companies.

So far, losses reported by private-equity funds have been minimal compared with public

markets. In the first three quarters of 2022, the most recent data available, returns were minus 6.1% and minus 8.48% on private-equity indexes maintained by The Burgess Group and Cambridge Associates, respectively. The total return on the S&P 500 for the period was minus 23.87%.

Meanwhile, investors who bought private-equity assets on the secondary market last year paid an average 81% of the value assigned to those assets most recently, usually three to six months before, according to investment bank Jefferies LLC. That was the lowest figure since 2012.

At the Alaska Permanent Fund Corporation, which invests mineral revenue and other state money, investment chief Marcus Frampton told board members last month that a smaller private-equity portfolio would make it easier for him to stick to the most appealing opportunities—and leave the fund nimble to buy more.

"If we go into a bad recession and markets reset, we would have dry powder and then you would conversely lose that optionality if we keep going at the high end of the range," Mr. Frampton said.

He is recommending board members call off a plan to expand private equity to 19% of assets from 17% over the next two years.

In Mendocino County, a coastal county north of San Francisco, retirement fund board chair Quincy Cromer said a key downside of adding a proposed 8% allocation to private equity was the additional work it would create. The proposal was first reported by Buyouts.

Mendocino County Employees Retirement Association staff would have to manage capital calls from private-equity funds and keep tabs on fees, cash flow and performance, fund officials said. "Our staff time hours are pretty precious," said Mr. Cromer. "That's a huge concern of mine."

Callan predicted that the fund would add only one tenth of a percentage point to its 10-year return by moving money—mostly from the stock portfolio—into private equity.

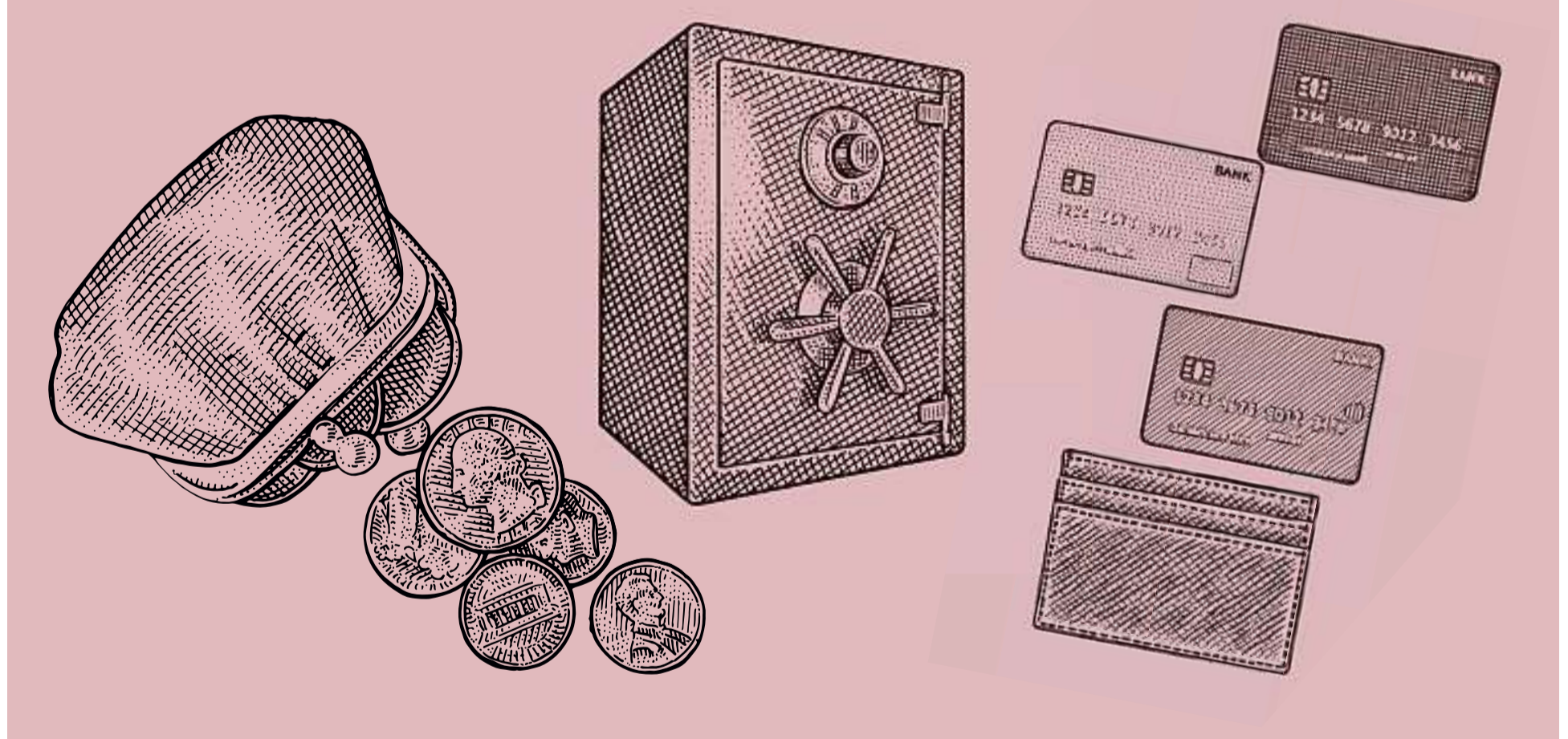
Board members ended up deciding to pull about 4% of assets out of stocks but for a different purpose: They are planning to put the money in bonds.

—Laura Kreutzer contributed to this article.

New Highs and Lows

Table with columns for Stock, 52-Wk % Change, and % Change. Includes sub-sections for Continued From Page B8 and various stock tickers like XGN, FARD, FNCE, FARM, FATH, FATHD, FATHI, FATHJ, FATHK, FATHL, FATHM, FATHN, FATHO, FATHP, FATHQ, FATHR, FATHS, FATHT, FATHU, FATHV, FATHW, FATHX, FATHY, FATHZ, FATHAA, FATHAB, FATHAC, FATHAD, FATHAE, FATHAF, FATHAG, FATHAH, FATHAI, FATHAJ, FATHAK, FATHAL, FATHAM, FATHAN, FATHAO, FATHAP, FATHAQ, FATHAR, FATHAS, FATHAT, FATHAU, FATHAV, FATHAW, FATHAX, FATHAY, FATHAZ, FATHBA, FATHBB, FATHBC, FATHBD, FATHBE, FATHBF, FATHBG, FATHBH, FATHBI, FATHBJ, FATHBK, FATHBL, FATHBM, FATHBN, FATHBO, FATHBP, FATHBQ, FATHBR, FATHBS, FATHBT, FATHBU, FATHBV, FATHBW, FATHBX, FATHBY, FATHBZ, FATHCA, FATHCB, FATHCC, FATHCD, FATHCE, FATHCF, FATHCG, FATHCH, FATHCI, FATHCJ, FATHCK, FATHCL, FATHCM, FATHCN, FATHCO, FATHCP, FATHCQ, FATHCR, FATHCS, FATHCT, FATHCU, FATHCV, FATHCW, FATHCX, FATHCY, FATHCZ, FATHDA, FATHDB, FATHDC, FATHDD, FATHDE, FATHDF, FATHDG, FATHDH, FATHDI, FATHDJ, FATHDK, FATHDL, FATHDM, FATHDN, FATHDO, FATHDP, 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MARKETS

# Stocks Hold Up Even as Tumult Hits Markets

S&P 500 and Nasdaq finished higher last week despite losses in shares of lenders

By SAM GOLDFARB

The market turmoil that has fueled a surge in bond prices and sent bank shares reeling is hitting stock indexes far more modestly, reflecting an undercurrent of investor optimism that stress in the banking sector can be contained.

Since Silicon Valley Bank collapsed more than a week ago, commentators have speculated on whether the bank's failure could amount to some version of a "Lehman moment"—a sudden shock to the financial system that could inflict severe economic damage.

Last week, U.S. oil prices dropped 13%, shares of regional banks tumbled and short-term Treasuries posted their biggest rally in decades as investors piled into bets that the Federal Reserve would need to pivot quickly from fighting inflation to slashing interest rates.

Stock indexes, meanwhile, have been choppy but resilient. The S&P 500 climbed 1.4% last week and advanced another 0.9% Monday after Swiss authorities engineered a deal over the weekend for UBS Group AG to take over its longtime banking rival Credit

**Suisse Group AG.** The broad index is down just 1% since March 8, the day before Silicon Valley Bank started to face a bank run. The Dow Jones Industrial Average has slipped 1.7% since then, while the tech-heavy Nasdaq Composite has ticked up 0.9%.

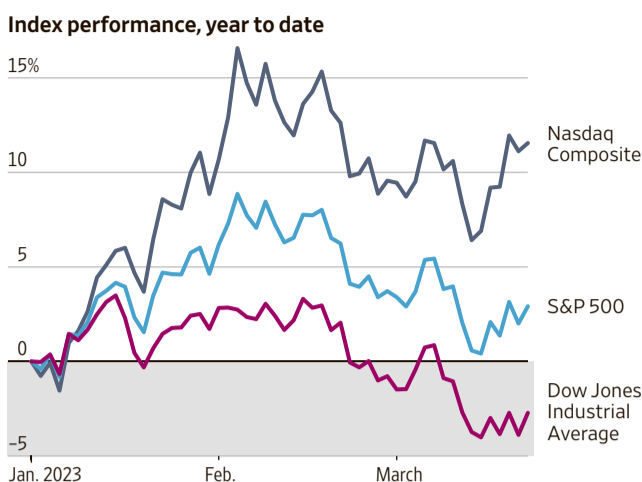
This week, investors will continue to monitor the health of banks. They also will gauge the Fed's latest interest-rate decision on Wednesday, looking for insight into how concerned officials are about the banking situation and whether they will alter the course of policy.

The relative stability of stocks stands in contrast to how they have performed at other moments of heightened financial anxiety, such as just after the Sept. 11 terrorist attacks in 2001 and the collapse of Lehman Brothers in 2008. In those episodes, the decline in short-term Treasury yields was comparable, but stocks were much more volatile, with the S&P 500 suffering single-day drops of more than 4.5%.

Right now, the stock market is "certainly not pricing in Armageddon," said Matt Peron, director of research at Janus Henderson Investors.

Still, investors are far from confident, and market conditions remain highly fluid.

In one sign of anxiety, the performance of the overall S&P 500 has masked stark divergences between different



Source: FactSet

sectors. Within the S&P 500, the economically sensitive materials sector lost 3.5% last week, while financials fell about 6% and energy dropped 7%. Investors rotated into sectors seen as more insulated from an economic downturn, such as information technology, which rose 5.7%, and utilities, which climbed 3.9%.

Stocks at this point face several main risks, according to investors and analysts. One is that the current banking stress ends up hurting the economy more than investors expect, with a rapid flight of cash from regional banks leading to a sharp pullback in lending. Another is that the Fed disappoints investors by not shifting from tightening to loosening monetary policy.

Signs that the Fed will keep raising rates beyond its meeting this week could drive up Treasury yields, hurting the stocks of rapidly growing tech companies that have buoyed the market in recent sessions. They also could hit economically sensitive stocks, as investors worry that higher rates would push the economy more quickly into a recession.

Right now, the threat to the economy is uncertain, according to Wall Street economists. In a report last week, economists at Goldman Sachs estimated that an expected pullback in bank lending could reduce economic growth this year by 0.3 percentage point, or the equivalent of one or two quarter-percentage-point interest-rate increases by the

Fed.

Shortly after the Fed and other regulators announced measures to support the banking system early last week, the Goldman economists said the central bank would likely refrain from raising rates at its March meeting so that it can keep its focus on financial stability—but then raise rates by one-quarter of a percentage point at its next three meetings.

Other economists have said that a pause in rate increases isn't likely or necessary.

A big difference between now and when Lehman failed is that banking regulators currently have to worry much less about the assets that banks are holding, said Andrew Hollenhorst, chief U.S. economist at Citigroup. The major threat, instead, is a contagion of fear, with depositors pulling uninsured deposits out of regional banks after having witnessed a highly publicized bank run.

The Fed, Mr. Hollenhorst said, can more easily address that kind of funding problem, as it is doing now, by lending to banks through new and existing facilities.

Banks that are losing deposits, or worried about losing them, are still likely to lend less than before. But the drag on growth is likely to be manageable and, with consumer prices still rising much faster than the Fed's target, the central bank can't afford to stop

worrying about inflation, Mr. Hollenhorst said.

Regardless of what the Fed does this week, some investors say it matters more what it has done already: lifted short-term rates from near zero to above 4.5% in less than a year.

Bob Doll, chief investment officer at Crossmark Global Investments, said he has recently trimmed holdings of rapidly growing companies and cautiously added economically sensitive stocks, sensing that the market's initial response to the banking challenges might be overdone.

Still, he said that stock indexes likely have further to fall this year, thanks to the lagged effects of interest-rate increases.

"We have earnings estimates that have to keep coming down some more," Mr. Doll said, "especially if the economy slows and the recession risk goes up."

**AUCTION RESULTS**

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

	13-Week	26-Week
Applications	\$138,871,625,500	\$139,379,907,200
Accepted bids	\$58,720,480,500	\$49,449,057,200
* noncomp	\$2,443,850,500	\$2,349,855,400
* foreign noncomp	\$836,000,000	\$0
Auction price (rate)	98.818264 (4.675%)	97.664333 (4.820%)
Bids at clearing yield accepted	61.99%	34.95%
	912796205	912796088

Both issues are dated March 23, 2023. The 13-week bills mature on June 22, 2023; the 26-week bills mature on Sept. 21, 2023.

## Indexes Gain on Bank Moves

Continued from page B1  
will keep rates steady. Traders in interest-rate futures ascribe just under a 3-in-5 probability of a quarter-point rate in-

crease, according to CME Group's FedWatch tool.

Daleep Singh, former U.S. deputy national security adviser for international economics, said either option is fraught.

"Doing less on rate hikes now means you may have to do more later" with potentially worse consequences, Mr. Singh said. But any increase "risks triggering nonlinear damage when fear is

rampant and psychology is fragile."

Mr. Singh predicted the Fed will increase rates by a quarter-percentage point and that officials will signal that they instead to be less aggressive going forward, similar to the European Central Bank last week.

While central bankers are worried about bringing down sticky inflation levels, said Hugh Gimber, a strategist at J.P. Morgan Asset Management,

stress on the banking sector will ultimately lead to lower inflation.

"Banks are being put under pressure. We think banks will be less willing to extend credit to the real economy, and then it's less about interest rates," he said.

The yield on the benchmark 10-year Treasury note ticked up to 3.477% from 3.395% Friday, reversing an earlier decline. Yields rise when prices fall. Most actively traded gold fu-

tures jumped as much as 2% before moderating gains to settle 0.5% higher.

European additional tier 1 bonds fell in price Monday, as did similar bank bonds in Asia, after Swiss regulators surprised investors by wiping out riskier Credit Suisse bonds. ATIs were introduced after the financial crisis as a way to transfer banking risk away from taxpayers and onto bondholders.

Concerns about economic uncertainty from banking-sec-

tor turbulence have weighed on energy markets. Brent crude, the international benchmark for oil prices, added 1.1% to \$73.79 a barrel.

The pan-continental Stoxx Europe 600 index added 1%. In Asia early Tuesday, Japanese markets were closed for a holiday celebrating the vernal equinox. Elsewhere, Asian markets moved higher with Hong Kong's Hang Seng Index and South Korea's Kospi each up 0.6%. S&P 500 futures rose 0.2%.

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